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OPEN-ENDED FEDERAL MATCHING OF STATE SOCIAL SERVICE EXPENDITURE AUTHORIZED UNDER THE PUBLIC ASSISTANCE TITLES OF THE SOCIAL SECURITY ACT

HEARINGS

BEFORE THE

SUBCOMMITTEE ON FISCAL POLICY

OF THE

JOINT ECONOMIC COMMITTEE

CONGRESS OF THE UNITED STATES

NINETY-SECOND CONGRESS

SECOND SESSION

SEPTEMBER 12, 13, AND 14, 1972

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TUESDAY, SEPTEMBER 12, 1972

CONGRESS OF THE UNITED STATES,
SUBCOMMITTEE ON FISCAL POLICY
OF THE JOINT ECONOMIC COMMITTEE,
Washington, D.C.

The subcommittee, met, pursuant to notice, at 10:40 a.m., in room 2237, Rayburn House Office Building, Hon. Martha W. Griffiths (chairman of the subcommittee) presiding.

Present: Representatives Griffiths and Conable.

Also present: Alair A. Townsend, technical director; James R. Storey, staff economist; Sharon S. Galm, staff counsel; Irene Cox, staff sociologist; Robert I. Lerman, staff economist; Vivian Lewis, research assistant; Caterina Capobianco, administrative secretary. Members of the Joint Economic Committee minority staff: Leslie J. Bander, economist; and Walter B. Laessig, counsel.

OPENING STATEMENT OF CHAIRMAN GRIFFITHS

Chairman GRIFFITHS. This morning the Subcommittee on Fiscal Policy of the Joint Economic Committee begins 3 days of hearings on State social service expenditures subsidized by the Federal Government under the Social Security Act. We are holding these hearings to learn more about the justification for one of the most rapidly increasing items in the budget, expenditures which now are totally unchecked by any appropriations ceiling and which receive only limited congressional review. HEW's budget estimate now surpasses that of the Defense Department, yet we are told that for a growing segment of that budget there is no information on how the funds are being spent. We are here to ask how social service funds are being distributed. What services are being provided, to whom, and with what results? How has HEW defined "potential recipients"? Are old services in fact being expanded and new services added, or is this, in fact if not in name, a gigantic revenue-sharing program? How has HEW carried out the intent of Congress to prohibit this money from replacing State money financing existing services?

The Congress is now considering various revenue-sharing measures which deal to varying degrees with social service expenditures. These and other measures related to services will be the subject of discussion and debate elsewhere. These hearings are not intended to discuss any particular bill to affect social services, but rather to discuss what the Federal role in services is now.

I think it is useful for a moment to consider the background of social services. For years the Congress was told that more social services would reduce welfare dependency. The statute says that services are to promote "self-support and personal independence" and "to prevent or reduce dependency." There was little evidence for this claim at the time and, despite the massive infusion of Federal funds, there is still no confirming evidence. Theoretically, the increase in service money should have reduced the welfare caseload, but in fact the welfare caseload has burgeoned. It has been difficult to measure effectiveness carefully because to date no one has known on what the money was being spent and who was receiving the services. It is hard to see the connection between the extremely broad group of social services that currently can qualify a State for Federal matching on the one hand and the reduction of dependency on the other. The plight of welfare recipients and the cost of welfare to the taxpayers seem to have been used as a pretext for claiming Federal dollars.

Many of these services may be very valuable, not perhaps in terms of shortrun impact on reducing welfare rolls, but just in helping people to live better. If this is the case, then we need to examine this use of Federal funds in light of other equally worthwhile programs. I might add here by way of contrast the obvious example of public housing. At the same time that rather vague social service regulations are permitting States to claim large chunks of Federal funds, many local housing authorities are in grave jeopardy since Federal funds to which they are entitled by meeting the conditions of the law are being withheld. At the State level we find parallels. At least 20 States have cut their AFDC benefit levels at the same time that many of these States are reaping massive Federal social service funding.

Wednesday and Thursday we shall hear representatives from six States who will give us detailed accounts of how they are spending their Federal social service funds. It is to the subject of the social-service regulations and the provisions of the Social Security Act itself that we shall now turn with our first witness, Mr. John G. Veneman, Undersecretary of the Department of Health, Education, and Welfare.

STATEMENT OF HON. JOHN G. VENEMAN, UNDERSECRETARY, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE, ACCOMPANIED BY JAMES EDWARDS, DEPUTY ASSISTANT SECRETARY FOR WELFARE LEGISLATION; PHILIP RUTLEDGE, DEPUTY ADMINISTRATOR, SOCIAL AND REHABILITATION SERVICE; JAMES B. CARDWELL, ASSISTANT SECRETARY, COMPTROLLER; FRANCIS DE GEORGE, ASSISTANT ADMINISTRATOR, FINANCE MANAGEMENT; AND WILLIAM J. PAGE, ASSOCIATE ADMINISTRATOR, FIELD OPERATIONS

PREPARED STATEMENT OF HON. JOHN G. VENEMAN

I am pleased once again to assist this Committee's continuing study into the administration of welfare.

In my remarks before this Committee last March, I pointed out that major problems in the administration of welfare are rooted in the language of the law itself.

The lesson repeats itself in the matter of present concern to this Committee, namely the growing drain on Federal dollars occasioned by a specific section of the 1967 Social Security Amendments that pertains to Federal aid for Social Services.

Titles IV–A and XVI of that law authorize Federal 3-to-1 matching aid to States for providing social services to current, former and potential AFDC recipients.

However, the wording of that 1967 Amendment makes the obligation of the Federal government virtually open-ended. I quote from the law:

For families with dependent children, social services are defined as . . . "services to a family or any member thereof for the purpose of preserving, rehabilitating, reuniting, or strengthening the family, and such other services as will assist members of a family to attain or retain capability for maximum self-support and personal independence."

There is no question, under the law, that services qualify, whether they are provided directly by the State or on a contract basis with a nonpublic organization.

There is no question, under the law, that matching Federal payments must be on an open-ended' basis. In other words, the sky's the limit.

And finally, there can be no question that, given the creativity of state budgeteers, it is quite possible under the law to vastly increase the flow of Federal dollars into a state's coffers without greatly increasing the actual volume of social services.

In other words, what the law has created, however unintentionally, is a form of back-door revenue sharing.

As an example of what I am talking about, it is possible for services provided in State mental hospitals to be made eligible for Federal matching under a purchase of services agreement worked out between the State mental health authority and the welfare agency.

I'll be candid: HEW has no good data right now on how much of the recent large increases in Federal matching payment for social services has actually been invested in exapnding social services.

The rapid rate of increase, leads us to suspect that most of the additional Federal funds for social services these past few years have not gone into expanded services but into back-door schemes for refinancing existing services.

In fairness to states, let me say here that I do not believe they can be blamed for doing what should come naturally to any state administration with its fiscal back to the wall—and that is to grab onto any form of fiscal relief it can find

On the other hand, I doubt that back-door revenue sharing is what Congress had in mind when it passed the 1967 Social Security Amendments.

Nor can the Administration be faulted. Time and again, the President has urged Congress to place a practical dollar limit on the amount of money that could be appropriated for social services.

I would like to briefly review for this Committee the record of these efforts by the Administration to bring this matter before the Congress:

In January of 1970, the President's budget for Fiscal 1971 proposed a 10 percent limit on the increase in Federal financing of social services over the previous year. Congress rejected this proposal and as a result social service expenditures increased by $240 million in the 1971 fiscal year.

In June of 1970, the Administration proposed a new Title XX to the Social Security Act that would have separated the services portion from the assistance portion of the AFDC program. This would have had the practical effect of limiting expenditures to whatever Congress actually appropriated for services in a given year. But the bill containing this proposed amendment was never reported out of the Senate Finance Committee.

In January of 1971, the President's budget for fiscal 1972 again proposed a 10 percent limit on increased social service funding and Congress again rejected this request. The resulting additional increase in Federal costs for fiscal 1972 was $900 million.

In the same month of January, Congressman Mills, with the cooperation of the Administration, added features to the welfare reform bill, H.R. 1 that would have included precise definitions of the services for which Federal 3 to 1 matching aid would be allowed, together with a specific dollar authorization limit. But H.R. 1, with those limiting provisions still intact, languishes in the Senate Finance Committee.

In June of this year, the Administration, working with the Republican leadership in the Senate Appropriations Subcommittee, revived the appropriation limit idea as a stop-gap measure pending final Congressional action on H.R. 1. The full Senate passed a measure limiting social service expenditures for Fiscal 1973 to $2.5 billion. Unfortunately, this provision was dropped by the House-Senate conferees who acted on the 1973 Labor-HEW appropriations bill. Meanwhile, the Sttaes had revised their estimates of expenditures upward, from $2.1 billion to $4.7 billion.

On July 24th, Secretary Richardson wrote Mr. George Mahon, Chairman of the House Committee on Appropriations, to urge his support of the $2.5 billion Senate limitation, although it had not been a part of the original House bill.

Also, the Secretary wrote to members of the House and Senate on August 7th, urging them to vote against the Conference report. He cited as one of his major reasons the lack of a $2.5 billion limitation and the 'hidden time bomb' factor inherent in a Federal liability of nearly $5 billion for social service expenditures.

Finally, on August 16 the President in his veto message on the HEW-Labor appropriations bill stated that "the Congress must harness this multi-billion-dollar runaway program by enacting a social services spending ceiling."

I recite this record of Administration efforts not to point blame at anyone but to remind this Committee that the Administration saw the stormclouds of escalating social service costs gathering years ago and has been urging all along specific measures to counteract it.

The storm is now upon us. Failing any limiting legislation to plug this gaping hole in the Federal treasury, costs for social services can only escalate further under existing law. Two factors are responsible: (1) the growth of the AFDC caseload; and (2) the escalating practice of refinancing state services as more states hop on this back-door revenue financing bandwagon.

Consider just a few statistics on caseload: In 1971, the average monthly number of families receiving AFDC was 2,483,000. In 1972 this total is expected to increase to nearly 3 million and in 1973 to 3.4 million. Experience shows that about eight out of ten of these families will receive one or more social services at some time during a year. Another half a million or more past or potential welfare recipients will also receive social services in a given year.

WHAT HEW IS DOING

Frankly, in light of these overwhelming legislative requirements, HEW can equitably control the drain in social service costs only through regulations which rely on a legislated limitation.

The four following efforts are aimed at tightening the administrative screws somewhat. The first is now being implemented, and the last three are under active consideration.

1. *Separation of Services from Income Functions.*—A regulation has been issued that formalizes requirements and sets deadlines for States to separate their social service and income maintenance programs.

2. *Program and Financial Planning System.*—This is a performance budgeting system that would allow us to evaluate the effectiveness of social services and show administrators and legislators alternative ways to achieve their objectives.

3. *A Management Information System.*—This is designed to monitor and evaluate the effectiveness of States' social service programs in terms of results measured against national goals. It would make it possible to determine what social services are provided to whom, with what result and at what costs.

4. *Social Services.*—Regulations are being revised that would require States to adopt certain program goals that would encourage individuals to attain their highest level of financial and social independence.

The major problems in the administration of social services are, I repeat, inherent in the law itself.

The Administration firmly believes that the only equitable and adequate solution is to revise the legislation and put a ceiling on expenditures for social services.

Until Congress acts, either to restrict the broad authority of the Social Security Act, or to place a ceiling on expenditures for services under Titles I, X, XIV, XVI, and IV–A, HEW is limited in its capacity to improve the administration of social services.

We have tried to improve the effectiveness of the existing system and we will continue these efforts. However, we must rely on the Congress to make the needed major legislative changes which can bring order out of chaos and help Federal, State and local government to provide more effective help to our neediest citizens.

To supplement my remarks, I would like to describe the process by which State plans are submitted, summarize the content of the State plan, describe the kinds of services expenditures, and review the efforts of the Department of Health, Education, and Welfare to control and improve social services from money payments. Finally I will briefly describe the steps taken since my last appearance before the Committee to implement our quality control system.

STATE PLANS: NATURE AND CONTENT

The public assistance titles of the Social Security Act require States to have State plans, approved by HEW, in order to receive Federal grants-in-aid for public social services. These plans are, in effect, contracts between States and the Federal Government in which the States spell out their commitments to fulfill certain obligations contained in the Act and HEW regulations as conditions for the receipt of grant moneys. I have submitted to the Committee (as Exhibit A) a *State Plan Guide* that describes the content of State plans with respect to services to families and children (Title IV–A). State plans covering services to the aged, blind, or disabled (Titles I, X, XIV, and XVI) have similar content based on the specific requirements of those programs, but use a State plan "preprint" to simplify plan marked *Exhibit B.*

APPROVAL

State plans, and amendments to them, are submitted to the Regional Commissioner, Social and Rehabilitation Service, who has authority to approve such submittals. Those that are not approved for any reason must be referred to the Central Office in Washington for action.

The process of plan development and the taking of action upon submittals usually involve a good deal of interpretation of laws and regulations to the States by the Regional Offices, consultation with and technical assistance to the States, negotiations on matters at issue, consultations with Central Office, and similar activities.

The Social Security Act (Sec. 1116) requires HEW to take action on State Plan submittals within 90 days after receipt. This time period may be expanded by mutual agreement of HEW and the State. The law also makes provision for States to request reconsideration, if dissatisfied with HEW's decision, at a Departmental hearing, and ultimately to file a petition for review by a U.S. Court of Appeals if not satisfied with HEW's final decision.

KINDS OF SERVICES PROVIDED

Federal matching payments to States are authorized under Titles I, IV–A, X, XIV, and XVI of the Social Security Act for providing social services to current, former and potential welfare recipients. These services are defined in the Act as follows:

> For families with dependent children, they are "services to a family or any member thereof for the purpose of preserving, rehabilitating, reuniting, or strengthening the family, and such other services as will assist members of a family to attain or retain capability for the maximum self-support and personal independence" (section 406(d)); "For the aged, blind and disabled, they are any services which help them to attain or retain capability for self-support or self-care" and services "likely to prevent or reduce dependency" (section 1603).
>
> These services can be provided directly by the State agency the welfare program or purchase from other State or non-profit private organizations. To be eligible for the reimbursement such services must be included in individual State plans.
>
> Services which meet these definitions are matched by the Federal government at a rate of 75 percent. Under current law Federal matching payments are "open-ended." All State spending for social services under the State plan must be matched by the Federal government.

As evident from the definitions in the Act, the range of services is wide, liberalizing amendments to the Social Security Act in recent years—particularly the 1967 amendments—have further broadened the variety of services for which 75 percent Federal matching is authorized.

Mandatory services defined in the Regulations include child care, educational services, employment services, family planning, foster care, health-related services, homemaker services, home management, housing improvement services, and protective services for children.

CHRONOLOGY OF THE GROWTH OF SOCIAL SERVICES EXPENDITURES

Although the effect of the liberalizations in the 1967 amendments have been felt gradually in the years since, the rate of change in State plans has increased sharply in recent months. Numerous State plans have been amended to classify more services provided by the State as falling within the definition contained in titles IV and XVI of the Social Security Act.

Federal Matching Payments for Social Services

Over the five-year period from 1968 through the latest State estimates for 1973, the data indicate that the social service program would grow more than twenty-fold. The data also show that the rate of increase is accelerating. The increase of the latest estimate for 1972 over 1971 actual payments is 127 percent. The increase from the latest 1972 estimate to the latest 1973 estimate is 177 percent.

Fiscal year:	*(Millions)*
1968	$230
1969	354
1970	535
1971	746
1972:	
President's budget	838
Official May State estimates	1,363
HEW estimate based on latest expenditure reports	1,696
1973:	
President's budget	1,241
Official May State estimates	2,162
Unofficial July State estimates	[1] 4,693

[1] Presented at July 17 meeting of the national Governor's Conference.

The recent rapid expansion in Federal matching payments has been caused primarily by the broadening of the definition of social services and the authorization of purchase of services. Under purchase of services agreements, services provided by other than State and local welfare agencies can claim the 75 percent matching rate. For example, services provided in State mental hospitals can be made eligible for Federal matching if a purchase of services agreement is worked out between the State mental health authority and the welfare agency.

The negotiation of purchase of service agreements can cause Federal matching payments to increase sharply without there being a concomitant increase in actual social services delivered. For example, if the State had previously been funding mental health programs at a rate of $100 million, after developing the purchase of service agreement, they could maintain that same program level by using only $25 million in State funds.

HEW presently has no good data on how much of the recent increase in Federal matching payments has been used for service expansion as opposed to refinancing State activities with Federal funds. The very rapid rate of the increase suggests, however, that the vast majority of the additional Federal matching payments are for the purpose of refinancing rather than the expansion of services.

Uneven Distribution of Funding Increases

The additional claims for Federal matching payment for social services have been distributed unevenly among the States. A number of States have been very active in amending their plans and/or developing purchase of service agreements. Others have taken little action to increase funds flowing into their States.

The following States have made the largest increase in their claims for Federal matching payments:

[In millions of dollars]

	Fiscal year 1971	1973 July estimates (National Governors Conference unofficial figures)
Mississippi	1	464
Georgia	12	223
Maryland	15	418
New York	89	850
Massachusetts	8	100
Pennsylvania	36	265
South Carolina	3	214
Tennessee	10	230
Florida	13	113
Texas	13	179
Wisconsin	18	113
Illinois	28	173
Delaware	3	47
Alabama	7	145

The following States have not shared significantly in the recent increases in Federal matching:

[In millions of dollars]

	Fiscal year 1971	1973 July estimates
Kansas	6.0	8.0
Missouri	12.0	16.0
Nevada	1.0	2.0
South Dakota	2.0	2.0
Vermont	2.0	3.0
Wyoming	.7	.6
West Virginia	8.0	14.0

SEPARATION OF SOCIAL SERVICES FROM ASSISTANCE PAYMENTS

Federal concern in relation to social services in the public assistance programs was first manifested in 1956, when an amendment to the Social Security Act gave recognition to the fact that social services could be included in assistance to the aged, blind, disabled, and dependent children. The matching rate for the services provided was then at 50 percent.

Federal matching of 75 percent was provided for mandatory and optional services for both AFDC and the adult categories in the 1962 amendments to the Social Security Act. The amendment gave the Secretary responsibility for determining which were to be prescribed services and which were to be specified or optional services.

The 1967 amendments gave additional emphasis to the provision of services. For the AFDC program, the amendments dropped the provision for prescribed and specified services and, instead, spelled out the specific services which the States are required to provide. In addition to these mandatory services, the States may elect to provide optional services. The designation of prescribed and specified services was retained for the adult categories in the 1967 amendments. The 75-percent matching for services was also retained.

When Federal regulations were written, they provided that, after June 30, 1970, 75 percent matching would be available only for service workers who carried no income maintenance functions. This provision recognized the fact that it would be very difficult to provide the social services needed to assist families to attain or retain capability for self support and care, maintain and strengthen family life, and foster child development, as required by the 1967 amendments, unless there was the greatest possible separation of the provision of social services from the determination of eligibility for income maintenance.

Traditionally, stemming from a legal base, financial assistance and social services have been regarded as one program. Full responsibility for all activity that pertained to an individual or family applying for and receiving public assistance rested on the public welfare agency.

Experience has demonstrated and administrative reviews have confirmed that this arrangement did not result in effective services. The concept of separating social services from assistance payments was seen as the key to the development of a viable social service program, as well as a streamlined, efficient eligibility process.

In 1971 the prospect of Welfare Reform—as proposed in H.R. 1—gave added impetus to the concept of separation. Under the proposed reforms, it was anticipated that the Federal government would become responsible for the administration of income maintenance, while States would administer social services under Federal leadership. State agencies had been introduced to the concept of separation prior to Welfare Reform bills, and many moved in this direction without a mandate to do so. Almost all of the States had obtained some degree of separation before it became a requirement. However, in order to make it universal—and to assure consistent standards—it was obvious that a Federal regulation was needed.

Consequently, the Secretary of HEW made the decision in November 1971 that there should be total separation of services from income maintenance functions at all levels, effective January 1, 1973. The separation mandate permitted a common administrator and common facilitating services at each level. The legislative base for this decision is the Secretary's prerogative to determine what is essential to proper and efficient administration of a public welfare program.

A Task Force on Separation developed a proposed regulation mandating speara-tion that was published in the *Federal Register*. There were only 42 responses to the proposed regulation, and these were generally supportive of mandatory separation. The comments we received did reveal some confusion about the precise meaning of the term "common administrator," and also the likelihood that agencies in sparsely populated areas having limited staffs would be unable to meet the proposed January 1, 1973, deadline for separation.

The final regulation was published in the *Federal Register* of June 2, 1972. A copy has been furnished to the Committee. (Exhibit C.)

The regulation provided:

Submission of a State plan for separation by October 1, 1972;

This plan to be operational Statewide by January 1, 1973;

A progress report on implementation of the plan to be submitted by March 15, 1973.

Separation was defined to mean the administration and operation of the services function independently from the assistance payments function—with separate lines of authority for each function.

The regulation clarified the meaning of the term "common administrator" as follows:

"In addition to the single State agency head, for both the services and the assistance payments functions, there *may be* a common head at the level of State supervision of local office operations and at the overall local administrative level."

Separation problems of agencies in sparsely populated areas were dealt with by authorizing Regional Commissioners to approve alternate arrangements concerning deadlines. Requests for approval of exceptions will be limited to those that pertain to local delivery levels with less than three professional staff members.

Quality Control, Fraud and Management Incentives in Public Assistance Programs

Quality Control and Fraud

Since my last appearance, we have embarked on a vigorous follow-up of our Quality Control system. Some of the major activities are:

(*a*) Strengthening our Regional and Central office staff by some 40 positions—32 of which are Regional staff positions—for closer monitoring and supervision of State QC activity. These positions are currently in the process of being filled.

(*b*) Training workshops were held for all Regional QC staff focused on the analysis of quality control data for purposes of corrective action.

(*c*) Formalized monitoring of the State's quality control system was completed for all States in June. These appraisals provide a basis for continuing work with States to improve their system.

(*d*) Two contracts have been awarded to private consultants to augment the efforts of Federal staff in providing technical assistance to States especially those presenting serious problems.

(*e*) The model Supervisory Case Review system by which agency supervisory personnel review a sample of their worker's decisions, has been issued to the States. To judge from the response we received through additional requests for this material, it has been recognized and accepted as a valuable tool for management and supervision.

(*f*) Additional efforts are being made to assure full implementation of the BENDEX system (automated communication between State welfare agencies and the Social Security Administration in Baltimore on SSA benefits). The services of a private consultant firm has been engaged to assist us in preparing suitable guide and training programs as well as working directly with a number of States. This should be helpful to reduce the high incidence of error in the consideration of income from social security benefits in determining need and the amount of welfare payments.

To strengthen efforts to secure full State compliance and to assure that all reasonable means are employed by the States to safeguard the integrity of the caseload and minimize improper or inaccurate payments, we are considering a policy whereby a State that was not doing a effective job would forego Federal reimbursement in amounts related to its rate of error.

In addition to the above, a guide document was developed on Functional Task Analysis for issuance to States. This document will enable States to more precisely determine the processes and tasks which must be carried out in determining eligibility. It will permit States to assign staff in adequate numbers and necessary skills in order that agency operations can be more appropriately controlled and managed more efficiently. Also, a guide document on the conduct of a work measurement program in welfare agencies has been released to the States.

Training meetings have been held with Regional staff on policies affecting standards of assistance in order to assist States who wish to provide a flat grant for all needs by family size. The purpose of the flat grant is to eliminate the variables and complexities that exist in present State programs in determining eligibility and the amount of payment. Adoption of a flat grant system will help States reduce the number of overpayments and underpayments and the inequities resulting from their present complicated systems. Consultation in this area has also been provided a number of States on an individual basis. We are also working on a detailed guide for use by the States in developing a flat grant system. This material will be helpful to States in improving the administration of their programs.

Consideration is being given to some contractual assistance in the preparation of training materials for States for use with first line supervisors and eligibility workers.

Federal staff continue to visit States and counties for the purpose of evaluating pilot experiments in making assistance payments through banks. Such experiments have been conducted in Nassau County, New York, and Philadelphia, Pennsylvania. They have been highly successful in eliminating problems arising out of requests for reissuance of payments.

In the area of support from absent parents in AFDC, we are in the process of assessing the adequacy of States' effort in this regard: visits have been made to several State agencies. This project will result in the development of improved reporting system on this subject. A work group met on the same subject for the purpose of developing work materials for reviewing State practice on locating deserting AFDC parents as part of our Administrative Review process.

Administrative Review work materials have also been developed in such areas as home repair, emergency assistance, protective payments and fraud in preparation for reviewing these areas the last half of this fiscal year.

Management Incentives

In addition to the above, efforts are now underway to develop considerable additional Federal initiatives to bring about improved State management as part of our long range planning process. Key areas in State administration that appears especially vulnerable are selected for management improvement and Federal technical assistance. These include the eligibility determination process, the payment process, management information systems, State monitoring and staff training programs in States.

Chronology of Administration Efforts to Limit Social Services Expenditures

January 1970

. The President's budget for fiscal year 1971 proposed limiting Federal financing of social services to a 10 percent increase over the prior year's expenditures for any given State. The Congress rejected this proposal with a resulting increase of $240 million in service expenditures—from $510 million under the proposed 110 percent limitation, to $750 million in actual Federal costs.

June 1970

At the same time as efforts were being made through the appropriation process to control expenditures for social services, the Administration attempted a more comprehensive solution to the entire problem in the context of its welfare reform proposals. H.R. 16311 had passed the House on April 21, 1970, and in no way affected the status quo with respect to services. Prior to the beginning of formal hearings before the Senate Finance Committee, the Administration developed a comprehensive legislative proposal which would have added a new title to the Social Security Act dealing exclusively with social services. This new title XX, as it was designated, would have consolidated the services provisions from the assistance programs for families and adults and the child welfare services program. It contained no specific dollar limit on the amount which could be authorized for grants to States for their new service program, but the effect would be that whatever was actually appropriated would have been the full amount of the Federal obligation. In other words, it would have closed the end on service financing. These provisions would have been applicable to fiscal year 1972, and authorizations for subsequent fiscal years were cast in terms of "such sums."

H.R. 16311 was never reported out of the Senate Finance Committee. The Committee did report out H.R. 17550 which contained amendments to the OASDI and Medicare/Medicaid programs and also contained some relatively minor amendments to the existing public assistance programs. However, there were no provisions dealing with the problem of the open-ended character of the social service appropriations. This bill was passed by the Senate but because of lateness in the session, never went to conference.

January 1971

The President's budget for fiscal year 1972 again proposed a 10 percent increase limitation, and the Congress again rejected the request. The resultant additional cost for fiscal year 1972 amounts to approximately $900 million from the $938 million budgeted under the limitation to an estimated $1.7 billion of actual expenditures that have resulted from this open-ended and uncontrolled activity in fiscal year 1972.

On January 22, 1971, Congressman Mills introduced H.R. 1 which, like H.R. 16311, contained no control on social services expenditures. In the course of consideration of that bill by the Ways and Means Committee and the Administration, several significant provisions were added. With the cooperation of the Administration, precise definitions of the services for which Federal matching would be available were added for the first time; also specific dollar amounts were authorized for services. Thus, not in excess of $800 million could be appropriated for fiscal year 1972 for services for families (other than child care and family planning), for adult services and for training of personnel for these services programs. In this form, H.R. 1 was passed by the House on June 22, 1971, and sent to the Senate Finance Committee which, to this date, has taken no action on the measure, although the Committee Chairman, Senator Long, promised last winter that the bill would be reported to the Senate not later than March 1.

February 1972

In February 1972, the President requested a supplemental appropriation for public assistance that included 427 new positions in the Social and Rehabilitation Service for improved Federal and State management of public assistance. The primary emphasis in this initiative is improved management of social services. The Congress authorized these positions last May, and recruitment and deployment will be completed by the end of September.

May 1972

In May 1972, the Department issued regulations requiring the separation of income maintenance programs from social services in all States by January 1, 1973. By requiring organizational separation, this measure will eliminate inappropriate matching for non-service staff at the higher social service rate of 75 percent.

June 1972

In view of the Senate's continuing inaction on H.R. 1 (which would close the end on service financing) and the continuing escalation of social service claims, the Administration—working with the Republican leadership in the Senate Appropriations Subcommittee—revived the appropriation limitation concept as a stop-gap measure pending the requested substantive legislative reform. Senator Cotton, the ranking minority number of the Labor–HEW Subcommittee, introduced the subject as a part of the Senate Appropriations Committee deliberations of the 1973 Labor-HEW appropriations bill. Out of this came the $2.5 billion limitation on service expenditures for fiscal year 1973, which was passed by the full Senate but dropped by the House-Senate Conferees on the 1973 Labor-HEW appropriations bill. This limitation was $338 million higher than the official May State estimates of their 1973 requirements (approprixmately $2,162,000,000). Note: By the time the limitation had passed the Senate and the House and Senate appropriation bills had gone to conference, the States had unofficially re-estimated their 1973 service requirements upward to $4.7 billion.

July 1972

In addition to numerous conversations with Congressional leaders, the Secretary asked (in a letter dated July 24) Mr. George Mahon, Chairman of the House Committee on Appropriations, to support the Senate limitation, although it had not been a part of the original House bill.

August 1972

On August 7, in a letter to 282 members of the House and Senate, the Secretary urged members to vote against the conference report—one of the main reasons cited being the lack of the $2.5 billion limitation and the resultant "hidden time bomb," i.e., the Federal liability for social service expenditures approaching $5 billion.

On August 16, the President in vetoing the HEW-Labor appropriations bill called for a Congressionally enacted ceiling on spending for social services.

Chairman GRIFFITHS. State estimates for claims on Federal service dollars presented at the Governor's Conference in July staggered many people by being twice as high as the earlier estimates received by HEW from States. Yet I have heard that $4.8 billion may not even be enough, that it could run as high as $6 billion.

What are your estimates for 1973?

Mr. VENEMAN. Mrs. Griffiths, those estimates were made after the Governors reported in July. Prior to that time our last official list was the April report that came out. Subsequent to their announcement in July their latest estimate is somewhere around $4.8 billion for fiscal year 1973.

Chairman GRIFFITHS. But have you checked it? Do you know how many contracts they let before the first of July?

Mr. VENEMAN. How many State plans were approved?

Chairman GRIFFITHS. How many State plans were approved and how many contracts were let?

Mr. VENEMAN. Let me introduce those around the table.

On my left Deputy Administrator for Social and Rehabilitation Service, Mr. Phil Rutledge, who previously worked with the District of Columbia government.

To his left, Bruce Cardwell, Assistant Secretary, Comptroller.

And to my right, James Edwards, the Deputy Assistant Secretary for Welfare Legislation.

Some of these questions I may direct to Mr. Rutledge, who can probably answer more specifically than I.

Mr. RUTLEDGE. We don't know the exact number of contracts that would be represented by the total. That figure represents what the States said to representatives at the Governors Conference that they would expend over the next year.

Now, they will need to come back to the Department to present in-place contracts with arranged-for services and actually to draw the money that they project, or they would need to expand.

Chairman GRIFFITHS. So you don't really have any evidence that this is the upper figure, that $4.8 billion is all that they will spend?

Mr. VENEMAN. Let me be a little more specific. I was being rather general, Mrs. Griffiths.

In July the Governor's estimate was $4.698 billion. As I said, prior to that time our latest official estimate was given to us in May.

We have generally received our latest estimate from the States. And when we talk about these estimates, we really are taking the States' word for it. This is what they have submitted to us, which was $4.655 billion, which is slightly lower than the $4.8.

Chairman GRIFFITHS. And is that every State's estimate?

Mr. VENEMAN. Yes.

Chairman GRIFFITHS. Is there a way in which they exceed the estimate?

Mr. VENEMEN. Yes.

Chairman GRIFFITHS. So that in reality you are not positive that $4.6 billion is what they are recommending. It could be larger?

Mr. VENEMAN. No; because as I indicated on the very first page of my statement, the Social Security Act that applies to the social services, both the original provisions that were put in in 1962 and the subsequent amendments that were put in in 1967, have very general terms as to what constitutes social services.

It is an open-ended appropriation. So, all we have to go on in that $4.6 billion figure is what the States are saying now.

Chairman GRIFFITHS. What are your own guidelines for accepting what they do?

Mr. VENEMAN. Let me just say here, Mrs. Griffiths, I think in your opening statement you did a very good job of articulating the problems that we are confronted with in this whole field of social services. And you will note from my statement, I did express the concern that we have said in the Department since right after 1969, since we arrived, that this could get out of hand, that we were sitting on a time bomb fiscally, and it looks like the thing has just been exploded.

Chairman GRIFFITHS. As I recall, in Ways and Means, we assumed from the beginning that the intent of the amendments was not to replace State money with Federal money, but to purchase new services.

Now, how did we start replacing State money with Federal money?

Mr. VENEMAN. That was done primarily through programs that States had financed that qualified for the Federal matching. And when these were financed by State funds, for the most part States continued and expanded programs. But I don't think any of us are so naive as not to admit that many States did refinance——

Chairman GRIFFITHS. Couldn't you have stopped them?

Mr. VENEMAN. I think it would be questionable.

Chairman GRIFFITHS. I don't think it is. I think you could have put out some regulations that would have stopped them from using Federal money to replace their own dollars in particular programs. What about the regulations of determining who was a potential welfare recipient? Why did you accept 5 years as a cutoff date?

Mr. VENEMAN. I will let Mr. Rutledge respond to that.

Mr. RUTLEDGE. Let me comment on your earlier statement, Mrs. Griffiths.

In some instances, I think, in order to be candid we would have to admit that there may have been some amount of refinancing. But generally the expansion has come by States finding new ways to assist a person who may have recently come off the rolls, or who may potentially go on, by purchasing services from other agencies and using the funds available to those departments as a local match.

And the major effort has been from here. We have been watching very closely to see that the set funds do not in fact supplant other State funds but rather build on them.

Chairman GRIFFITHS. Didn't you pick up a reforestation school in the Illinois penal system? You started paying for that. And before they had paid for it. This was connected not with welfare at all, but you picked it up, so that they were paying 25 cents on the dollar for it, where they had been paying 100 cents. Couldn't you have stopped that when you picked up?

Mr. RUTLEDGE. I don't know this particular case. I may want to refer to one of my assistants who may have information about it, otherwise we will have to check that particular one and supply it for the record.

In general what may happen in some instances in which a program is being provided on a group basis, and most of the persons participating are eligible for the service, and on a group basis, some others may be in that program who have not been participating in the past.

And if in fact they did expand that service to provide it to others who may not have been previously participating, but who may have been eligible, this may account for it. But we will have to check on that particular case and supply the information for the record.

(The information referred to follows:)

The program referred to by Representative Griffiths, according to the Chief of Social Services Planning of the Illinois Department of Public Aid, Mr. Robert Benson, is incurring Federal reimbursement only for the training and counseling aspects of an expanded program for youth assigned to its camps. Youth selected for the program all were public assistance beneficiaries at the time of their incarceration and were expected to be eligible for release within two years. The services include adult basic education and vocational education as well as counseling. The objective is self-support, rather than return to public assistance at the time of release.

Claiming of Federal earnings for this program under title IV A was made possible when the revised State Plan was approved and the State undertook a new approach to correctional programs, greatly expanding its rehabilitation efforts and community-related correctional activity.

Chairman GRIFFITHS. You have granted Federal matching for a forestry camp for teenage offenders in Illinois. They had been doing these things; it was an existing project funded completely by State funds. And the Federal Government picked it up.

Mr. VENEMAN. Mrs. Griffiths, I can't speak of this specific example, but I think as you look at the language in the services it is general enough—I think we could assume that most of those teenagers that would be in that particular camp are potential welfare recipients, and that would be a training program. It is very hard to define that line, and one of the problems we are really up against is to draw the line between the kind of service that would reduce or eliminate dependency on public assistance. That is a tough line to draw.

Chairman GRIFFITHS. Let us admit that they are potential receivers, because all of us are. Under a potential receiver you can pick up Christina Ford and John D. Rockefeller. Maybe the men don't leave them the money, something happens. Everybody is a potential welfare recipient, everybody.

Mr. VENEMAN. I think that is a fair statement.

Chairman GRIFFITHS. I think that is perfectly fair. So I don't think you can get out on that. I think under that system you can pick up everybody.

Mr. VENEMAN. But I do think we drew guidelines as to what is a potential recipient.

Chairman GRIFFITHS. The question I am asking is, why did you do it, when you were replacing State money from Federal? Couldn't you protect yourself from that?

Mr. RUTLEDGE. The situation in which some amount of State funds or local funds may have been replaced is the exception rather than the rule. And we have issued guidelines. And our regional commissioners and staff who look at these screen for them. For example, we expect the persons whom we classify as potentials to be related to one of the assistance categories. And I would just share with you some language from one of our policy guidelines which I think we have already submitted for the record. We say that those who within 5 years are likely to become recipients need also to have their eligibility as potential based on some categorical relationship. And by this we mean, with respect to AFDC, that there is or is expected to be a family unit of a parent, or other federally enumerated relative, and at least one child. And we say that there is reason to anticipate deprivation due to death, incapacity or continued absence of the parent, or if the State has a program for unemployed fathers, due to unemployment of the father, and potential death or incapacity of a parent may be substantiated by medical opinion. And we go on to lay out some of the guidelines that would make them related to some category for which we are responsible and within an income level established by the State to show potential financial need. We don't just include any person regardless of the circumstances

Chairman GRIFFITHS. Why did the Federal regulations pick out 5 years? You say a potential recipient is one of those who is likely within 5 years to become a recipient of financial assistance. Why did you pick out 5 years in place of 4, or 3 weeks, or 2 days, or what? What was the magic of 5 years?

Mr. RUTLEDGE. This was a judgmental factor, prescribed by regulations to implement a rather broad statute. And as one uses one's judgment about the progressive deterioration of a situation, this was regional. I am not sure—I don't believe there is a legislative base for that figure. It is judgmental.

Chairman GRIFFITHS. How did you identify people who you thought would become recipients within 5 years?

Mr. RUTLEDGE. I have mentioned some of the relationships—persons who may be in a state of deteriorating health, and they may be persons whose employment has been sporadic, and they may be persons whose family is undergoing incapacitation, or any of the other categories that we may potentially help.

Chairman GRIFFITHS. How could you identify the potential absence of a parent?

Mr. RUTLEDGE. Well, this would be based upon looking at the family situation, identifying marital conflict, difficulties in the family relationship, and other things which may happen as we follow that family.

Also we look at other factors: the income of the family, the community in which they happen to live, the prevailing social circumstances, the history of this family, and the like. It is not a precise definition. But what we are really concerned about in this expenditure is an investment in the future, in preventive medicine that we do not want the situation to deteriorate sufficiently so that these persons will be on the rolls.

We also would anticipate that persons who may be medically indigent, who may be eligible for the medicaid program which may have a standard other than normal categories, may potentially become a member of the rolls. Like having income for living expenses but not medicine.

Chairman GRIFFITHS. What do you do for the people that you assume are going to be medically indigent, put them on medicaid?

Mr. VENEMAN. The State makes that regulation.

Chairman GRIFFITHS. What do you do for them?

Mr. RUTLEDGE. I mentioned that those who are eligible for medicaid are either on public assistance or are at such a low income that they would be presumed to be potentially eligible for public assistance. The State would establish the standard here as in other situations.

Chairman GRIFFITHS. The testimony we have had here, in every place where we have been, where your intake workers are working, they tell us that medicaid is so valuable to any person that if it is humanly possible they see to it that a person gets at least $1 in welfare so that they qualify for medicaid.

Mr. VENEMAN. Let me clarify one point, Mrs. Griffiths. You say where our intake people are working. Those are the States intake people. We do not run either the public assistance services or medicaid programs. And your illustration would only apply in those States that only provide medicaid to public assistance recipients. The States have the authority, if their legislatures and their Governors want to do it——

Chairman GRIFFITHS. Where they give it only to public assistance recipients?

Mr. VENEMAN. Yes. But they have the authority under title 19 of the Social Security Act, under the Medicaid Act, to cover the medically indigent that Mr. Rutledge referred to, so they don't necessarily have to withdraw medicaid benefits if recipients go over the public assistance limits.

Chairman GRIFFITHS. I hate to hear that you disclaim these intake assistance programs, because I thought they have more reality in them than most of the rest. These people understand the problems. I was very impressed by them.

Mr. VENEMAN. I think that would be very true, no matter what kind of program you are working with, if you work with the people you are going to have more knowledge.

Chairman GRIFFITHS. Haven't you allowed funding for entire projects serving low income neighborhoods on the grounds of group eligibility?

Mr. RUTLEDGE. Yes, we have.

Chairman GRIFFITHS. Can you give an example?

Mr. RUTLEDGE. For example, a neighborhood that would be designated an antipoverty community action neighborhood would be such an example. Model cities neighborhoods have been so designated, areas that were community mental health service areas, all of these kinds of areas by definition contain a maximum number of indigents, poverty-stricken individuals. And there may be some individuals in those communities, however, who may not individually qualify.

Now, what happens in these instances is that for the group services that we make available, such as home management, or some group counseling or training service, the entire neighborhood would be eligible.

Chairman GRIFFITHS. A clinic—would that be available to all of them?

Mr. RUTLEDGE. A clinic would be an example. unless there were an individual service that would be provided. And in the case of some of our services that are paid for by child welfare services and others, an individual determination that he or she is eligible is required over and above the group eligibility. The persons in designated poverty areas are presumed to be eligible if they live in the area, and some services in the clinic like group counseling may be available.

Chairman GRIFFITHS. I read a very interesting book recently, "The Economics of the Ghetto," in which the woman pointed out that one of the things that distinguished the ghetto from all other areas of America is that in the ghetto you have very wealthy people living alongside poor people, so the moment you make a group area available for one of those aids. there is a possibility that you are picking up some people you don't really need to; is that true?

Mr. VENEMAN. I rather doubt if they would take advantage of the services if they were a very wealthy person living within an area that would be defined as Mr. Rutledge has decribed it. For example, somebody making $25,000.

Chairman GRIFFITHS. Are you planning on clamping down on this or not?

Mr. RUTLEDGE. We are constantly reviewing our existing regulations to see whether they are specific enough. And regulations that are under consideration now are much more specific on what services may be provided to an individual; if persons living in a given community do not have specific barriers or disabilities that one of our services can remove. there would not be a plan developed for this individual. Under group services, as the Secretary indicated, the kind of things that most of our clients would need and would participate in would not interest wealthy people.

But there are other things that they might want to participate in that would be very beneficial. because many of them need some of the same kind of group education and training. home management practices. and health education practices. as others. But wealthy people getting group social services are, I think, the exceptions rather than the rule.

And I think. Mrs. Griffiths, we must recognize, too, that in any field of endeavor. and not just the social services area, there are some deadbeats who want to beat the system and take advantage of every loophole that there is, including tax loopholes. But the question is whether our whole national policy has to be based on the one exception of the individual who might have used a service or a privilege or whether it must be based on providing services and supports to the many who require these services, and allow some risks.

Chairman GRIFFITHS. Under the term "potential recipients of welfare", do you think there is anybody that you could automatically exclude?

Mr. VENEMAN. Not if you used it in very general terms. But I think again "reasonable" comes in here, something can happen to anybody, as in your example of the Rockefeller situation. But you know as reasonable people you don't anticipate that that would occur. That is why you ask the question about the 5-year period. That in itself screens—the environment, the potential relationship to an assistance category the economic situation of the family in itself screens.

Chairman GRIFFITHS. You suggest in your statement that the vast majority of increased Federal funds is due to Federal dollars refinancing State programs. And I obviously agree with that.

In a 1971 memo HEW's community service commissioner emphasized that the role of Federal financial participation was to supplement and expand service rather than to replace current State and local funds in existing programs. I quote from this memo:

"In no case should Federal social service funds be used merely to supplant State or local funding."

Now, what is the policy? What are you allowing States to do now?

Mr. VENEMAN. The desirable approach, Mrs. Griffiths, is to supplement State funds. But this is not to say that you wouldn't find yourself in a situation such as the following. Let's say that you had a State that through entirely State funds was providing protective services for children, or a homemaker services, or special aid to the blind. They had just been doing it, they really just didn't come through the services amendments. Right next door you will have a State that puts in a new program to do the identical same thing. And they come through the services money. The State next door has a program 75–25 financed. The other State that had the program going with all State funds is at a disadvantage. And I think that you have to take some of these things into consideration.

So the question is, do you compel them to continue to spend as much money as they were spending for the population at risk, which could logically be matchable, because there is no question but that the service is entitled to Federal matching, and perhaps really having more money than they can effectively spend or do you say to them, "Continue to keep some State funds—you can reduce to a certain extent your State money, but make the total part of the amount of the program larger than it was previously?" This is where you really get into an issue. I think where Social and Rehabilitation Service has had some real tough decisions with regard to refinancing is this question of equity.

Chairman GRIFFITHS. The whole setup, though, has always been with emphasis on the States supplying the service with their money; they direct it, they know what they want, and they supply it, not the Federal Government.

Now, what I am really asking is, are we going to let the States make the determination, and we supply the money?

Mr. VENEMAN. We have since 1967. The Congress made that decision.

Chairman GRIFFITHS. No, they didn't.

Mr. VENEMAN. Yes, they did.

Chairman GRIFFITHS. No, they didn't. I was there. They put this into the statute, but they kept saying, "You have got to use the Federal money for new things, the Federal money can't be used in place of State money." And in all the hearings, in everything that was ever done, it was assumed that you weren't going to take over the things that the States were doing.

In all of the conversation I ever heard of it was assumed that you were going to do something new.

Mr. VENEMAN. I think what we need perhaps is some clarification in the statute.

Chairman GRIFFITHS. I think so too.

Mr. CARDWELL. May I make an observation on that point?

It seems to me the question has gone beyond the issue of what the statute may or may not have intended. What has actually happened now is that you do have after-the-fact situations where States have refinanced. Some States have and some States have not. And one of the crying issues of the moment surrounding this whole question comes from those States that have not. They want their share.

Chairman GRIFFITHS. That is right.

Mr. CARDWELL. And as you assess the question of the Federal role, it seems to me if you assess it as of the moment and into the future, the question has to be, "What are we going to do about that?"

Chairman GRIFFITHS. Yes. So what is the Department's policy?

Mr. CARDWELL. The Department's policy—and I would rather have the Under Secretary enunciate it—it seems to me is that we are seeking legislation which would redress this problem. I think we would leave to the Congress the basic issue of how to settle the equity question. We think that the best way to do that would be through some sort of formula which would prescribe in advance the basis for financing, the basis for eligibility, and which would close the ends on what has been an open-ended appropriation in the past. I think that is our policy.

Chairman GRIFFITHS. One of the real questions, I think, in the whole thing is, when you saw what was happening, and that some States were really using this, and others were not, why, then, didn't the Department advise either the States that were using it that they couldn't use it, or advise the other States to use it? How can you justify the fact that Montana is getting $10 per person and Maryland a thousand?

Mr. CARDWELL. I think that it is the rapidity with which the refinancing has occurred. If you look at the record, just a year and a half ago the States in the aggregate were spending $761 million for this entire activity. But now they are estimating $4.67 or $4.8 billion. Most of the refinancing has occurred in the last 12 months.

Mr. RUTLEDGE. And it depends a lot, Mrs. Griffiths, also on the readiness of the State and its capability for expanding its own services, as well as the availability of knowledge. The regulations and policies are available to everyone. But in some States, the quality of their staff, the aggressiveness of their particular administration, and their use of outside consultants to assist them, as well as the readiness of the legislatures to appropriate the local share of the money, have played substantial parts. Even in those communities where perhaps a State was financing a low-quality minimal program for eligible recipients it may have had that program improved and expanded twofold or threefold for those same recipients. Even in those instances it required to local capability, financial, administrative, and policy on the part of the States, in order to take advantage.

Chairman GRIFFITHS. Some of these people coming in here are going to cry not only "foul" but "politics." They are going to say that the two biggest States, California and New York, both with Republican Governors, were shown how to do this.

Now, I don't believe that.

Mr. VENEMAN. No; that isn't true. I am glad you don't believe that.

Chairman GRIFFITHS. But my question is, "If they weren't shown how, once they had done it, why did you show the rest of them?"

Mr. VENEMAN. Apparently they caught on really rapidly.

Chairman GRIFFITHS. Why did you do it?

Mr. VENEMAN. As has been reported, Mrs. Griffiths, I was involved in social service and social welfare legislation when I was in California. But as you look at the requests that are coming in now, I feel that California has been somewhat of a piker.

Chairman GRIFFITHS. The greatest is Mississippi. I can't wait until Mississippi gets here, I am dying to ask them what they spend it on.

Mr. VENEMAN. I think Mr. Rutledge has made the point. I have no reservation about defending what is done in California, where I think the estimate this year is running $270 million for services. Most of those programs, homemaker services for the adult categories, children's protective services, legislation which I carried, we went through the battle of the legislative halls and we had to get the appropriation of the 25 percent and prior to 1967, the 50 percent matching. We had to put the State dollars up. We had the issue out in the open, it was there, aired very thoroughly. And I might also suggest that many of these programs were put into effect prior to the time that a Republican Governor was elected in the State of California.

Chairman GRIFFITHS. What now are you using as the standard to OK a State plan refinancing their own State services?

Mr. VENEMAN. I think each one is distinctly different. I am not sure that there is a specific standard.

Chairman GRIFFITHS. Why don't you put up a specific standard? Why don't you issue a guideline?

Mr. VENEMAN. Because we still have the act to deal with. The act says that services are matchable at the rate of 75–25 percent to eliminate or reduce dependency on public assistance for former potential and current recipients.

Chairman GRIFFITHS. We understand that Federal social service funds have been allowed to go into a State highway department. I would like to know what State it was, and why it was permitted. Under what kind of theory could you have picked up State highway department problems?

Mr. VENEMAN. I don't know the specific situation——

Chairman GRIFFITHS. We don't either, and we want to know exactly. Will you check it up?

Mr. VENEMAN. I can cite how it could happen.

Chairman GRIFFITHS. All right.

Mr. VENEMAN. I think this could happen very much like it could happen in a State parks department, or the State division of parks, or whatever agency it may be, where the division of highways was providing a job training program for former, potential, or current welfare recipients. That is one way that this could occur.

I don't know whether this is it or not.

Chairman GRIFFITHS. I understand one State financed a half million dollar TV documentary with social services money.

Can you tell me which State this was, why it happened, and what was the TV documentary?

Mr. VENEMAN. The State was Pennsylvania. We went through this one yesterday.

Chairman GRIFFITHS. What was the documentary? I hope it wasn't the personal life of the Governor.

Mr. RUTLEDGE. I would like to comment on the earlier question, because many of these fantastic programs and amounts of money being spent for programs that seem illegal don't really happen. A State might indicate that it wishes to do this in its State plan, and this will get a lot of publicity. When the State actually comes in with a contract or a specific service plan to do that, it is disallowed.

Chairman GRIFFITHS. Which ones are disallowed?

Mr. RUTLEDGE. If the program is not appropriate for funding under the legislation, for example——

Chairman GRIFFITHS. How many have you disallowed?

Mr. RUTLEDGE. I don't know how many. There have been very many.

Chairman GRIFFITHS. Will you supply for the record an exact report of what has been disallowed, and in which States, and why, what is the theory of disallowance?

Mr. RUTLEDGE. We will supply that information for the record.

(The information referred to follows:)

DISALLOWANCE

"Disallowance" can be viewed in two contexts. The first relates to the approval of State plans and plan amendments. Although "disallowance" *per se* is not an active feature, in its broadest sense the term might apply.

The other is more technical in nature, and may be more accurate as a description of a specific activity. In this context "disallowance" refers to accounting procedure which, in effect, rejects a State's claim for Federal matching. Each of these will be described below.

STATE PLAN APPROVAL

In the public assistance program administered by Social and Rehabilitation Service, Federal statutes and regulations require State agencies to submit State plans indicating their commitment to comply with policies and regulations, and to provide information, in some instances, on how those regulations will be implemented. Despite guidelines which attempt to clarify and elaborate on the intent of the regulations, the latter are subject to various interpretations. As a practical matter, therefore, it has become an essential function of SRS Regional Offices to provide extensive assistance and consultation to State agencies for purposes of enabling agencies to submit State plan amendments which conform to Federal requirements and therefore can be approved. The approval of State plan material has been delegated to SRS Regional Commissioners. In the course of this process, which can be quite lengthy, SRS staff interpret to State agencies which of their proposals and intentions are acceptable and which are not.

This ordinarly involves discussions around the acceptability of services, testing of the limits of those services, population groups to be targeted, and other elements of importance in program development and implementation. There may or may not be price tags attached to these elements. In most instances such a give and take process includes or excludes items without the necessity of a record being kept, except as more formalized comment may be contained in exchanges of correspondence.

The following examples will illustrate the nature of some recent exclusions from State plan amendments submitted for approval, as well as potential items which some States were advised could not be approved if submitted. However, during the usual sequence of events surrounding plan approval consultations, such information is not usually maintained in any official, definitive fashion. It is only when controversy arises that items of this nature surface and are documented. These examples, therefore, are only suggestive.

New York

Selected State Department of Commerce activities; orphan schools; Indian education; lead paint screening; veterans affairs; and others. (Estimated cost of non approvable items was $64 million).

Minnesota

Services in mental hospitals for patients with emotional, behavioral, and/or retardation problems; similar services in penal institutions.

Michigan

Determination of eligibility on group basis for recipients of General Assistance.

Services to the elderly in special homes resembling, but not licensed as foster homes.

Payment of training fees to employers.

DISALLOWANCE OF CLAIMS

Quarterly the States are required to submit to SRS expenditure reports against the Public Assistance programs. These reports indicate the amount of money expended by the State in the preceding quarter and indicates the appropriate Federal share of such costs. This constitutes the State's claim for Federal financial participation. These quarterly expenditure reports together with the State's estimate of the next quarter's expenditures are used by SRS in computing the Grant Award.

These reports are routinely reviewed by the Regional Commissioner. Should there be an inappropriate claim of expenditures, there is further review in the Regional Office and in Headquarters with a view to disallowance. A determination of the amount of disallowance is then made and transmitted to the State agency.

To illustrate, during the processing of the grant awards for the second quarter, fiscal year 1973, the following disallowances were made to expenditure reports for the fourth quarter, fiscal year 1972:

Michigan	$23, 238, 500
Minnesota	17, 000, 000
Oklahoma	12, 848, 578
Texas	91, 113, 494
Total	144, 200, 572

Each of these disallowances represents a retroactive claim applicable to prior periods.

The foundations for these disallowances are inadequate answers from the States to the following two basic questions:

(1) Was an approved State Plan covering the services effective and in operation during the periods for which the claim is made?

(2) Where applicable, were satisfactory Purchase of Service agreements in effect and operative during the periods for which the claim was made?

Mr. RUTLEDGE. There was a well-publicized case of funds being used for a highway department which did not actually take place. It was only a part of the State plan, and when the details of the contract and the arrangement was submitted to the Department, it was found to be ineligible.

Chairman GRIFFITHS. I would like to ask you, how were the details submitted? I have looked at this thing. It is a State plan of Illinois.

This is just gobbledygook. I don't know how you could OK any of this stuff. How did you know what they were really planning?

Mr. RUTLEDGE. I also want to get back to your question about the documentary film, but let me answer this question and I will return to the other.

The general State plan is a document which states what a State intends to do over a period of time. The language is necessarily broad, because they are trying to anticipate circumstances in which they can deal with both persons who are currently eligible, the former eligibles, and potential ones as well. And therefore it is an inexact document.

However, the actual contracts and agreements which must be in place in order to draw money against this plan need to be much more specific. And this is where the separation of the wheat from the chaff really takes place. And we are proposing to be even more specific in what these contracts should contain.

Chairman GRIFFITHS. What are you proposing?

Mr. RUTLEDGE. We have been considering new regulations and guides which would require that the States and communities specify exactly which barriers they are going to remove for individuals who are eligible for our programs, require that they establish a need assessment for the area in which they are going to operate in much more detail, and also present to us a program and financial plan which shows how they will spend the money in removing each of these barriers which will help us better manage the program.

Chairman GRIFFITHS. Is this going to be a new guideline? Is this going to be used—are you going to broadcast it widely so that States can come in and know what their rights are?

Mr. RUTLEDGE. Yes, this will be a better management tool than we have now. And, of course, this information is always made available to the States. In fact we have regular meetings with the professional association that represents public legal welfare and social service agencies. This coming Thursday and Friday, for example, we will be discussing many of these same kinds of problems with the directors of those agencies so that they will understand where we are going, and we can get their interpretations back from them.

Chairman GRIFFITHS. Has OMB approved this new guideline?

Mr. RUTLEDGE. We are still discussing the regulations internally. They still require some additional refinements.

Chairman GRIFFITHS. And OMB has not yet approved it, is that right?

Mr. VENEMAN. No, it is still pending.

Chairman GRIFFITHS. But this is going to be the plan, this is going to be the regulation, is that it?

Mr. VENEMAN. You were talking about the Pennsylvania television documentary.

Chairman GRIFFITHS. Did you find out what it was?

Mr. VENEMAN. They anticipated this Pennsylvania question yesterday, and after they explained it to me I said I would rather be on your side of the table than this side.

Mr. RUTLEDGE. In answer to the other question, yes, we expect that this bill be a more valuable management tool than we now have.

Chairman GRIFFITHS. You are going to set down a regulation on what States can use the 75 percent Federal matching funds to cover, is that right?

Mr. RUTLEDGE. We are going to make our regulations more specific than they are now.

Chairman GRIFFITHS. Are you saying to me now that you could have approved this thing, and then when the individual contract came in, disapproved it, is that right?

Mr. RUTLEDGE. There is a difference between a general approval of a plan that states intentions within the broad language of the law and specific things which may be provided to people who are either eligible or potentially eligible.

For example, one of my staff members gave me a copy of the Illinois plan, and the services that the State would include in it. And if I might just cite an example of how this might work: In the Illinois plan they include as eligible residents of low-income neighborhoods or other geographical districts such as model cities, low-income housing projects, high-risk neighborhoods, those that have a high rate of delinquency, high rate of commitment to correctional institutions, low per capita income according to OEO definitions of poverty, migrant workers, and several others. That is a good plan. It is within what we are talking about.

Now, when they actually bring their contracts in, their detailed plan, we would then have to look to see whether in fact the people that they are providing the services to on a group basis reside in these kinds of neighborhoods, and they would need to provide documentation for it. And in addition, for some of the services that would be provided on an individual basis we would have to distinguish those from the group services and see that the persons are individually eligible.

So one could take a general plan like this and assume that all kinds of things might happen which may in fact not happen when the full details are out.

Chairman GRIFFITHS. Who checks to find out whether these people in a group service are eligible? You mean you have people competent to go out there and check it?

Mr. RUTLEDGE. Not in every case. There are sample cases. We review eligibility for the programs, our regional staffs are responsible for this. And at the moment the Congress has authorized additional positions for us to beef up this kind of fiscal and financial monitoring, so that we can do more checks than we have in the past to control the fund increase.

Chairman GRIFFITHS. Does it really make sense to you that we are picking up, for instance, 75 percent of a State's expenditure to teach grooming to parollees and yet withholding Federal funds to which public housing authorities are legally entitled? What kind of nonsense is that?

Mr. RUTLEDGE. This would be a State prerogative in one instance, and it would not be a State prerogative in the other instance, perhaps. There can be some very useful things in assisting parollees to readjust.

Chairman GRIFFITHS. Indeed there could be useful things, there is no question about that. But why should we pick up that expense when we fail to pay our own expenses?

Mr. VENEMAN. Well, Mrs. Griffiths, the answer is simple. We can cite specifics such as grooming of parollees. If you get right down to it, perhaps personal experience and understanding of the need for that to seek employment is the kind of service that may motivate them to become employable. But the decision as to whether or not that in fact is going to be done is made by the State.

The authority that we have to match the funds is granted under the Social Security Act, which, as I said previously, has such broad language that describes services and this is where we are really getting into the point, that everybody is not funding any kind of service for a current, potential or former welfare recipient, and matching. And in many cases it isn't going through that legislative process. I think if each of these things went through a legislative process on a State level before these projects are approved, you probably wouldn't see many of these kinds of situations.

Chairman GRIFFITHS. Of course, what I would like to see is your exact test for whether you are going to pay for one of these things or you aren't. That is what I would like to know.

Now, what was in the TV documentary?

Mr. VENEMAN. You know they said it was pretty good. But it is a good example. They spent $515,900 in the State of Pennsylvania. Over $150,000 of that was State money. Now, the matching comes in. And public information is apparently a service that is entitled to Federal financial participation, if the State chooses to do it. They had six 30-minute documentaries, three 90-minute specials broadcast throughout Pennsylvania and on the eastern and midwestern public broadcasting stations. It won an award, and the letter was sent to Mrs. Helen Wolgemuth, the Secretary of the Department of Public Welfare, from the CBP, which was the public broadcasting corporation, quoting that the judges felt the program itself was an outstanding television drama, scientifically written and portrayed, and very well executed.

And they felt that the film went a long way toward pointing out the deep tensions under which public welfare systems operate and in so doing performed a valuable service to the viewing audience.

Mr. RUTLEDGE. And those films are available nationally, and would be available for the committee to view.

Chairman GRIFFITHS. I think the welfare department was trying to do something for itself, trying to help itself out.

Would you like to ask some questions?

Representative CONABLE. Yes. I apologize for being so tardy, Madam Chairman. I think Mr. Veneman knows where I was.

Mr. Secretary, suppose all the States took advantage of the social service provision at this point. You know there has been a kind of a race. California has pointed the way, and New York has been trying very hard to catch up, and seems to have succeeded this year. There is now some awareness of the opportunity this provision in the 1967 act makes available to the States, if they are willing to get in the front row with their hands out.

How much would the total cost be if every State took full advantage of the statute? We don't know what further gimmicks they might be able to work out in converting things over to social services, but have you made any study of how far we could go?

Mr. VENEMAN. Mr. Conable, just to give you an indication of what has happened, in 1969 we spent $354 million.

Representative CONABLE. $354 million?

Mr. VENEMAN. Which was 2 percent more than we spent the previous year.

In 1970 we spent $535 million, which was 51 percent more than 1969.

In 1971 we spent $750 million, which was 40 percent more than 1970.

Representative CONABLE. $750 million?

Mr. VENEMAN. $750 million. In 1972—Mr. Cardwell, what was it?

Mr. CARDWELL. The total was about $1.6 billion.

Mr. VENEMAN. $1.6, which would be 140 percent, roughly, more than we spent the previous year.

The States are now estimating $4.6 billion for 1973. And some of our projections have indicated that if this continues we could be up to the $6 to $8 billion bracket in fiscal year 1974.

Now, I don't think this is really responsive to your question, Mr. Conable, because I don't know just how much the States are willing to put up for their share. The law defines services as "services to a family or any member thereof for the purpose of preserving, rehabilitating, reuniting or strengthening the family in such other services as will assist members of a family to attain or retain capability for maximum self-support and personal independence."

Now, that is quite general. You can have a hair grooming course under those provisions.

Representative CONABLE. I also have some uncertainties here because of some of it being new money and some of it being a refinancing of existing programs through converting it over into services; isn't that right?

Mr. VENEMAN. That is correct.

Representative CONABLE. Can you give us any estimate of that?

Mr. RUTLEDGE. If every State interpreted the statement that the Secretary has just read, services to a family or any member thereof for the purpose of preserving, rehabilitating, uniting or strengthening the family, et cetera, in the same way that New York has, and had the local resources, including the administrative ability to duplicate a program like that, the social services budget——

Representative CONABLE. Two States can equal New York in that respect.

Mr. RUTLEDGE. The social services of the budget would be about $18 billion, which is another reason for the need to have some kind of ceiling on the expenditures.

Representative CONABLE. Do you have any estimate of how much is new money and how much is simply a conversion to 75-percent money?

Mr. VENEMAN. We don't. It would vary from State to State.

Mr. RUTLEDGE. We don't have a clear breakout on that. Until just recently the programs were generally in expansion. Some of the States have found ways of picking up some marginal programs, improving the quality, and expanding them to meet the requirements for substantial expansion of the services.

Representative CONABLE. If there is a conversion, then you have a gross figure and a net figure, and apparently from what you say, they aren't going to be very different in computing the total costs, because for the most part it is not so much conversion as new programs; isn't that correct?

Mr. RUTLEDGE. It is some of both, some conversion and some new programs. And it is good and it is bad. And I comment in this manner. One of the positive things about the purchase of service arrangements is that the welfare agency can say to the health agency, or another agency, "If you will expand a program to take care of some additional recipients that you have not been taking care of, we will pay for that cost."

Well, that expands the base of that service, and there may be some conversion. But it is also quite an add on. In other instances the social service agency from its own resources may establish within its own capability an entirely new activity to assist them. In some instances this may be inefficient. But it would be clean, and not necessarily subject to the charge of refinancing and conversion.

Mr. VENEMAN. Mrs. Griffiths asked me earlier, Mr. Conable, about this whole question of refinancing, whether we should require the State to maintain the amount of payment that is going in now, or whether we should allow them to cut back. I think it is logical to point out one risk of that. Let's say that a State is appropriating $200,000 for a particular program. If we said, you have to continue to spend $200,000 matchable at 3 to 1, that would be $600,000 more, an $800,000 program.

However, we said, you can spend $100,000, you are spending $300,000 more of Federal money, and doubling the program, $400,000. So to say to a State, "You have the service that is matchable, clearly matchable under the provisions of the statute, but you have to spend as much money," means that you are not spending that money expeditiously, No. 1, and it may mean that your budget and the Federal expenditure could go even higher than it is under the current system allowing them to reduce it.

Representative CONABLE. You may have already been over this ground—and I am sorry, tell me if you have, Madam Chairman—I am wondering, isn't there some way that this can be handled administratively?

Mr. VENEMAN. Not really——

Representative CONABLE. Not safely, perhaps. But have you made any effort to handle it administratively? We are told that there has got to be a legislative solution.

Chairman GRIFFITHS. Yes. You sent around a draft regulation this June to amend regulation 226 to make it difficult for States to refinance their budgets. And yet you backed down and didn't issue the regulation.

Mr. VENEMAN. We didn't really back up, we held off. Once again, we had three pieces of legislation going through the Congress, which I think is one of the reasons that we took a little extra time on the regulations. We had one in the appropriations bill which put a limitation on it, and one in H.R. 1 which has a limitation in it. The House passed one version in fact, when the House passed the $800 million ceiling. I remember we thought we were clearly safe with the amount of money spent. And then, of course, the third piece of legislation is the amendment on the revenue-sharing bill, which may be decided today in the Senate.

Representative CONABLE. I understand your feeling that that was probably a safer way to handle it. A legislative ceiling is a clearer mandate.

Mr. VENEMAN. The regulations would have applied to an open ended appropriation. And maybe I am not reading Congress right, but I think the tone of the Congress right now is that you can't continue with open-ended, there is going to have to be some limitation.

Chairman GRIFFITHS. Of course, the regulation, Mr. Veneman, would have stopped it then. And the problem is that you waited in issuing the regulation.

A second way to have stopped it——

Mr. VENEMAN. May I clarify that. I have talked to Mr. Twiname and Mr. Rutledge and I don't think that the issuance of any particular regulation, given the parameters that we have had, would have done too much in the first 6 months of this year while this issue is pending before the Congress.

Chairman GRIFFITHS. And then another thing, a thing which I think was poorly done, for whatever reason, I feel that you should have returned it to the Ways and Means Committee and asked for an integral bill. The Appropriations Committee is a poor way to go.

Mr. VENEMAN. We did both.

Chairman GRIFFITHS. It was the Senate Finance Committee.

Mr. VENEMAN. We did both.

Chairman GRIFFITHS. If you had come back and gotten one bill from us, I am sure Mr. Conable would have seen to it that you could have lived right. And it would have been very helpful.

Mr. VENEMAN. We did precisely that.

Chairman GRIFFITHS. You got a bill, but you also had a lot of other stuff that was to others highly controversial.

Mr. VENEMAN. We were amending the Social Security Act.

Chairman GRIFFITHS. That is right. I was all for that. We passed that twice. So you didn't have any trouble with us. But you get over to the Senate and you have trouble.

Mr. VENEMAN. That is an understatement.

Chairman GRIFFITHS. If you had just come back with an individual request we would have taken care of it.

But I think also a regulation would have done something for you.

Representative CONABLE. I am a little bothered about the whole business of closing the end on this by putting a ceiling on it. How do you divide the money between the States now? Are you going to divide it among those who have historically gotten on this gravy train? Speaking about the States now, not the recipients, of course. Here is New York, right in there trying to make up for lost time this year. Don't they have as good a claim despite their historical slowness to react as some State that has been in there defining services very generously for a long time? I am not picking out California, Mr. Secretary.

Mr. VENEMAN. We are.

California is probably going to learn from you. I think you are up to about $800 million now, and California is $242 million.

Representative CONABLE. California has been there for a long time. What was New York last year, though.

Mr. EDWARDS. It was $198 million for 1971.

Representative CONABLE. This points to a problem you are going to have in how you distribute these moneys under the ceiling once you have set the ceiling. What Mrs. Griffiths says is perfectly true, maybe it would be better to establish some better ground rules than just to make an arbitrary cutoff, and in some way divide up what you have left among the unfortunate administrators.

Mr. VENEMAN. Actually, Mr. Conable, we had a formula in H.R. 1 which would allocate to each State a portion of the total which is proportionate to its total Federal share of the preceding year. That was one factor. And then any remaining money, but not more than 50 million, is divided among the States with service deficits that would be a gap between what they have expended in the previous year. And then if there is any remainder it would be allotted on the basis of a State's share of the total recipient population. So that was one point.

You can only do this somewhat in a speculative way, because we don't know just what the ceiling would be, but there are about eight different alternatives that I think Bruce Cardwell had the other day. So I don't think there is anyway that we can say what it would be. But there are ways of doing it that would protect to the highest extent possible those programs that are in effect. Let's face it, you can't have a billion dollar ceiling or a $3 billion ceiling and make everybody happy when New York is now at about $800 million.

Representative CONABLE. But if you knew how much our committee, the Ways and Means Committee, struggled with formulas for distribution under revenue sharing, you would realize that it is a rather sensitive issue. Social services represent a form of revenue sharing that could wind up with a rather bad formula, if you just look at it historically, or if you look at it from the point of view of who is pushing the hardest.

Mr. CARDWELL. But isn't the issue whether you really want a form of revenue sharing and whether or not you don't want to pinpoint it.

Representative CONABLE. That is what it is if we don't do anything, the money goes to those who are diligent and get out there and redefine their services.

Mr. VENEMAN. And again raise a quarter, and you get a dollar.

Chairman GRIFFITHS. In a magazine interview Mr. Twiname is quoted as saying:

> We are making certain that these grants do result in expanded services even though States are shifting much of the cost to the federal government.

Can you give me specific evidence of how you are making certain that services are being expanded rather——

Mr. RUTLEDGE. Just to mention the dramatic New York increase from some $190 million to some $800 million, those programs that were brought in under the plan all represented substantial expansions of services that were being provided in the past, and now services to other persons who were eligible. And in the review of the proposed contracts to implement the plan, the agreements with different agencies, our staff looks at this very carefully, and looks at the arithmetic of the budget as well as what is being planned.

Chairman GRIFFITHS. Under what circumstances can nongovernmental funds or other Federal funds such as model cities money be used as the State's matching money for services?

Mr. RUTLEDGE. Model cities moneys, as you know, is one of the few pieces of Federal money that can be used to match other Federal moneys. There are a couple of other examples. That has been done in some communities in which there was a desire to expand the services available to the persons in that area.

Under our present policies, model cities neighborhoods are eligible on a group and individual basis.

With respect to private funds and other local funds, if those funds are transferred to the State agency, and made available for use by that State agency to provide a new service or expand a service, then the State social service agency can have that money matched on a 3-to-1 basis, and can then buy services from any agency it chooses as long as the money does not revert to the donor.

With respect to the use of other State funds, if there are funds available within the government, within an agency, and the State agency can certify that these funds are being spent on behalf of an expanded service or new population, new eligible population groups, then those funds are also available for match. Those are the three circumstances.

Chairman GRIFFITHS. Is the United Foundation money in the drug centers in Detroit?

Mr. RUTLEDGE. It is possible. I am not sure. I suspect there would be, because in many communities United Fund agencies donate funds for this purpose, for expansion.

Chairman GRIFFITHS. And they donate those funds to the States?

Mr. RUTLEDGE. To the State agencies, in this case to the State Department of Special Services.

Chairman GRIFFITHS. And they get 75 percent?

Mr. RUTLEDGE. Yes.

Chairman GRIFFITHS. From your statements I gather that Illinois used the two and a half million dollars in a model cities day care program in Chicago as the local 25 percent matching share to expand the program to 10 million, the other seven and a half million coming from the Federal Government as the first two and a half million had. Is that right?

Mr. RUTLEDGE. That is very possible. And that would seem to be appropriate and legal the way you explained it.

I don't know if the staff has any specific information on that.

Mr. VENEMAN. I ran into a situation just the other day, Mrs. Griffiths, in California—the welfare there is administered on a county level—where the family service agency was going to do this very thing, put money into the State agency, and in turn provide the service for an expanded population to the potential welfare recipients.

Chairman GRIFFITHS. Let's go back to this drug thing. The truth is that in any one of these drug centers you are not serving just the poor, are you? You can't justify it on the basis that many of these people couldn't pay for it, isn't that right?

Mr. VENEMAN. I would find it very difficult, Mrs. Griffiths, to define a drug addict as anything but a potential welfare recipient.

Chairman GRIFFITHS. On the other hand, I have known drug addicts who remained drug addicts throughout their lifetime who held very high-paying jobs.

Mr. VENEMAN. But they didn't go to the center.

Chairman GRIFFITHS. They didn't go to the center. But a drug addict is potentially a welfare user.

Mr. RUTLEDGE. Of course, the States are free to set the conditions under which persons would be eligible to participate in the program. In the District of Columbia, for example, when I was administering the program, addicts were eligible when they were in treatment. And in New York City I understand their new regulations require that the persons will be participating in a treatment program. So there are ways of controlling that.

But as the Undersecretary indicated, the fact that a person is addicted is very good indication that within a period of time he is going to be sufficiently dysfunctional that he cannot take care of himself economically.

Chairman GRIFFITHS. Is the real confusion that if you gave these drug centers the name of welfare, you might give welfare a bad name?

Mr. CARDWELL. Madam Chairman, could I make a comment?

This conversation comes back to one of the earlier questions you raised, and that was about the propriety and appropriateness of the concept of potential recipient. And this last discussion would illustrate one of the basic problems, to me, that well intended and reasonable people can differ on that judgmental decision as to whether or not an individual or a group of individuals might qualify. And so that takes you back to the question of, is it sound legislation, is it sound public policy, to center a program such as this on that concept?

Also it takes you to the issue of whether reasonable and well-intentioned people can differ on whether a drug center is a social service in the true intent of this law. For after all, this law I would assume, was probably enacted with the idea that here was a problem we didn't quite know how to solve, let's look for new ways to deal with it. let's be imaginative, let's run some risks, let's err on the side of doing things we haven't done before. And this takes you to drug centers. This takes you, it seems to me, to the idea of potential recipients.

Chairman GRIFFITHS. I agree that it gives you a large range to determine. But don't you think that the real question with respect to drug centers is whether they should be financed as welfare, or whether we shouldn't just say, look, kids all over America are getting involved in this, they don't have to be poor. But the point of it is, if you are going to have such a program—and I think you ought to have such a program—and you are going to finance it from the Federal Government, then why are we sitting around waiting for somebody in a local community to set this up? Why don't we set it up and say, there is the drug addiction program, period, and we are not going to finance it under welfare.

Mr. CARDWELL. I agree with you, except that we now have on the books a law which says that such activities can be financed as a part of public assistance.

Mr. VENEMAN. It has the word "rehabilitate" in it.

Chairman GRIFFITHS. You can use it on a potential recipient.

Have you ever considered using income as the determination of whether or not you are going to be a potential welfare recipient?

Mr. RUTLEDGE. I didn't name income in enumerating some of the factors that we would take into consideration in determining whether one was a potential recipient. But in nearly all of the States there is an income level, and Illinois, as an example, just happens to be in front of me. And as an example, for a two-member family—one child and an adult—they would use $4,500 as a guideline, and that would range up to $9,000 for a family of five members or more.

So, in addition to the other characteristics, there would be expected to be some dollar income ceiling, too.

Representative CONABLE. Madam Chairman, I am not satisfied that I have nailed down just where the Department stands on this as far as its own ability to control it is concerned. I understand your reluctance to impose restrictive regulations of one sort or another, if there is legislation pending. I am not all that confident that Congress will vote to take substantial sums of money away from the States, if those terms have been in effect, if the States have been diligent in getting out there and taking advantage of the definitional problems we didn't resolve in the 1967 law.

Is there some type of legislation short of putting a ceiling on that would give you authority to control this better? What specifically do you want now? You want the ceiling, don't you?

Mr. VENEMAN. Right. We are supporting a ceiling on services, and have been since 1970.

And second, I think——

Representative CONABLE. I don't understand why the Senate doesn't do it. Maybe the answer is that their Governors get in touch with them and say, "Don't take this money away from us, this is a chance for us to cut down the welfare budget." And looking at it as a revenue sharing thing, the Senators refuse to act on it. I don't know what motivates them. Maybe they don't want the onus of taking it away themselves, maybe they want to put that on the executive branch. That is a good old political technique.

Chairman GRIFFITHS. Of course they don't really understand money bills, they always start in the House.

Representative CONABLE. Fortunately, we don't have any Senator here this morning. But the point is, I am sure you are perfectly happy to take this onus, if it is necessary. Is there some legislative step short of imposing a ceiling?

Mr. VENEMAN. I think there are two things. To answer the first part of your question, I think what we can do administratively is limit it. I really feel that given the language in the statute and the open-ended nature of the appropriation, that we are very limited in what we can do administratively. We can do some things, most of which, I think, Mr. Rutledge and Mr. Twiname are attempting to do now in identifying what is happening and so forth.

Representative CONABLE. Do you anticipate litigation on this?

Mr. VENEMAN. I am sure there will be, I don't think there is any question about it. The section of the statute is so broad that if we start clamping down I am sure we would be in litigation the minute we start moving.

Second, I think we can identify the services that others are entitled to through legislation. To answer your question, "Is there anything short of a ceiling?" I think you have that to a certain extent in H.R. 1.

Mr. EDWARDS. Yes; in H.R. 1 there were listed both for the family and for the adult the specific services which could be matched. There were also a closed end of $800 million, and a distribution formula. But there was also a list of services you could spend that money on. Whether a list would hold up under the broad language of the Social Security Act, I don't know, even with the H.R. 1 language.

Representative CONABLE. Would it be feasible to prohibit the refinancing of present programs? Is that legislative opportunity for us here?

Mr. VENEMAN. It would be. But again I think we have to examine it in terms of good public policy from the standpoint of equity. As I described earlier, one State may have a program of protective services for children, for example, and the State next door doesn't. The State next door decides to go into it and can do it with 75–25 money, and the first State can't, and is doing it 100 percent. There is an equity question there.

Representative CONABLE. And I suppose that it is an invitation to greater ingenuity and appearing not to refinancing a program but changing it just modestly so that it is a new program.

Mr. VENEMAN. I think it would be a good legal question, too.

Mr. CARDWELL. I think there is another alternative for the appropriation process. You express concern that the end not be closed abruptly. And normally, if you take that position, the only other alternative left is what we have, which is an open-ended contract authority, where the good faith and credit of the Federal Government is automatically pledged to whatever the States do, be it good or bad. Perhaps another alternative would be to declare an annual fixed appropriation at some time in the future to give the States an opportunity to arrange their own financing. I would insist myself that it would be sound Federal policy to require the States to estimate in advance and plan their programs in advance and budget their programs in advance. I think it is bad public policy, and I think we have lived with it much too long, to permit the States to do little or no planning, little or no budgeting. In fact, they give us estimates before their budgets have been gone through the State legislatures.

We go to Congress for appropriations never really knowing what the final bill will be. I think that is terrible public policy, and I think we have allowed it too long.

Representative CONABLE. We are now beginning to talk about very large sums of money. The States are apparently in it, and if we suddenly slam the door, they don't have the financing flexibility that we do here, they don't have the printing presses, and other things, and they don't have the income tax to the degree that we do. The longer we let this go on, the harder it is going to be to bring a halt to it. And it really seems as though time is very much of the essence at this point, simply to get some order in the field, and before we get to the point where we have built right into the existing financing structure tremendous inequities because of the difficult approaches the States take.

Mr. VENEMAN. Which is the road we are going down now with the open-ended appropriation.

Representative CONABLE. Could you put any limitation on requiring the State to provide these services itself instead of purchasing them from other existing private and public agencies?

Mr. VENEMAN. That is the way it was prior to 1967. The 1967 amendments authorized the purchase of services. Prior to that time it had to be the single State welfare agency.

Representative CONABLE. Look at what has happened to Mississippi, for instance, where spending rose several hundred percent in 1 year.

Mr. VENEMAN. More than a thousand percent.

Representative CONABLE. More than a thousand percent. Well, it is obvious that they can't do that with State agencies, they just can't expand them that fast. They are going to have to buy a lot of those services, and maybe we could slow down the process somewhat by requiring——

Mr. VENEMAN. Their last estimate is somewhat more modest than their first estimate, but it is still a very large amount of money.

Mr. CARDWELL. When you take testimony from them, I would be interested to see that they really have the matching money, even 25 cents on the dollar.

Chairman GRIFFITHS. That is possibly true. But they will be here, and we are looking forward to finding out what they are spending it for.

Mr. EDWARDS. They have reduced their estimate at the Governor's conference of $460 million, up from the previous year's $14 million, to $269 million in their August estimate. So, they cut it.

Chairman GRIFFITHS. The Secretary sent to the President four options to consider with respect to service regulations, I understand. When the President took the do-nothing option with respect to regulations until after the elections, was this because he felt that you have State problems, do you know?

Mr. VENEMAN. I don't know, I wasn't privy to the mental processes upon which a decision was made. That paper that you referred to was sent to the White House at its request on a confidential basis, as to things that we thought we might be able to do without taking into consideraion what might occur.

For example, we didn't raise the question as to whether or not we would be subject to litigation if we took some of the tough ones. There was quite a range of choices. And this is a very normal process.

Mr. CARDWELL. Although this is a question that the OMB staff has raised with us.

Chairman GRIFFITHS. According to Federal regulations, welfare agencies must work with suppliers of purchased services "to assure satisfactory performance in providing such services."

How does HEW expect them to assure satisfactory performance by contractors?

Mr. VENEMAN. Our authority there, Mrs. Griffiths, is limited again very much like it was in the whole medical program, again a State-run program, to sample audits and the efforts that we have through the regional offices.

Chairman GRIFFITHS. Do suppliers of purchased services supply program reports?

Mr. CARDWELL. It is the design of the basic contractual agreement that is probably most important. If the social service agency were to insist first of all that there be periodic program reports, that advance payments be limited, that there be a project of certification who can be held accountable——

Chairman GRIFFITHS. Do you know whether or not they do this?

Mr. CARDWELL. No; I don't.

Chairman GRIFFITHS. Is this your suggestion?

Mr. CARDWELL. This would be good practice from our point of view.

Chairman GRIFFITHS. Have you ever told them this?

Mr. CARDWELL. Yes.

Mr. RUTLEDGE. They are aware of this. The specificity of the contract is one of the things that our reviewers look at to determine whether there is a bona fide agreement to provide services that can be monitored and will be satisfied. In some instances there have been questions of whether the contract was valid because some of the details weren't spelled out as adequately as they might have been.

Mr. CARDWELL. Our experience is probably limited on this point. But our audits tell us that welfare agencies are not particularly good and efficient at contracting.

Chairman GRIFFITHS. I would think so, too. I really wonder if there is anybody in a welfare agency that is really competent to purchase anything. They are not hired on that basis with that training.

Mr. CARDWELL. I wouldn't want to go that far.

Chairman GRIFFITHS. Are you hiring them on that basis? Are they trained?

Mr. VENEMAN. Again, we don't hire. It would depend entirely upon——

Chairman GRIFFITHS. Have you ever asked any of these States whether they have competent purchasers for their welfare programs? Do they have a training program?

Mr. VENEMAN. Some contracts may have to be authorized by the Department of Finance.

Chairman GRIFFITHS. Do they review the purchases, do you know?

Mr. VENEMAN. I am sure they do. In fact, we require that.

Mr. RUTLEDGE. In actual practice it may vary. And you are correct, the quality varies a great deal. But each State has some requirement for entering into a legal contract, and the problem is whether in every instance this review has been adequate and done by persons who are skilled in looking at this matter.

Chairman GRIFFITHS. And how do you find that out?

Mr. RUTLEDGE. This is done on audit, and sample reviews by staffs.

Chairman GRIFFITHS. What staff?

Mr. RUTLEDGE. Both our regional staff and the State staff that works with them.

Chairman GRIFFITHS. And what do these people report? Have you ever seen any of the reports?

Mr. RUTLEDGE. I haven't seen any of the reports, but I have been told that many of the problems, the things that are omitted, are that they haven't specified exactly which services will be provided, and how much, and how they will be evaluated. And in some instances the contract is so vague that a number of services may be given later that are not included or can't be identified within that contract. And this creates a problem when the State wants to collect for that.

For example, much of the increase now has been on request by States that their contract, which was rather general, covered a number of things that they had not asked reimbursement for. For example, they were covering some persons who were potentially eligible. And a year later they would want to go back and say, we provided that service, and the contract is so vague that we can't tell one way or the other.

For example, the State of Michigan in 1970 spent about $18.2 million, and in 1972, each quarter, their expenditures were rising, so that in 1972 they spent approximately $27 million. But now they tell us that their contracts and their activity really covered about $23 million more of activity than is readily obvious when we look at the contracts. And, therefore, in those instances, as we have done with Michigan and with others, we withhold those funds until there is some documentation that the contract really was in effect. So, we see a lot of this contract.

Chairman GRIFFITHS. There is an orphanage in my district that has historically had, I believe 50 or 60 orphans and six housemothers. Recently they put the orphans out and they have taken children from a training school, 50 or 60 children with IQ's between 50 and 60. The children are gone all day long to school. And they ride the bus, I must say. And immediately, in place of having six housemothers, they have 28.

Now, maybe the whole thing is perfectly all right. But who did we have in Michigan that would be really competent to make the contract on that basis?

Who do we have that is competent to make a contract to take care of children with very low IQ's to determine the number of housemothers they would need, to determine the rent that should have been paid, if any, and just how do we go about it?

Mr. RUTLEDGE. That is a good question. And each State may vary it.

You mentioned the Wayne County situation. I am not as familiar with it now as I once was, but I can give you a hypothetical example of what probably happened in this instance. Mr. Shelton, who is the local welfare director—and I assume his medical director, Dr. Anderson, is still with him—would have developed consultation agreements with the local mental health groups and the State department of mental hygiene for review and analysis.

Someone developed a plan that specified the things that we would require in a contract. And a member of the staff has given me the language that we require, and I would just cite it because I wasn't precise on it before. They would include in that contract a description of all of the services that they wanted to purchase. They would provide that the State agency would be continually monitoring both the service and the quality. And they authorized the staff for this, and we participated in the financing of that staff. And they would include in that agreement some continuing review of the eligibility of those individuals as well as a review of the effectiveness of that program.

Now, in the event that Dr. Anderson, if he is still the director there, or the director of the health department, were not involved, they would then obtain consultants to do this. Now, this is a rather standard practice, give or take a few of the steps. And then it would be incumbent both upon that agency as well as upon us as the monitors and reviewers to see that this would take place. We would review to see whether the things that we require to be done in the regulations were in fact there, or we would withhold the Federal financial participation.

Chairman GRIFFITHS. Who do you have in a welfare agency that is really competent, even to hire the consultants? On what basis do you hire a consultant? Do you put out bids, do you notify everybody, is it competitive?

Mr. RUTLEDGE. These are local regulations. Much has been said about the inadequacy of some of the local and State administrators. And I must say that in some instances some capability leaves a lot to be desired. But I have worked with a number, both at the Federal level and in Michigan as well as in the District of Columbia, and many departments have many, many capable and competent people who are able to make these kinds of judgments.

Chairman GRIFFITHS. What experience and training do they have?

Mr. RUTLEDGE. In training, each local community will set its own standards for what it requires. And we require that they have some sort of merit employment practice, and whether their local merit system would require for either the financial position or the social worker or medical position is what it would be.

Chairman GRIFFITHS. Do you know how much goes for personnel costs in such contracts?

Mr. RUTLEDGE. We would know what goes for personnel and what goes for consultants, because it has to be part of the financial plan.

Chairman GRIFFITHS. Do you know how much training and experience the employees have in the place where the contract will be let?

Mr. RUTLEDGE. Generally that information would be available.

Chairman GRIFFITHS. And would they have been considered in competitive situations where you compare the ability of that contractor with the ability of that contractor?

Mr. RUTLEDGE. We don't review the contractors themselves. That is the responsibility of the State agency. What we do look at is whether the agency has an appropriate system for selecting qualified and competent employees.

Chairman GRIFFITHS. If we are going to pay 75 percent of the cost, or as in the Chicago child care case, 100 percent, don't you think that we really should review it?

Mr. RUTLEDGE. That is a question of judgment, how much responsibility do we want the States to retain.

Chairman GRIFFITHS. And if you are paying 75 to 100 percent of the costs, then it seems to me that it is the responsibility of HEW to review the contracts.

Mr. VENEMAN. That would be unlimited—we couldn't hire enough people to do that.

Mr. CARDWELL. We would not have the capacity.

Chairman GRIFFITHS. Then how do you know they do it?

Mr. VENEMAN. We assume that they comply with the criteria that Mr. Rutledge just read in the purchase of services agreement. And I think that is as far as we can assume. And when you look at the welfare administration, what we have traditionally said in H.R. 1 and others is that the provision of services logically should be a State responsibility, because as you pointed out earlier, the intake worker is the one that knows more about what has to be done, and you just step up from there.

And I think it will vary considerably between jurisdictions that have responsibilty for administering welfare. I know in the county that I was from in California, where the counties do administer, the welfare director—for whom I have a great deal of respect—doesn't issue the contracts unilaterally. All contracts are awarded through the county auditor's office or division. In other words, he didn't go out and make up his own deal with his friends.

Chairman GRIFFITHS. Sometimes, of course, the county auditor would be a poorer selection, because he is dealing with his funds.

Mr. VENEMAN. Yes.

Chairman GRIFFITHS. The things that I think you ought to consider is that in 1973 OMB estimates that the budget for HEW will be higher than that of the Defense Department.

Representative CONABLE. That includes the trust funds.

Mr. VENEMAN. The 20-percent increase in social security.

Mr. CARDWELL. Wait until you see next year.

Chairman GRIFFITHS. The budget for the Defense Department is gone over and over by committee after committee of Congress. We check it. But you can't check this, because in reality all the contracts are being issued out some place in the country under somebody else's responsibility. But we are paying the money.

Mr. VENEMAN. Here is the dilemma we are in, Mrs. Griffiths.

Senator Long's committee now has expressed their concern over what is happening in services. Less than 2 years ago, on November 20, 1970, when we added an amendment to the appropriation bill to put a ceiling on services, he said that we are denying the States the money due them for things which the Congress voted by law to require them to do. We were accused of not complying with the law by the chairman of the Senate Finance Committee in 1970.

Chairman GRIFFITHS. I want to say to you again, and I hate to keep saying this, your real error was that you went to the wrong committee.

Mr. VENEMAN. No, we started with you.

Chairman GRIFFITHS. You betrayed no legislative learning. You should have come in and asked the Ways and Means Committee in a special bill, and you would have gotten it, you would have had no problem. But none of these facts were ever made available.

Mr. VENEMAN. In retrospect, Mrs. Griffiths, I think we were always somewhat optimistic the first time we put the welfare reform bills in. We were trying some trial services in that measure. And perhaps in retrospect in 1970 that would have been the appropriate thing to do. But I think for the sake of your committee, the legislative process, to get all the social security amendments in one bill is the appropriate way to do it rather than run the whole string of amendments.

Chairman GRIFFITHS. Not necessarily. It would have been just great. But what you are going to come up with now is two revenue sharing bills, perhaps, out of the Senate.

Representative CONABLE. One last question that I would like to ask. Let's assume that Congress gets its feet stuck in the political mud again. Where do we go from here? What are your fellows going to do down there if we don't do anything up here? You must have some sort of a plan other than asking Congress to close the door for you. And if you don't, then I am alarmed.

Mr. VENEMAN. We have alternatives, there are alternative ways of attempting to do this administratively.

Representative CONABLE. It is going to be a mess for you, and there is going to be a lot of litigation and everything else. But haven't we got to do something somehow?

Mr. VENEMAN. I don't think there is any question about it, Mr. Conable, there has to be something done about it.

Representative CONABLE. We will welcome you back to Ways and Means, which is the appropriate committee to come before.

Mr. VENEMAN. If we have the option, we do want to see them.

Chairman GRIFFITHS. I am sorry, we will have to suspend this. Could you come back at 2 o'clock this afternoon?

Mr. VENEMAN. Certainly.

(Whereupon, at 12:15 p.m., the subcommittee recessed, to reconvene at 2 p.m., the same day.)

AFTERNOON SESSION

Chairman GRIFFITHS. How much can you tell us about what each State is spending on each kind of service it provides?

Mr. VENEMAN. I will yield to Mr. Rutledge.

Mr. RUTLEDGE. We can give some details, Mrs. Griffiths, but I won't be able to break it down for you precisely today. I can, however——

Chairman GRIFFITHS. Will you supply it for the record?

Mr. RUTLEDGE. Yes.

I can, however, give you a feeling for the national reflection which I do have in front of me.

Chairman GRIFFITHS. But you will break it down for us for the record completely?

Mr. RUTLEDGE. Yes. If you would like some examples, for example, in fiscal year 1972, when our expenditures were approximately $1.7 billion, some $279 million of that was for child care, some $60 million was spent on delinquency programs, some $86.5 million was spent on physical and mental handicap of persons who were eligible, and some $93 million was spent on services to obtain medical and dental assistance for those who were eligible.

And I would be pleased to submit this entire estimate for the record.

(The information referred to follows:)

The following tables reflect program and expenditure estimates for the social services and child welfare services programs for fiscal year 1972. These estimates rely on information available as of June 1, 1972. According to information recently made available to the Community Services Administration, SRS DHEW, these estimates would appear to be conservative both in terms of the level of Federal expenditures and the number of persons served.

	Fiscal year 1972	
	Families served	Federal expenditures (in millions)
No services provided unknown if services provided	192,300	
Total provided 1 or more service	3,610,100	$1,253.8
Counseling, guidance, diagnosis	1,682,500	42.1
Vocational rehabilitation services	192,300	58.2
Referral for employment/training	365,300	34.6
Summertime, part-time employment, child	240,400	4.8
Preschool education	240,400	12.0
Assistance in continuing education	841,200	16.8
ABE–CED	360,500	7.2
Vocational rehabilitation education	288,400	10.9
Improved financial management	1,783,400	26.8
Housing	1,201,800	48.8
Legal services	528,800	32.5
Emergency services	721,100	56.4
Unmarried mother	495,100	49.5
Establish paternity	480,700	24.0
Secure support	1,201,800	48.0
Homemaker	240,400	36.0
After care, institution foster care	144,200	7.2
Recreation Summer Act, children	384,600	7.7
Child care	403,800	279.8
Adoptive services	48,100	9.4
Foster care	96,100	22.7
Protective services	206,700	56.4
Marital services	480,700	7.2
Parent child relationship	721,100	14.4
Juvenile delinquency	192,300	60.0
Physical and mental handicap	576,800	86.5
Family planning:		
Without medical	913,300	10.0
With medical	384,600	7.5
Services to obtain medical/dental care	1,869,900	93.5
Services not specified	158,600	82.9

SOCIAL SERVICES, TITLE IV-A, SOCIAL SECURITY ACT—FAMILIES WITH DEPENDENT CHILDREN (AFDC)

	Fiscal year 1972	
	Persons served	Federal expenditures (in millions)
Day care	34	$1,500
Foster care	205	33,353
Adoption services	45	2,392
Services to educationally deprived school children	80	4,324
Preventive, protective, and other services	305	4,431
Total unduplicated count [1]	614	46,000

[1] Total numbers of persons served includes those receiving more than 1 service.

SOCIAL SERVICES, TITLES I, X, XIV, AND XVI, SOCIAL SECURITY ACT—ADULT CATEGORIES (AB, OAA, APTD AABD)

	Fiscal year 1972	
	People	Amount (millions)
Total money payment recipients	4,698,000	
APTD	1,493,000	
OAA	3,085,000	
AB	120,000	
Total receiving no services	3,307,000	
APTD	642,000	
OAA	2,607,000	
AB	58,000	
Total receiving one or more service	1,391,000	$352.9
APTD	851,000	
OAA	478,000	
AB	62,000	
Specific services provided	1,607,900	
(1) Health support	216,000	112.9
(2) Improved financial function	135,000	14.1
(3) Maintaining home	145,000	49.4
(4) Protective services	177,000	38.8
(5) Self-care services	442,000	88.3
(6) Maintaining social relations and participation in community life	492,900	49.4

Mr. RUTLEDGE. Now, it is true that our current review mechanisms do not permit us to define these as specifically as we would like. But we are working to improve this. This gives you some idea of the way the expenditures are being made.

We did also submit earlier for the records of the committee an analysis that the consulting firm had done for us the previous fiscal year. And we want to improve upon that for future management procedures.

Chairman GRIFFITHS. Please do that.

When you do that, could you tell us also how much money is spent on babysitting services?

Mr. VENEMAN. As far as direct payments are concerned, Mrs. Griffiths?

Chairman GRIFFITHS. Yes. And in what way do you pay babysitters? Do you have a way of reimbursing them on a direct basis. I believe Wayne County got $20 million last year of this.

Mr. RUTLEDGE. For child care services, and babysitting in that sense?

Chairman GRIFFITHS. No, babysitting.

Mr. RUTLEDGE. Babysitting.

Chairman GRIFFITHS. Babysitting. I remember when the original amendment went into the bill the theory was that you were going to build child care centers, and that the Federal Government was going to pay 90 percent of the costs. But the States didn't supply their 10 percent. So the Secretary put out a little regulation that they would pay for babysitting. And I called up to Michigan and discovered, to my horror, that we were paying 90 percent just right and left. I checked recently and I think the cost went up to $20 million or some such figure.

Mr. VENEMAN. Was that 90–10 through the services amendment, or was that the——

Chairman GRIFFITHS. It was the original 90–10 services amendment. And then they kept this thing.

Now, you pay for the services in several ways, a direct payment, and you pay through disregards——

Mr. VENEMAN. That is right.

Chairman GRIFFITHS. And so on. But I think we ought to check on this. I have had two complaints recently.

Mr. VENEMAN. I was under the impression that under the social security amendment, under services for child care, be it direct payment, it was 75–25.

Chairman GRIFFITHS. It went back, the original amendment was 90–10 on day care services, and then this came back.

Mr. VENEMAN. I thought this became 90–10 then under the WIN-Talmadge.

Chairman GRIFFITHS. Yes.

Mr. VENEMAN. But that was just last year.

Chairman GRIFFITHS. But we have been paying these things for quite a little while. I have had two inquiries recently from one street in my district where the mother started to take training, and her child was put in some sort of a day care center with a hired babysitter, and then she quit the training. And so now she is lying around home, and the child is still getting baby care service.

Mr. VENEMAN. If it was recently it wasn't WIN-Talmadge.

Chairman GRIFFITHS. But I think if you will check you will find that we are paying for a lot of babysitters, and what I would like to know is, how do you know if they are qualified, and are you sure that the mother actually has a babysitter, or is she just collecting some additional money? That is what I think would be real interesting.

In Mr. Twiname's May 18, 1971, testimony before the House Appropriations Subcommittee on the Departments of Labor and HEW he said: "With respect to social service, this committee does not know and we do not know what the 75-percent matching is buying. The States are expanding the services. They are purchasing just like they purchase medical service, and they really do not have the kind of surveillance and payment systems to be able to account for these dollars."

Is this a fair description of the current situation?

Mr. RUTLEDGE. What it reflects, Mrs. Griffith, is that during the past year or so as purchase of service contracts have developed, the contracts for buying those services, and the written agreements with other agencies providing them, have been so vague that we are not always sure exactly what it means.

And it is toward this end that our new policies are speaking. Even the breakout that I have here would not be precise. The language of both the contract and the program would suggest that the $279 million might have been in child care. And we would assume that all of this child care would have met the standards of the Federal Interagency Day Care Committee with respect to child care, but we would not be precisely sure in all candor.

Representative CONABLE. What you mean is, it is expanding so fast you don't know what is happening.

Mr. RUTLEDGE. It is expanding so fast we don't really know, we are making all kinds of assumptions.

Chairman GRIFFITHS. What Mr. Twiname says for all practical purposes is a fair description of what we are really in?

Mr. VENEMAN. I think it is fair. I think even the Touche Ross surveys indicate that it is very difficult to determine specifically just what we are getting for the dollars, with the accounting procedures that we have in the States now.

Chairman GRIFFITHS. That is really a major conclusion of the Touche Ross surveys, that this is the kind of information that we need. So, what are we going to do? How are we going to get it?

Mr. VENEMAN. I think we are going to have to impose additional reporting requirements upon the States, which we are in the process of doing.

Chairman GRIFFITHS. Will you send us a copy of the guidelines submitted?

Mr. VENEMAN. Certainly.

(The following information was subsequently supplied for the record:)

SOCIAL SERVICES INFORMATION SUBSYSTEM MANUAL[1]

I. SOCIAL SERVICES INFORMATION SUBSYSTEM

1.1 Introduction:

The general aim of this manual is to communicate minimum social services information requirements as determined by the Community Services Administration (CSA). These information requirements are specified in order to support State program and financial planning as well as other Federal/State evaluation and program monitoring purposes. The minimum requirements have been defined in accordance with CSA-specified Program and Financial Plan (PFP) and Evaluation and Program Monitoring (EPM) parameters.

Specifically, this manual introduces a Social Services Information form which has been designed to meet stipulated information requirements. States can adopt this form or they can employ their own methods and forms, on the condition that data characteristics are consistent with Federal specifications as presented in this manual.

Accordingly, States have two basic options: (1) The SSI form or its equivalent can be integrated into existing State reporting systems, or (2) States can design and evolve information subsystems on the basis of the data elements represented by the SSI form. In either event, the result, in effect, is a Social Services Information Subsystem.

Subsystem development and implementation may be conditioned by additional guidelines and system procedures, as made available by SRS/CSA.

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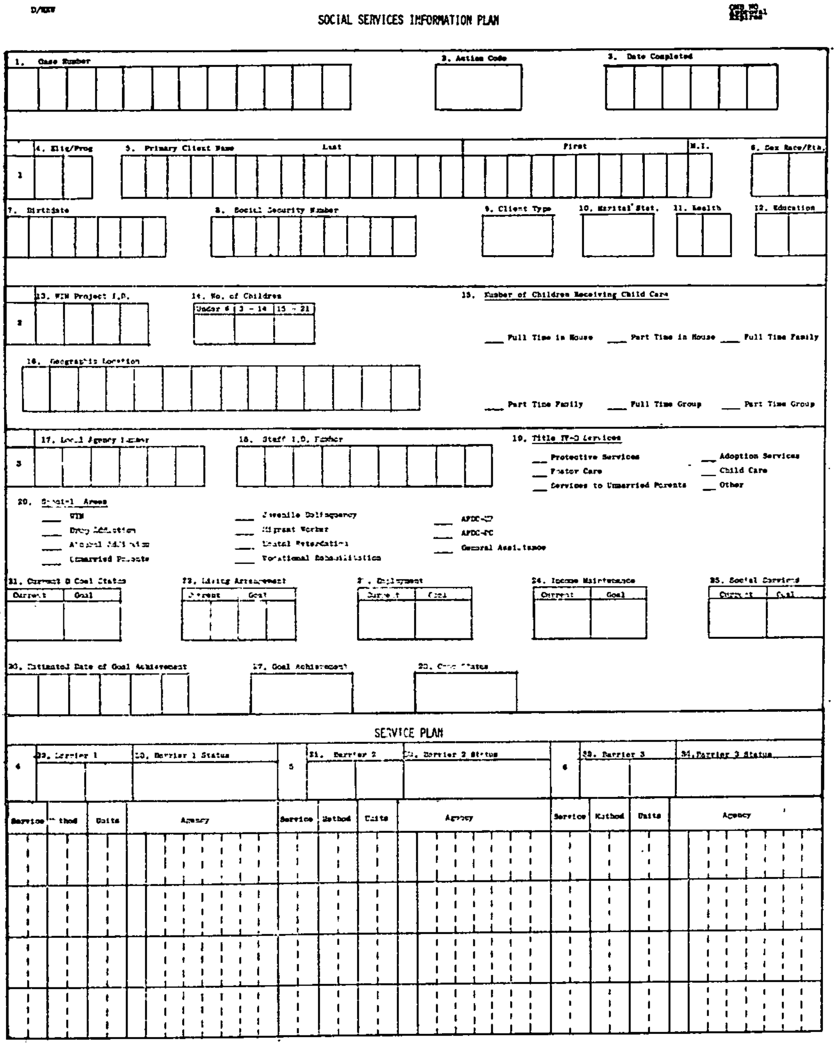
[1] Prepared by the Systems Research and Development Staff, Regional Institute of Social Welfare Research, University of Georgia, in collaboration with the Community Services Administration Task Force on Monitoring and Evaluation.



D/HEW

SOCIAL SERVICES INFORMATION PLAN

1. Case Number
2. Action Code
3. Date Completed
4. Elig/Prog
5. Primary Client Name Last First M.I.
6. Sex Race/Eth.
7. Birthdate
8. Social Security Number
9. Client Type
10. Marital Stat.
11. Health
12. Education
13. WIN Project I.D.
14. No. of Children
Under 6 | 3 - 14 | 15 - 21
15. Number of Children Receiving Child Care
Full Time in House
Part Time in House
Full Time Family
Part Time Family
Full Time Group
Part Time Group
16. Geographic Location
17. Local Agency Number
18. Staff I.D. Number
19. Title IV-B Services
Protective Services
Foster Care
Services to Unmarried Parents
Adoption Services
Child Care
Other
20. Special Areas
WIN
Drug Addiction
Alcohol Addiction
Unmarried Parents
Juvenile Delinquency
Migrant Worker
Mental Retardation
Vocational Rehabilitation
AFDC-UP
AFDC-FC
General Assistance
21. Current & Goal Status
Current Goal
22. Living Arrangement
Current Goal
23. Employment
Current Goal
24. Income Maintenance
Current Goal
25. Social Services
Current Goal
26. Estimated Date of Goal Achievement
27. Goal Achievement
28. Case Status

SERVICE PLAN

29. Barrier 1
30. Barrier 1 Status
31. Barrier 2
32. Barrier 2 Status
33. Barrier 3
34. Barrier 3 Status

Service Method Units Agency
Service Method Units Agency
Service Method Units Agency

The SSI subsystem approach is intended to promote the development of State social services information bases which are of uniform content and which must support reporting and information flows among the several levels of Federal/State administration by using standard terms, definitions, and classifications.

These reporting and information requirements are determined by the objectives of Evaluation and Program Monitoring (EPM) and Program and Financial Planning (PFP). EPM and PFP taken together represent a comprehensive managerial approach to administering goal-oriented, client-responsive, effective, and efficient social services delivery systems. In order to support the functions of EPM and PFP, several subsystems have been conceived. These subsystems will be discussed in section 1.9. It is important to note that the SSIS is an integral part of the overall information collection support necessary for EPM and PFP.

1.2 Subsystem Overview and Purpose:

Conceptually, the SSIS represents the methods utilized to classify and record elements of social services programs down to the local agency levels. It is one of several subsystems required to collect data for the purpose of developing State social services information bases. Additional information subsystems include those for cost analysis, program effectiveness, and compliance/performance monitoring.

In operational terms, the SSI subsystem incorporates the methods and documents necessary for acquiring prescribed data and for entering the data in the State social services information base. Data collection and entry is accomplished by means of an SSIS form. (See Exhibit I for an example of this form.) Data are entered on this SSIS form by local agency staff.

The purpose of the SSIS is to provide the minimum information required to support the Program and Financial Plan (PFP) and some functions of Evaluation and Program Monitoring (EPM). Relatedly, the subsystem provides various administrative levels with information that can be used in making decisions with regard to client or potential client populations. Examples of information provided include: the number of clients receiving various kinds of services in relation to specific goals, type and frequently of barriers, methods of service provision, and the demand for services not being met.

The subsystem's basic reporting form serves as the key input for providing information necessary to assist in monitoring, evaluating, and developing social services programs. The data base created and maintained by the SSIS will meet various information needs of the Evaluation and Program Monitoring (EPM) system as EPM functions are implemented.

The SSIS form also functions as a supportive tool for social services staff in evaluating client needs and services which can be provided to meet these needs. This feature of the form is incorporated in a service plan section. The goal, barrier, service and related elements comprising this section represent basic reporting functions of the form. Significantly, however, these services plan elements also have potential for the development of case management capabilities at the local agency level. Operationalizing the form for this purpose will require the support of appropriate update and allied subsystem procedures. Overall, the form's most significant impact is its standardization of information elements for data acquisition at the local level to support social services program budgeting, planning, evaluation, and monitoring.

1.3 Objectives:

The SSI subsystem has two primary objectives: (1) to provide support for the development of the PFP; and (2) to support the development of the Evaluation and Program Monitoring (EPM) system. Functionally, this SSI subsystem collects data and generates an information base for the PFP and related EPM purposes. The States can use the information for developing their program and financial plans. The States and CSA can use the information for assessing progress toward stated program and administrative objectives.

The SSIS meets several objectives with regard to Federal/State evaluation and program monitoring, including:

1. Providing CSA with management information to promote effective decision-making and policy formulation.
2. Providing information feedback to State and local agencies.
3. Promoting the development of management systems for integrated social services.
4. Supporting SRS/CSA research and demonstration strategy.

The SSIS supports these objectives by capturing the following data:

1. Needs analysis data for the potential social services population, including problem identification.
2. The quantification of social services population by goal and by client groups.
3. The identification and quantification of barriers to be removed or controlled.
4. The identification of methods used to effect barrier removal or control.
5. Eligibility and assessment data concerning primary client status needs.

The underlying objective of the SSIS is to facilitate the flow of management information in order to promote administrative control of both Federal and State agencies over social services.

1.4 Scope and Depth:

The SSI subsystem will reflect those elements specified by a State in its overall social service program proposal, the PFP. The SSIS will be limited to the provisions of the revised Federal regulations applicable to the social services programs in Titles I, IV-A, X, XIV, and XVI of the Social Security Act.

On an aggregate basis the SSI subsystem will provide in quantifiable terms what a State proposes and does in relation to providing social services within the Federally stipulated parameters of the PFP regulations. In general, this will include those programs that are established by the State under Federal financing provisions to meet the needs of social services populations. Aggregate of State social services information are compiled on the basis of program data provided by localities.

The SSIS reflects elements at various levels in a State's PFP. Those levels from which data will flow cover the basic components of the PFP; i.e., the programs, the barriers, the activities, the service elements, and the methods of provision. In effect, the SSIS subsystem describes much of the total spectrum of a State PFP in terms of actual services needed and/or provided.

It is important to note that service units will be defined by CSA for each specific social service in the program plan. This element can be built into the SSIS form, thus facilitating the mandatory reporting of the number of service units delivered by type of service.

1.5 Responsibility and Requirements:

State and local agencies will be responsible for data collection, covering all methods of social service delivery including direct service, purchase of services agreements, and referral to allied agencies.

If a State uses another means of gathering social services information rather than the SSIS format provided by CSA, the individual State social service system must at least include those specific elements required by the SSI form. The individual State system will be responsible for providing the necessary data to the appropriate HEW office.

As presently conceived, the regional office will be charged with overseeing the social services data aggregation and reporting at the State level. Also, in this context, the regional office will serve as a distribution point for information flow from the State to the SRS/CSA central office, and vice versa. Social services informatioin forwarded from States will be accumulated and analyzed at SRS/CSA central and/or regional offices. Once analyzed, reactions will be channeled from SRS/CSA central and/or regional offices down to State and, as appropriate, to local agencies.

Information feedback to the local service agency level will be provided by the State agency. This data will be utilized for purposes of evaluation of program needs, case management, and interpretation of program needs to the local legislative delegations and to communities.

1.6 Procedures:

As appropriate, SSIS procedures will be instituted at the State agency level in all jurisdictions by requiring the collection of the data elements represented on the Social Service Information Subsystem form. The data will be collected by existing social services information systems to the extent possible. In those States where this capability is not functional at present, a collection instrument utilizing the Social Service Information Subsystem elements must be developed.

Due to the volume of data inherent in this system, it is strongly recommended that the States have electronic data processing (EDP) capacity. To the extent possible. CSA will support State agency software and systems design necessary for operationalizing social services data processing.

1.7 Frequency and Retention:

Recognizing that continuous updating will provide the most timely data, CSA will require, at a minimum, that changes in individual client records be reported within thirty days. Reporting will be on a basis designed to meet the requirements of PFP and EPM.

In order to meet CSA information requirements, detail client records must be retained for not less than three years after services to the primary client are terminated. The detail case record must be comprised of the minimum data elements represented by the SSIS form. These records could be maintained on the "active" data base or transfered to a historical file after service termination. The procedures are left up to the States, provided that detailed client data is retained and is easily accessible. Design and procedural consideration relating to active and historical files will be subject to SRS/CSA specifications, as available.

1.8 Assessment:

The SSIS will provide information for Federal and State assessment purposes, including program evaluation and monitoring. In particular, the information will be used to support the State PFP and to assess whether stated program objectives have been reached. The information created and maintained by the SSIS will also make many other forms of assessment possible. For example, an individual State may be studied over a period of time or compared to States with similar characteristics. States may also be compared to resulting national standards or to models developed by CSA.

1.9 Data Element Relationships:

As presently conceived, the Social Services Information subsystem represents the keystone in an eventual, overall Management Information System (MIS) in that it provides data for cross-tabulation with other Federal/State information subsystem elements, either existing or pending.

Conditioned by individual State MIS development strategies, and depending on the degree to which the various possible subsystem elements have been operationalized, possible data element relationships include:

Cost Information Subsystem.—The SSI subsystem provides the following information relating to cost analysis: service population, barriers (existing, controlled, removed) and goals, client types, demographic characteristics, number of service units provided (direct, purchased), and differential use of manpower in service provision.

Effectiveness Information Subsystem.—The SSIS provides the universe of types of service cases from which to draw samples for assessing effectiveness at both barrier and goal levels. It will also provide data regarding the number of cases by goals and barriers.

Compliance/Performance Information Subsystem.—The SSIS provides information relative to several operational goals/objectives and mandated policies, including but not limited to:

1. Separation of social services and assistance payments.
2. Use of volunteers, subprofessionals, etc.
3. Provision of core services on a statewide basis.

Social Service Information Subsystem.—The SSIS form represents the minimum data elements envisioned by CSA to support PFP and EPM. Additional data elements have been identified by CSA as being of particular interest to them. If a State chooses to develop its own data collection methodology the following data elements not included in the SSIS plan should be considered:

1. Address of primary client.
2. Citizenship of primary client.
3. Educational status.
4. Occupational classification.
5. Veteran information.

2.1 Staffing Considerations:

In terms of staff necessary to support the SSI subsystem, the following aspects must be considered. State and local agencies may find it necessary to assign additional responsibilities brought on by the reporting system. Additional staff may or may not be required depending on the volume of data, degree of automation, system procedures adopted, and optional functions selected by the State. State and local agencies will share responsibility, through staff development and administrative personnel, for initiating and maintaining the SSI subsystem.

In order to insure effective SSIS operation, State and regional units may find it necessary to designate appropriate systems management and operations staff. This may necessitate the addition of staff responsible for the SSIS. This will involve staff solely assigned to the SSI subsystem or staff performing in a liaison manner; for example, staff in the data processing or monitoring components may also share responsibility for implementing and maintaining the SSIS. Staff having expertise with the SSIS will assure proper coordination of the subsystem with the other information generating, planning (program and financial), evaluation, and monitoring activities.

85-597—72——4

II. SOCIAL SERVICES INFORMATION FORM

1.1 Purpose of the SSIS Form:

The SSIS form is designed to capture required information about goals, barriers, methods of provision, and services on an individual client basis as part of the State social services delivery system. The SSIS form meets current Federal PFP information requirements.

SSIS forms will be completed for all clients requesting and/or receiving social services. This includes those individuals not eligible for social services as well as those receiving social services.

For individuals determined eligible, SSIS forms will depict the service plan agreed upon between the primary client and the staff member. The methodology will benefit the primary client and the social service staff member by providing a systematic framework for analyzing and overcoming a client's problems. Services are specified for overcoming or controlling barriers and a goal is set with each primary client.

For those clients determined ineligible, SSIS forms will be completed to reflect the activities involved in assessment, information, and referral. Specified data will be obtained regarding ineligible clients. This can be utilized to develop needs analysis, areas for social services expansion, etc.

1.2 Design of the SSIS Form:

The SSIS form is designed for either EDP or manual processing. However, the necessity for an EDP system is apparent, due to the anticipated large volume of data. Whenever possible, the data on the SSIS is coded. These codes, where applicable, conform to current SRS standards. As presently designed, the form will allow recording of a maximum of three (3) barriers. However multiple pages can be utilized if the number of identified and addressable barriers exceeds three (3).

As previously stated, the information on the form represents present CSA minimums. If a State chooses to implement optional services or to add barriers in accordance with parts 220.22 and 220.51 of the Service Programs for Families and Children (Title IV, Parts A and B of the Social Security Act), they must be captured on the SSIS form or its equivalent.

1.3 Quality of Recorded Data:

Evaluation of the information forwarded from localities can only be as valid as the recording and reprinting of the data are accurate and reliable. It is essential, therefore, that each State agency insure that care is taken in maintaining accurate and complete data in social services records and in the reporting on the SSIS document.

Much of the data captured by the SSIS document reflects staff interpretation of the client's situation. Therefore, staff training in regard to the goal oriented model and specifically the SSIS form is essential in order to insure maximum quality of the data.

As the various functions of the State's Evaluation and Program Monitoring System become operational, designated State monitoring agencies will make sample checks in order to insure that the data is recorded properly and accurately. Sample checks will also be made by Federal staff as a function of the Federal data quality control responsibility.

1.4 Limitations of the SSIS Form:

The SSIS form represents minimum data elements that must be recorded in order for a State to be able to report according to the new goal-oriented model. These minimum data elements support the preparation of the PFP and EPMS reports. However, the SSIS form is not, in itself, a social services information reporting system. The form can be utilized in its current design or it can be modified to function as an input form and/or updating form. However, the other integral parts of an information reporting system (i.e., edit reports, system procedures, feedback reports, etc.) must be developed at the State and local levels. Therefore, not until the SSIS form (or some equivalent) is integrated with existing and/or pending reporting procedures within a State does a comprehensive social services information system exist.

III. INSTRUCTION FOR COMPLETING SSIS FORM

The following are instructions necessary to complete the SSIS form. Complete all applicable sections. The data elements are to be completed from left to right. (For definitions of terms refer to Glossary.)

1. *Case Number.*—Enter entire case number as assigned by the agency, include all digits and/or letters, not exceeding 12 characters. This number should be the number utilized by the agency to identify cases.

2. *Action Code.*—Enter the code indicating the reason for completing the form. Code 5 applies only if the SSIS form is utilized as an update document.

Code:

1 *Initialization.*—First contact in active or current cases. (Used only to enter the client into the system.)

2 *New Case.*—Indicates that the form is being completed regarding a client for whom services are being provided for the first time.

3 *Reopened Case.*—Indicates that the client received services which were terminated and now services are being initiated again.

4 *Verification.*—Periodic verification of data at the local agency level with data at the State agency level.

5 *Update.*—Provides for entering additions, changes, corrections, etc.

6 *Information and Referral.*—Ineligible individuals only. (Refer to instructions regarding I&R client.)

3. *Date completed.*—Enter six digits indicating when the form was completed. For example, June 1, 1972 would be 720601 (YYMMDD).

4. *Eligibility/program I.D.*—Enter a two digit code as it pertains to the client. The first digit will be the appropriate eligibility code. The second digit will be the applicable Federal Program I.D.

First Digit.—Eligibility Code

Code:

1. *Former Assistance Payments Applicant/Recipient*—individuals or families who have received financial assistance within the previous two years; other former applicants or recipients are eligible for counseling and casework services only.

2. *Potential Assistance Payments Applicant/Recipient*—individuals or families at or near the financial need levels as defined by the state and who are likely to be eligible for financial assistance within five years.

3. *Current Assistance Payments Applicant/Recipient*—individuals or families who are currently receiving or have been determined eligible for financial assistance.

Second Digit.—Federal Program I.D.

Code:

1. Aid to Families with Dependent Children (AFDC)
2. Old Age Assistance (OAA)
3. Aid to Permanently and Totally Disabled (APTD)
4. Aid to the Blind (AB)

Two Digit Codes.—If client is receiving Emergency Assistance or Not Eligible for social services enter:

Code

55. Emergency Assistance

99. Not Eligible (refer to page 25)

5. *Primary client name.*—Enter the name of primary client (last name, first name, middle initial.) Fifteen (15) spaces are allotted for the last name, ten (10) for the first name and one (1) for the middle initial.

6. *Sex-race/ethnic.*—Enter a two digit alpha/numeric code for the client.

First Digit Code:

F—Female; M—Male; U—Unknown.

Second Digit Code:

1—White; 2—Black; 3—American Indian; 4—Asian American; 5—Latin American Origin; 6—Other.

7. *Birthdate.*—Enter seven digits for the birthdate of the client. For example, June 3, 1898 would be—8980603 (CYYMMDD)

8. *Social security number.*—Enter the social security number of the client.

9. *Client type.*—Enter the appropriate code for the client.

Code: 1—Child; 2—Adult.

10. *Marital status.*—Enter the one digit code that indicates the marital status of the primary client.

1—(Married) Both heads are in the basic unit and maintain their marital relationship. (Include common-law marriages where legally accepted.)

2—(Widowed) One family head in the basic family unit who was previously married. The marriage terminated by the death of the spouse.

3—(Separated) Both spouses in basic family unit but marital relationship suspended by a court order decree to live apart, agreement to live apart, or by one spouse abandoning the other.

4—(Divorced) One family head in the basic family unit who was previously married. The marriage terminated by a divorce.

5—(Never Married) One head of the basic family unit who is single.

6—(Unknown) The marital status of the head(s) of this basic family unit is not known.

11. *Health status.*—Enter the two digit code that represents the client's statement of his or her health.

First Digit Code:

1—Good; 2—Fair; 3—Poor.

Second Digit Code:

1—Under doctors care;[1] 2—Not under doctors care.

12. *Education level.*—Enter the two digit code indicating the highest educational level attained by the primary client.

Code:

00 No formal education.
01–12 Grades 1–12.
13 1 year of college or vocational school.
14 2 years of college or vocational school.
15 3 years of college.
16 4 years of college.
17 College graduate.
18 Graduate or post graduate studies.

13. *WIN project I.D.*—(WIN only) Enter the four digit WIN project identification number if applicable to primary client.

14. *Number of children by ages.*—Enter the number of children of the primary client. Do not count those children who are themselves primary clients. In the event that the other parent is also a primary client avoid "double-counting" of the children (who are not primary clients) by including them all under the mother.

Ages:

Under 6; 6–14; 15–21.

15. *Number of children receiving child care.*—Enter the number of children receiving child care by type. Follow the same procedures to avoid "double-counting" as outline in item 14 above.

16. *Geographical code.*—Enter the agency's appropriate fourteen digit code comprised of county code, city code, congressional district code, and metropolitan statistical area code. These codes are published in the January 1, 1972 edition of Geographical Location Codes prepared by the Office of the Assistant Secretary, Comptroller (Data Management Center), U.S. Department of Health, Education, and Welfare.

17. *Local agency number.*—Enter the identification code assigned (by the State when applicable) to the agency, not exceeding six digits.

18. *Staff I.D. number.*—Enter the social security number, payroll number, or other identification number (not exceeding nine digits) of the person responsible for the management of the service plan. In case of a non-eligible individual, enter the I.D. number of the staff member completing the form.

19. *Title IV–B services.*—Check the appropriate IV–B services applicable to the client.

20. *Special areas.*—Check the appropriate special areas that are currently applicable to the primary client. These areas identify programs and problems of special interest.

21. *General statement of current and goal.*—Enter the code which appropriately defines the current and goal conditions of the primary client. Set the goal which will require approximately one year to achieve. In cases where a one year time interval is not realistic, set the most appropriate goal.

1. *Self-Support.*—The condition in which the client is employed or being trained for employment. The client may or may not be receiving income maintenance.

2. *Self-Care or Family Care.*—The condition in which the client is living in his own family setting or own home and may or may not be receiving income maintenance.

3. *Community-Based Care.*—This condition is primarily one of a substitute home situation. A list of specific settings is provided in Item 22.

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[1] Under a doctor's care means currently undergoing treatment and/or diagnosis not simply having a family doctor.

4. *Institutional Care.*—The condition in which the client has limited independence and is usually under constant supervision such as in institutions for the severely retarded, chronically ill, or mentally ill.

22. *Living arrangement.*—Enter the appropriate two digit code best describing the current and goal living situations of the client.

Home Code:

01—Client is capable of managing own affairs within the home.

02—Client is not totally dependent upon, but requires some care from an individual and/or social services.

03—Client is totally dependent upon an individual and/or social services in order to remain in the home.

Community-based Care Facilities:

11—Half-way house.
12—Maternity house.
13—Foster homes for children, youths, adults.
14—Group foster care homes for children, youths, adults.
15—Homes for emotionally disturbed children and adults.
16—Skilled nursing homes.
17—Homes for the aged.
18—Intermediate care facilities.
19—Residential foster care institutions for children.
20—Residential vocational rehabilitation centers.
21—Residential schools for blind and deaf individuals.
22—Detention homes for children and youths.

Institutions and Hospitals:

31—For the severely mentally retarded.
32—For the chronically ill.
33—For the mentally ill.

23. *Employment.*—Enter the one digit code for current and goal conditions as it applies to the client.

Code:

1—Full-time employment.
2—Part-time employment.
3—Undergoing job training (includes OJT).
4—Unemployed—but individual is able to work.
5—Unemployable due to incapacity, age, children in home, blindness or any other legally prescribed standard (includes children).

24. *Income maintenance.*—Enter the one digit code for current and goal conditions as it applied to the client.

Code:

1—Yes, assistance payment only.
2—Yes, assistance payments and other benefits.
3—Yes, benefits other than assistance payments.
4—No.

25. *Social services.*—Enter the appropriate one digit code for current and goal conditions as it applies to the client.

Code:

1—Yes, receiving public social services only.
2—Yes, receiving public and other social services.
3—Yes, receiving non-public social services only.
4—No.

26. *Estimated date of goal achievement.*—Enter the date (six digits) of anticipated goal achievement. For example, April 15, 1973 would be 730415 (YYMMDD).

27. *Goal achievement.*—Enter the appropriate code to indicate if the goal set in Item 21 was achieved.

Code:

1—Yes.
2—No. Services planned and/or continuing.
3—No. Loss of contact with client.
4—No. Case transferred.
5—No. Client terminated services independently.
6—No. Client died.
7—No. Other.

28. *Case status.*—Enter the appropriate code indicating case status.

Code:

1—Open.
2—Closed.

29, 31, 33. *Barriers.*—Enter the appropriate code(s) for the barrier(s) identified in relation to the primary client goal condition. These are the barriers preventing the client from reaching or maintaining the goal state. List only those barriers which are applicable to the goal listed in Item 21.

Code:

01—Problems of physical health.
02—Problems of mental health.
03—Handicapping effects of physical or mental disabilities.
04—Inability of the individual or family to accept the handicapped condition.
05—Illness of or need to care for family member.
06—Marital or family problems.
07—Child behavior or delinquency problems.
08—Lack of knowledge in parental functioning.
09—Inadequate home management skills.
10—Births out-of-wedlock and unwanted pregnancies.
11—Lack of child care.
12—Potential or actual abuse, neglect or exploitation.
13—Discrimination.
14—Lack of legal aid.
15—Inadequate housing or hazardous living arrangements.
16—Lack of transportation.
17—Lack of recreational and cultural opportunities.
18—Inadequate education or training.
19—Lack of information about available community resources.
20—Social isolation.
21—Discriminatory or restrictive admission policies.
22—Family and/or individual negative attitudes.
23—Inadequate agency screening, assessment, and/or referral procedures.
24—Inadequate interpersonal relationships.
25—Other.

30, 32, 34. *Barrier status.*—Enter appropriate one digit code indicating barrier status.

Code:

1—Identified.
2—Controlled.
3—Removed.
4—Barrier not recognized by client.

SOCIAL SERVICE WORKER FUNCTIONS

Service Provision.—Under each barrier enter the appropriate code for social service provided or planned.

Services (both mandated and optional as defined in State plan)

Code:

01 Child care services
02 Educational services
03 Employment services (not applicable to WIN)
04 Family planning services
05 Foster care services for children, youths, and adults
06 Health related services
07 Homemaker services
08 Home management and other functional educational services
09 Housing improvement services
10 Protective services for children, youths, and adults
11 Special services for the blind
12 Legal services
13 Developmental services
14 Chore services
15 Home delivered or congregate meals
16 Transportation services
17 Social adjustment services
18 Other (use this code if the requested service is not in the above list)

Information and Referral (I & R) Subject Areas

Code:

31[1] Income maintenance
32[1] Food Programs

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[1] Assistance payments recipients must be referred to assistance payments worker.

33 [1] Clothing and household equipment
34 General public services (fire, police, pest controls, etc.)
35 Health care
36 Equal opportunity resources
37 Consumer protection
38 Adoptions
39 Other subject areas

Method of provision.—Enter the appropriate two digit code for method utilized in service provision. The first digit indicates the staff classification of the provider.[2] The second digit indicates the method of provision.

1st Digit:
1—Caseworker/Social Worker.
2—Subprofessional.
3—Volunter.
4—Other.
5—Not applicable.

2nd Digit:
1—Planned.
2—Direct provision.
3—Purchased service.
4—Referral.
5—Service not available from agency.
6—Service not available in community.
7—Service not acceptable to client.

Service unit.—Service units are represented on the form in order to acquaint service staff with the concept as a data element. These specific units of service will *not* be reported during the initial phase of SSIS implementation (FY 73).

CSA will define service units. These units will be incorporated in the SSI form as data elements in time for the second year of SSI System operation (effective FY 74).

As currently defined by CSA, service units apply only to those social services provided directly by the agency or through purchase agreements. The service unit will answer the question, "what is being provided?", in quantitative terms. The definition of service units utilized by the SSIS form will be consistent with those utilized in a State's PFP.

Agency.—Enter the eight digit alpha and/or numeric code to indicate the agency type and the agency identifier. The first character indicates the type of agency. The remaining seven digits should be used by the State and/or local agency to identify the particular agency providing the service.

FIRST CHARACTER

A—Public Welfare Agency.
B—Senior Service Centers.
C—Rehabilitative Service Agency.
D—Employment Service Agency.
E—Mental Health Service Agency.
F—Public Health Service Agency.
G—Mental Retardation Facilities.
H—Special Group Facilities (i.e. alcohol, drugs, etc.).
I—Nursing Homes.
J—Day Care Center.
K—Other Agency/facility/center.

INSTRUCTIONS FOR COMPLETING SSIS FORM FOR NON-ELIGIBLE INDIVIDUALS

In cases involving clients who are not eligible for social services but who are given assistance through information and/or referral services enter code 6 in Item 2. Enter code 99 in Item 4 to indicate that the client is not eligible for social services. Enter all other known information including:

Item 3: Date Completed
Item 16: Geographical Code
Item 17: Local Agency Number
Item 18: Staff I.D. Number
Items 29, 31, 33: Barriers Services

[1] Assistance payments recipients must be referred to assistance payments worker.
[2] Or person arranging for the service.

GLOSSARY

This glossary is intended to support use of the SSIS manual and implementation of the SSIS form. It is not an exhaustive list of terms. Rather, the aim is to provide a selected listing of definitions and concepts having significant application to the SSIS form.

Aid to families with dependent children—foster care (AFDC–FC):

Aid to families with dependent children—unemployed father (AFDC–UF): Consult State plan for specific definition.

Alcohol addiction.—Alcohol addiction is defined as a chronic illness manifesting itself as a disorder of behavior. It is characterized by the repeated usage of alcoholic beverages to an extent that exceeds customary dietary use or compilance with social customs of the community and that interferes with the drinker's health or his economic or social function.

Barrier.—A barrier is defined as a *reason* for which services are provided or a specific *problem* that impedes the desired goal achievement. Social services and the methods to provide those services are utilized to remove or control the barrier(s).

Barrier status:

1—*Identified.*—Barrier or reason for services identified. (Services may or may not be initiated.)

2—*Controlled.*—Barrier does not impede primary client's progress toward or maintenance in the goal state; services needed.

3—*Removed.*—Barrier no longer exists or client able to cope with barrier without services.

Child care.—Care of a child for a portion of the day, but less than 24 hours, in his own home by a responsible person or outside his home in a family day care home, group day care home, or a day care center.

A. *In-home care.*—In-home care is that provided in the child's own home. It may be provided by relatives other than the parents, by friends, neighbors, or agency staff members, such as homemakers, service aides or day care aides.

B. *Family day care.*—A private family home in which children usually unrelated to the family are received for care, protection and guidance during a part of the twenty-four hour day.

C. *Group day care.*—Can be either:

Group day care home.—A private family home which cares for not more than twelve children.

Child care centers.—A child care center (often referred to as a day care center or day nursery) is an institution, other than a summer camp or bona fide educational institution, which is operated for the purpose of providing care, protection and guidance to a group of twelve or more children separated from their parents or guardian for a part of the twenty-four hour day.

Current condition.—The current condition describes the present living condition of the primary client at the time the service plan is developed.

Drug addiction.—A behavioral pattern of compulsive drug use characterized by overwhelming involvement with use of a drug, the securing of its supply, and a high tendency to relapse after withdrawal.

Goals.—Social service programs will be structured around the national goals as defined in social services legislation. Services are provided to assist each primary client in achieving his goal. The impact of the services on the client is measured by the client's movement toward the goal established by the client and the service worker. One of the following four goals is established for each primary client:

1. *Self-Support.*—To achieve and maintain the maximum feasible level of employment and economic self-sufficiency.
2. *Self-Care or Family Care.*—To achieve and maintain maximum personal independence, self-determination and security in the home, including for children the achievement of maximum potential for eventual independent living.
3. *Community-Based Care.*—To secure and maintain community-based care which approximates a home environment when living at home is not feasible and institutional care is inappropriate.
4. *Institutional Care.*—To secure appropriate institutional care when other forms of care are not feasible.

Each of the goals reflects varying levels of independence. In determining the appropriate goal for a client, a goal is selected which the client can reasonably expect to achieve in a one year period.

Goal achievement.—Goal achievement occurs when all identified barriers to the established goal have been removed or controlled. For reporting purposes each goal is divided into specific levels which are identified in terms of living conditions and/or barriers. The levels are states of living approximating one of the four goal states.

Juvenile delinquency.—A juvenile may be defined as any person who is subject to the jurisdiction of the juvenile court under the juvenile or family court law of the state.

Juvenile deliqnuency is defined in relation to those children alleged to have committed an offense that if committed by an adult would be a crime. It also comprises cases of children alleged to have violated specific ordinances or regulatory laws that apply only to children, such as curfew regulations, school attendance laws and restrictions on use of alcohol and tobacco; and children variously designated as beyond control, ungovernable, incorrigible, runaway, or in need of supervision. Delinquency includes behavior illegal only for a child. A delinquent youth refers to any youth found to be delinquent by a court.

Mental retardation.—Mental retardation is a condition in which intelligence is prevented from attaining full development, limiting the individual's ability to learn and put learning to use. The individual, by reason of intellectual inadequacy, is incapable of performing at the level required for acceptable adjustments within his cultural environment.

Method of provision.—The methods utilized to remove specific barriers in order to enable a primary client to move to and/or maintain an agreed-on goal state. They describe the actions by which State agencies may attain stated objectives and/or through which barriers are removed or controlled.

The following are the methods of provision:

1 *Planned.*—This includes the effort involved in goal determination, barrier identification and service plan formulation. No specific social service has been provided.

2 *Direct Provision.*—Those services provided directly by public social service agency staff from agency resources. Focus is on removing barriers to enable a primary client to move to or maintain an agreed-on goal state.

3 *Purchased Service.*—Services which are paid for by the local agency but are provided by another agency. Purchased services are provided through contractual agreements utilizing Federal matching funds, between the State/local agency and other agencies or resources.

4 *Referral.*—An agency service which refers a client to the appropriate community resource(s) which can meet his need.

5 *Service Not Available from Agency.*—Service requested or needed by client but not available from the public social services agency. This includes services which are part of the agency program, but are not provided due to inadequate agency resources.

6 *Service Not Available in Community.*—Service requested or needed by client but not available in the community from any resource. This includes services which exist in the community but are unable to serve the client at that time, such as a nursing home which is full.

7 *Service Not Acceptable to Client.*—The client exercises the right not to accept services, for any reason.

Migrant worker.—A mgirant worker is a seasonal worker in agriculture or agriculturally related seasonal industries who finds jobs by moving each year to one or more work locations beyond normal commuting distance from the place he calls home. Customarily, he returns to this home when the crop season is over elsewhere. The migrant worker population includes family dependents, some or all of whom may move with the worker for at least part of the season.

Primary client.—The primary client is any individual with whom a specific goal is established and a service plan is developed. A primary client exists only when a goal has been defined and a service plan to reach the goal has been developed with the primary client's involvement.

Service unit.—A quantitative expression of what is provided or purchased for the client by the social service agency. It represents an output of agency effort.

Titles I, IV, X, XIV, XVI.—Titles of the Social Security Act as amended which authorize the social services components provided through public social service agencies.

Title:	*Program*
I	Aged (OAA)
IV–A	Families and children who meet State defined eligibility criteria (AFDC), and WIN
IV–B	Traditional child welfare services
X	Blind (AB)
XIV	Disabled individuals (APTD)
XVI	Adults

Unmarried parent.—Unmarried Parent is defined as an individual who is a parent outside of legal or common-law marriage. The following are individuals who may be defined as unmarried parents:

an expectant unmarried woman;

an unmarried mother who needs help with problems of new parenthood or planning for her own future or the child's well-being;

a formerly married woman who has given birth to a child but is not presently married to the father of this child;

the natural father of a child born out of wedlock, irrespective of his legal relationship to the child and/or his marriage to someone other than the mother of his child.

ABBREVIATIONS

CSA—Community Services Administration
EPMS—Evaluation and Program Monitoring Subsystem
PFP—Program and Financial Plan
SSIS—Social Service Information Subsystem
SRS—Social and Rehabilitation Service
WIN—Work Incentive Program

DEFINITION OF SERVICES

The following is a list of mandatory and optional services according to current Federal regulations. All the services listed as mandatory under any of these Titles must be provided by the States. In addition, the States may provide any approved optional services in their State plan.

I, X, XIV, XVI (SERVICE PROGRAMS FOR AGED, BLIND, OR DISABLED)

Mandatory services

Employment Services
Foster Care Services for Adults
Health Related Services
Homemaker Services
Protective Services for Adults
Special Services for the Blind

Optional services

Chore Services
Day Care Services for Adults
Educational Services
Family Planning Services
Home Delivered or Congregate Meals
Home Management and Other Functional Educational Services
Housing Improvement Services
Legal Services
Social Adjustment Services
Transportation Services

IV–A (SERVICES FOR FAMILIES AND CHILDREN)

Mandatory services

Child Care Services
Educational Services
Employment Services (Non-WIN)

Family Planning Services
Foster Care Services for Children
Health-Related Services
Home Management and other Functional Educational Services
Housing Improvement Services
Protective Services for Children

Optional services

Developmental Services
Legal Services
Transportation Services
Additional (on approval by SRS)

NOTE.—Counseling is an activity which can occur in service provision. Though counseling has been specified in several of the following social services definitions, it can be provided in any of the social services.

Child care services.—Care of a child for a portion of the day, but less than 24 hours, in his own home by a responsible person, or outside his home in a family day care home, group day care home, or day care center. Such care must be suitable for the individual child; and the caretaker relatives must be involved in the selection of the child care source to be used if there is more than one source available. However, when there is only one source available, the caretaker relatives must accept it unless they can show that it is unsuitable for their child. The child care services must be maintained until the caretaker relatives are reasonably able to make other satisfactory child care arrangements. In home care must meet State agency standards that, as a minimum, include requirements with respect to: the responsible person's age, physical and emotional health, and capacity and available time to care properly for children; minimum and maximum hours to be allowed per 24 hour day for such care; maximum number of children that may be cared for in the home at any one time; and proper feeding and health care of the children. Day care facilities used for the care of children must be licensed by the State or approved as meeting the standards for such licensing. Day care facilities and services must comply with Federal day care standards.

Chore services.—Performance of household tasks, essential shopping, simple household repairs, and other light work necessary to enable an individual to remain in his own home when, because of frailty or other conditions, he is unable to perform such tasks himself and they do not require the services of a trained homemaker or other specialist.

Day care services for adults.—Personal care during the day is a protective setting approved by the State agency, which also promotes the individual's social, health and emotional well-being through opportunities for companionship, self-education and other satisfying leisure time activities.

Developmental services.—Fostering growth and development of individuals and their optimum functioning in family and community life through their participation in recreational and leisure time programs, and as volunteers in community agencies and organizations and, with respect to children, participation in pre-school programs development of special skills and talents for which they have outstanding potential, and establishment of relationships with appropriate adult role models where such models are lacking in the child's own family.

Educational services.—Helping individuals to compensate for the lack of formal education, through participation in literacy training, adult basic education, or education leading to the granting of a general education diploma; and with respect to a child, help in securing educational training most appropriate to his capacities, from available community resources at no cost to the agency.

Employment services (non-WIN).—Enabling appropriate individuals to secure paid employment or training leading to such employment, through vocational, educational, social and psychological diagnostic assessments to determine potential for job-training or employment: provision of vocational rehabilitation services as defined in the Vocational Rehabilitation Act, when provided pursuant to an agreement with the State agency administering the vocational rehabilitation program; and vocational education and training where the Work Incentive Program has not been initiated in a local jurisdiction or is inadequate in size and scope to meet the needs of the appropriate individuals, or where the Work Incentive Program has been initiated and there is an agreement with representatives of the U.S. Department of Labor that these services are not available to all recipients.

Family planning services.—Social, educational, and medical services to enable individuals to limit voluntarily the family size or space the children, and to prevent or reduce the incidence of births out of wedlock. Such services include printed materials, group discussions and individual interviews which provide information about and discussion of family planning; medical contraceptive services and supplies; and help in utilizing medical and educational resources available in the community. The acceptance of family planning services shall be voluntary and shall not be a prerequisite to eligibility for, or receipt of, any other service.

Foster care, services for children, youths, and adults.—Providing placement of an eligible adult in a substitute home or other setting which is suitable to his needs and meets standards established by the appropriate State of local authority; providing placement and supervision of an eligible child or youth in a foster family home or other appropriate group care facility, when such placement is ordered by the court. Foster care facilities used for care of children must be licensed by the State or approved as meeting the standards for such licensing. Activities also include supervision of the child, youth or adult while in the foster care setting to assure appropriate care; counseling with the individual in foster care, or the parent or other responsible relative to improve home conditions to enable the individual in foster care to return to his own home, if desired, as soon as feasible; and periodic review to determine continued appropriateness of the placement.

Health related services.—Enabling individuals to attain and retain as favorable a condition of physical and mental health as possible through diagnostic assessments necessary to the development of and individual service plan; services of qualified professionals who are expert in matters of child behavior problems, parent-child conflict, personal or family dysfunctioning and marital conflict; and planning with the family or individual, or other appropriate persons, and the provider of the medical or remedial care and services, to assist in carrying out medical recommendations.

Home delivered or congregate meals.—Preparation and delivery of at least one hot meal daily to an individual in his home or in a central dining facility.

Home management and other functional educational services.—Learning opportunities directed toward the improvement of daily living, including formal or informal instruction and training in management of household budgets, maintenance and care of the home, preparation of food, nutrition, consumer education, family life, child rearing, and health maintenance.

Homemaker services.—Care of individuals in their own homes, and helping individuals and caretaker relative to overcome specific barriers to maintaining, strengthening, and safeguarding their functioning in the home, through the services of a trained and supervised homemaker. Such service must be provided in accordance with recommended standards of related standard setting organizations such as the National Council for Homemaker-Home Health Aide Services.

Housing improvement services.—Helping individuals to: improve landlord-tenant relations; identify substandard housing; secure correction of housing code violations; obtain or retain ownership of own home; and relocate to more suitable housing. Housing and relocation costs, including construction, renovation or repair, moving of individuals, rent, deposits, and home purchase may not be claimed as service costs.

Legal services.—Providing the services of qualified lawyers to eligible individuals with legal problems primarily of a civil nature that do not involve fee-generating cases. Matters in which the State has an obligation to furnish legal counsel to the indigent, such as in certain criminal and in juvenile cases, are excluded.

Protective services for children, youths, and adults.—Correcting conditions which cause neglect, abuse or exploitation of an adult, who is unable to protect or care for himself because of age, infirmity, physical or mental illness or handicap or other reason by making available as appropriate one or more services mandated. Responding to complaints of neglect, abuse or exploitation of a child or youth, substantiating the evidence of such neglect, abuse or exploitation, helping parents recognize the causes and strengthening parental ability to provide acceptable care or, if that is not possible, taking steps to remove the child or youth from his home through the judicial process.

Social adjustment services.—Fostering optimum functioning of individuals in family and community life through their participation in recreational and leisure time programs, and as volunteers in community agencies and organizations.

Special services for the blind.—Helping to alleviate the handicapping effects of blindness through: training in mobility, personal care, home management, and communication skills; special aids and applicances; special counseling for caretakers of blind children and adults; and help in securing talking book machines.

Transportation services.—Making it possible for an individual to travel (with escort service if necessary) to and from community facilities and resources, as part of a service plan.

Representative CONABLE. Is there any thought of requiring the service to be approved before it qualifies for matching?

Mr. RUTLEDGE. Yes; there is a kind of prior approval process now. But what we are saying is that it might require greater refinement. The State needs to tell us what they wish to do, and that needs to be within the constraints of the law and our policy.

And then they must have a written agreement or contract with agencies spelling out the scope of work, monitoring procedures, and how they will determine eligibility.

So, there is presumptive information that we know what they are going to do. What we have to do is improve our means of monitoring and measuring and also improve our requirements on their defining what they are going to do and why and what product, what end result they expect as a result of that activity.

Representative CONABLE. I have been asking you, what can you do here if we don't do something. Maybe I am drawing an unfair conclusion here, in that I would just like to know what the administration has done to try to keep this program under some form of control.

We have had explosive growth. I can't believe that you have been sitting back wringing your hands waiting for Congress to do something. There must be some things that you have been doing to concern yourself with this, realizing that we are headed for real bad trouble on it. I wonder, could you put on the record what you have done so far?

Mr. VENEMAN. Yes. As a matter of fact, Mr. Conable, in the statement that I submitted to the subcommittee this morning I point out four things that we have done.

Separation of services from the income maintenance functions. One of the problems that we are running into in some of the States, of course, is that the income functions, the determination of eligibility, the money payments are matchable at a 50–50 rate, and services are matchable at 75–25. We found many cases where they were combined, and we were paying an awful lot of administrative costs through the services.

The States are now required to separate these functions specifically.

A program and financial planning system was set up to evaluate some of the effectiveness of the services and show some of the administrators and legislators within the States, who have the basic responsibility, how they might improve on some of these things.

The management information system was designed to evaluate the effectiveness of the States' services programs, as measured against some national goals, such as day care as a component to getting people to work.

And then as we discussed this morning, we have had several options as far as revision of regulations. But I think it is fair to say—and Mr.

Cardwell can confirm or deny if I am inaccurate—that whatever we can do, even if we took the most extreme measure which may subject us to litigation, as we discussed this morning, I doubt that we could save very much more than maybe a billion or a billion and a half dollars out of what appears to be a 4.9 or a 5 billion dollar program.

We are still looking at a big sum of money. And I doubt very much that we would win all of these, even looking at the most extreme things that might be done.

Representative CONABLE. What portion of the States have adopted the medicaid formula, the optional medicaid?

Mr. VENEMAN. 50–50.

Mr. RUTLEDGE. Most of the big States have.

Representative CONABLE. So it is basically a 50–50 division you get outside of the social service area.

Mr. RUTLEDGE. All except one or two have adopted it.

I might say, on the other side of the coin, Mrs. Griffiths, and Mr. Conable, that while we are rightly concerned about the runaway costs of social services, I also want to call attention to the fact that both the Congress and professionals in this field have held that the provision of services to recipients and to former recipients, and to persons that we have reason to believe might become recipients, is another means of holding down the rapid rise in the rolls.

Representative CONABLE. Yes; I realize this.

Mr. RUTLEDGE. And it is only during the past year or two really that this process has been given an opportunity to work. And it should be expected that we would make some errors in the early attempt to administer such a program.

Representative CONABLE. I would be the first to admit that this is not as alarming a development as it might be. We are focusing on the negative side of it here, because we are concerned about where we are headed.

We have great fiscal pressures. We have obviously a need to overhaul our welfare system generally. And this is one manifestation that is easy for us to focus on. It has obviously gotten out of control. And I am perfectly willing to admit that there is a very good justification for giving services rather than money with respect to some sorts of problems we have.

And I want to make that statement, just because we are focusing on the negative aspect here doesn't mean that there aren't some positive aspects, too.

Chairman GRIFFITHS. But how do you know that you are buying the services that keep people from getting on welfare or take them off?

Mr. RUTLEDGE. Historically we have had a difficult time in evaluating and measuring the impact of human services. This is a concern that has developed in the years in which these programs have been expanding rapidly. And our technology isn't very good. But the direction in which we are going is one in which we are saying to the State and the community, "Define those barriers that you want to remove that would enable an individual either to move into employment or self-support, or be able to function more effectively in the community, or to improve his condition in an institutional situation. Tell us how much it is going to cost and how you are going to go about it, and then report to us on how they are progressing and how they are measuring the impact." This is a long step from where we were a few years ago when we generally held as a national policy, not just within the administration but I think within the community, that certain kinds of services ought to be given simply because they are right and they are good and people feel good about them.

We moved past that, but our technology for evaluating and measuring the impact of human service systems is not nearly as sophisticated as our measurements in some of the physical areas.

Chairman GRIFFITHS. The truth is that if you are going to give babysitting service free to every mother with three children earning less than $6,000, if she starts getting $6,000 and she immediately loses the babysitting service, then we have built in some disincentives, haven't we? Isn't this one of the big problems?

Mr. VENEMAN. That is the big problem we have been coming to grips with in all the debates over H.R. 1, the so-called notch problems. And we have tried to alleviate this problem in medicaid, and when it comes to the work incentive program and job training and others. And I think day care is another very similar program where, as income increases, there wouldn't be the sudden break, particularly at the high level where they would start paying in.

Chairman GRIFFITHS. Housing is another, food stamps is another.

Mr. VENEMAN. Of course, we suggest we buy out food stamps.

Chairman GRIFFITHS. For the record, these last items that you have suggested for administrative controls, planning, evaluation, and management, they aren't approved or operational yet, are they?

Mr. RUTLEDGE. Some of them are. We are working on refinements of them. And some of our management initiatives have already been approved by the Congress with an appropriation of staff and authorization to move ahead with a greater fiscal review of the rising expenditures in public assistance. And we are in the process of bringing that staff on board and getting it trained.

Chairman GRIFFITHS. In the record will you supply the exact information as to which of these is now operational and which you are yet working on.

(The information referred to follows:)

To accomplish these initiatives, the Congress has approved the addition of 427 additional people, most of them will be deployed in the field. Briefly, the following has been accomplished to date:

1. The initiatives have been established as a management objective for the Department and the Social and Rehabilitation Service Agency. Each of the seven Federal initiatives outlined in the HEW Budget for FY–1973 has been established as a sub-objective with specific responsibilities assigned for each. A plan of action steps has been established and is being monitored on a weekly basis.

2. Organizational requirements, position descriptions and a detailed staffing plan have been completed. Hiring is underway. Training contracts have been awarded and orientation programs and training seminars to develop and sharpen specific skills are being formulated.

3. Fiscal sanctions will be employed to accomplish a more vigorous follow-up of quality control on maintenance assistance. Determinations, based on statistically sound random sampling techniques, of ineligibility and overpayments in excess of allowable tolerances of 3% and 5%, respectively, will be made. Corresponding Federal Financial Participation will be withheld and will continue to be withheld on the basis of these semi-annual determinations until a State has achieved a quality control system which operates within tolerances. Proposed new

regulations detailing this more vigorous enforcement should be released in the near future.

4. To institute program and financial review of maintenance assistance payments not covered by quality control systems (i.e., emergency assistance, foster care, etc.), an inventory of needs and priorities has been made, preparatory to the development of financial review guides. A contract has been awarded for the development and field testing of these guides as well as financial review guides for other program areas. These guides will supplement and interpret the law and regulations in order to assist our field people in making consistent examination and evaluation of the State-administered programs.

5. Preparatory materials for the development of financial review guides in the medical assistance program are also on schedule. This is one of the first steps toward program and financial review of management information systems, fiscal agency contracts, cost allocation methods, duplicate and excessive vendor payments, fee schedules, etc.

6. Development work on cost allocation policy, methods, and instructions is progressing monthly. Review of State cost allocation plans is underway and on schedule. An orientation on cost allocation policy is scheduled for field financial people next month. A review of existing audit guidelines and instructions is being conducted as a basis for revision and improvement. These are the first steps being taken toward intensive cost allocation review of public assistance administration to determine that Federal matching has been for the appropriate percentage and toward actual recovery of inappropriate prior claims.

7. The first withholding of Federal Financial Participation has occurred just in the past week on the basis of decisions by the Regional Offices on grant awards for social services, Second Quarter FY–1973. The grant awards expected by the States exceeded $1.6 billion; the Federal government has withheld $900 million, pending further review. At this early stage of implementing the initiatives, the judgments of the SRS Regional Offices were based on fundamentals:

(a) Approved State plans covering all expenditures and estimates reported, and being in effect during the period for which the expenditures or estimate was made.

(b) Submission of the relevant purchase-of-service agreements to the Regional Office and agreements reviewed to the satisfaction of the Regional Office.

(c) Retroactive approvals requested on dubious and questionable bases have been delayed until STS can be assured that the States have properly documented and ordered, or provided such services on a retroactive basis.

Chairman GRIFFITHS. I looked at some of the State plans and many of them are so general that it is no wonder that you don't know how the money is being spent. There are virtually no cost or quantity estimates in the State plans. They do not even discuss approximate breakdowns of expenditures, or who is going to provide the services.

And the quarterly reports that States submit to get reimbursements also are very general.

I am going to put one of these plans in the record at this point, if you have no objection, Mr. Conable. I don't want to appear to single out any particular State. One will serve to show the general nature of most of the plans.

(The information referred to follows:)

STATE PLAN—SERVICES FOR FAMILIES AND CHILDREN

TITLE IV–A AND B, SOCIAL SECURITY ACT—SECTION 1. GENERAL PROVISIONS

1.1 Commitments

(a) The West Virginia Department of Welfare commits itself to meet and fulfill the requirements of "Subpart A—Mandatory Provisions" of the Regulations, Part 220.

(b) The Department commits itself to progress in the extension and improvement of services to families and children under Title IV–A and B of the Social Security Act.

(c) The Department will submit progress reports as may be specified to demonstrate implementation of the State plan requirements contained in Title 45, Chapter II, Part 220 of the *Code of Federal Regulations*, which it is committed to fulfill; and that it will also submit budget and budget-related materials as may be specified.

1.2 Plan amendments

The State plan will be amended whenever necessary to reflect a material change in any phase of State law, organization, policy or agency operations, or Federal law or policy, and the addition of new services to be provided, and new groups to be served.

SECTION 2. ORGANIZATION AND ADMINISTRATION

2.1 Single organizational unit

(a) There is established within the single State agency, a single organizational unit at the State level and also at the local level to provide or supervise all services to families and children included in the State Plan for Title IV, Parts A and B, and within the single organizational unit the same subunits will be responsible for setting service policies and furnishing services for both AFDC and CWS cases.

(b) At the State level

(1) The single organizational unit at the State level is the Division of Social Services with a direct reporting relationship to the Chief of Program Planning (see organizational chart).

(2) The title of the chief administrative officer of the unit is Director, Division of Social Services with a direct reporting relationship to the Chief, Office of Program Planning. The Division Director's responsibilities include planning, organizing and directing the program of the Division.

(3) Following are the responsibilities of the unit

(a) Program and policy development and the maintenance of policy control for all parts of the service program

(b) Program supervision and consultation

(c) Staff development under the overall direction of the Division of Staff Training and Development

(d) Program evaluation

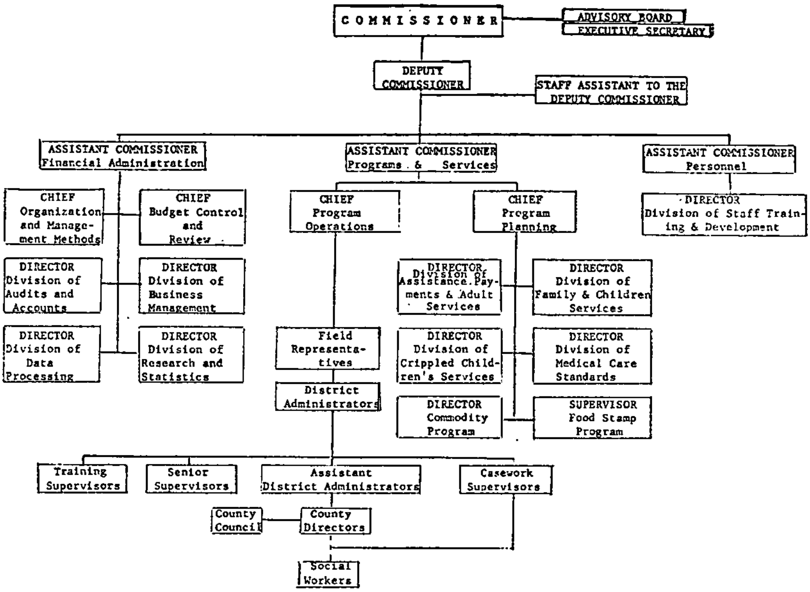
(e) Licensing and consultative services to voluntary and public child welfare agencies

(4) Policy is developed by unit staff with appropriate consultation with the State Advisory Committee and local staff. To the maximum extent possible the Advisory Committee will have the opportunity for meaningful participation in policy development and program administration including the furtherance of recipient participation in the program of the agency. Whenever possible staff representatives from the local offices review and comment on proposed policy in draft form before it is released. The agency is state-administered and all policies and procedures are released in Manual material for use by administrative, supervisory and social work staff at the area office level.

(5) Program supervision is exercised over area staff through periodic visits and case review by program specialists from the unit. The specialists have the authority to make suggestions and recommendations to area staff for improvement in program implementation. If additional authority is required in order to assure implementation, recommendations are usually channeled through agency consultants to the Chief, Program Operations.

(6) There are no services other than medical available to families and children located outside the single organizational unit. As new medical policies affecting families and children are being developed or implemented there is consultation and participation between the Division of Medical Care Standards and the Division of Social Services.

(7) Organizational Chart.



(c) *At the Local Level*

(1) The agency program is state-administered through 27 Area Offices. The chief administrative officer for all programs at the local level is the Area Administrator who has the responsibility to see that all programs are administered and implemented per agency policy. The Area Administrator is directly responsible to the Chief, Office of Program Operations.

(2) Organizational Chart (same as above).

2.2 Full-time staff for services

(a) There will be progress made toward the objective of relieving staff assigned to service functions, at all levels of agency operations, of nonservice functions of determining eligibility for financial and medical assistance and provide financial assistance.

(b) Present planning is geared toward a designation by 7-1-69 of full-time staff for services to children and families and full-time eligibility determination staff. A Manual for the use of full-time service staff is now being prepared. The Manual is being written by a State level staff and reviewed by a Committee representing District staff and other Divisions in monthly meetings. New job specifications are being developed or the full-time service and eligibility staffs. To the extent possible, staff will be given a choice of assignment either to service or eligibility functions.

2.3 Advisory committees

(a) Advisory Committee on AFDC and CWS Programs

(1) An advisory committee will be established at the state level.

(2) *State level*

(A) a 12-member State Advisory Committee is being designated and will meet four times a year to assist in policy development and program administration. To the extent possible, advice will be sought on new policies before they are put into effect. Minutes will be kept of the meetings with copies to all members.

(B) The Advisory Committee will include representatives from agencies such as State Mental Health Department; Division of Vocational Rehabilitation; State Health Department; State Department of Education; a Community Action Agency; a representative from the statutory State Advisory Board of the West Virginia Department of Welfare; a representative from a Day Care Center who served on the previous State Advisory Committee on Day Care Services; a representative of a United Fund Planning Agency; and at least one-third or 4 persons who are either recipients of assistance and services or their representatives. In selecting representatives of other State agencies or organizations the head of the agency will be asked to designate someone to represent the Agency. In other instances, the Department will ask for a specific individual from the agency knowing of that individual's background and interest in programs of services to children and families. Existing client groups, representing recipients of AFDC will be asked to select representatives for membership on the Committee.

(C) A State level supervisor will be assigned responsibility for planning, in consultation with the Committee, the agenda and dates of Advisory Committee meetings.

(D) Where necessary, arrangements will be made to reimburse recipients for any costs associated with and participation in the work of the Committee.

(E) One member of the Advisory Committee will be drawn from the statutory Advisory Board of the Department of Welfare. The only other statewide committees are the State Licensing Board which is responsible for licensing child welfare agencies and the Medical Services Advisory Council.

(F) The State Committee will be established no later than 90 days after plan approval.

(3) Local level

(A) Since the Department's services are State administered, local level committees are not required.

(b) Day care advisory committee

(1) An advisory committee on day care services will be established in fulfillment of the requirement in Sec. 422(a)(1) of the Social Security Act.

(2) The overall advisory committee on AFDC and CWS will also function as the day care advisory committee. It will include one-third of its membership drawn from recipients or their representatives and includes representatives of agencies and groups concerned with day care or related services. The committee will advise the State agency on the general policy involved in the provision of day care services.

(3) As indicated above, one committee will serve as the advisory committee on AFDC and CWS including advising on day care services.

(4) Sec. 2.3(a)(2)(B) for composition of the committee. The plan for selecting recipients assures that recipients or their representatives will constitute at least one-third of the membership.

2.4 Use of professional staff

(a) Insofar as the State budget permits, there will be adequate numbers and suitable qualifications for personnel drawn from social work and other appropriate disciplines to plan, develop and supervise services and to provide specialized services to families and children.

(b) Agency Staffing Pattern

State level staff

Title and Minimum Qualifications:

Division Director, MSW plus 5 years experience; Assistant Division Director, MSW plus 4 years experience; Child Welfare Specialists, MSW plus 4 years experience; Welfare Supervisors, MSW or one year graduate training plus additional experience; Psychologist, Masters degree and 3 years experience.

District and county staff

Welfare Supervisors I–II–III–IV, Range from AB degree plus experience to MSW and extensive experience.

Social Workers II–III–IV, Range from AB degree to one year graduate training to MSW.

Homemakers, 8 grades of formal education plus 4 years experience in homemaking or child rearing.

Residential Director, Group Home for Children, High school graduate plus 2 years experience in working with children.

Housekeeper, Group Home for Children, 8th grade education.

(c) There is an adequate system of career development and progression for professional staff and it is expected that improvements will be made to the system. AB degree Social Workers with experience and in-service training can progress to Welfare Supervisors I. The opportunities for MSW staff to qualify for positions with more pay and responsibility are almost limitless if the individual is interested and demonstrates his abilities through responsible job performance.

(d) Professional caseloads or workloads during fiscal year 1969 approximate those of fiscal year 1968. As indicated earlier, it is anticipated that personnel will be separated July 1 into full-time service and full-time eligibility staff.

Training and Use of Subprofessionals and Volunteers CFR Chapter II of Title 45, Part 225.2

PROFESSIONAL

For Titles I (OAA and MAA), IV Parts A & B (AFDC and CWS), V (MCH and CC), X (AB), XIV (AD), and XIX (MA) of the Social Security Act:

(a) The West Virginia Department of Welfare will provide for the training and effective use of subprofessional staff as community service aides through full-time or part-time employment of persons of low income and, where applicable, of recipients of service or financial assistance, including:

1. such methods of recruitment and selection as will offer opportunity for full-time or part-time employment of persons of low income and little or no formal education, including employment of young and middle-aged adults, older persons, and the physically and mentally disabled, and in the case of a State Plan under Titles I, IV (Part A), X, XIV, or XIX of recipients of public assistance; and will provide that such subprofessional positions are subject to merit system requirements, except where special exemption is approved on the basis of a State alternative plan for recruitment and selection among the disadvantaged persons who have the potential ability for training and job performance to help assure achievement of program objectives;
2. an administrative staffing plan to include the range of service personnel of which subprofessional staff are an integral part;
3. a career service plan permitting persons to enter employment at the subprofessional level and, according to their abilities, through work experience, pre-service and in-service training and educational leave with pay, progress to positions of increasing responsibility and reward;
4. an organized training program, supervision and supportive services for subprofessional staff;
5. annual progressive expansion of the plan to assure utilization of increasing numbers of subprofessional staff as community service aides, until an appropriate number and proportion of subprofessional staff to professional staff are achieved to make maximum use of subprofessionals in program operation.

VOLUNTEERS

For Titles I (OAA), IV Parts A & B (AFDC and CWS), X (AB), XIV, AD, and XIX (MA) of the Social Security Act:

(a) The West Virginia Department of Welfare will provide for the use of non-paid or partially paid volunteers in providing services and in assisting any advisory committees established by the State Agency including:

1. designation of a position in which rests responsibility for the development, organization and administration of the volunteer program and for coordination of the program with related functions;
2. methods of recruitment and selection which will assure participation of volunteers of all income levels in planning capacities and service provisions;
3. a program for organized training and supervision of such volunteers;
4. meeting the costs incident to volunteer service and assuring that no individual shall be deprived of the opportunity to serve because of the expenses involved in such service;
5. annual progressive expansion of the number of volunteers utilized until the volunteer program is adequate for the achievement of the agency's service goals.

REPORTING

(a) The West Virginia Department of Welfare will make such reports in such form and containing such information as may be required by the SRS.

2.7 Relationship to and use of other agencies

(a) There will be maximum utilization of and coordination with other public and voluntary agencies providing services similar or related to the services provided under this plan, where such services are available without additional cost.

(b) The State agency has a close and cooperative working relationship with a number of other public and voluntary agencies and related organizations. The objectives include providing services to all who need them and in the process making the best utilization of manpower and avoiding duplications and overlapping. There are written or informal working agreements with Vocational Rehabilitation, Department of Mental Health—with special reference to services for mentally retarded children, the State Health Department, OEO sponsored agencies, Governor's Committee on Crime, Delinquency and Correction, the White House Conference on Children and Youth, schools, and voluntary child-placing and child-caring agencies. Activities which are coordinated include services to delinquent children, foster care and adoption services, services to mentally retarded and emotionally disturbed children, efforts to improve the diet and health of clients served, and other activities.

(c) When the agency purchases services under Title IV–A, the requirements of 45 CFR 226 will be met.

(d) When the agency purchases care and services, the decision will be based on a determination that considered the following factors: required program standards will be met, evaluation of the comparative effectiveness with which the services will be provided, anticipation of the costs entailed, and criteria for determining that purchase is appropriate and necessary.

(e) It is anticipated that the following types of service will be purchased for eligible clients wherever available and wherever such services are not administered directly by the agency; day care, homemaker services, foster care, and vocational rehabilitation services administered by the Division of Vocational Rehabilitation.

2.8 Delivery and utilization of services

The agency will make provision for on-going assessment and necessary adaptation to achieve organizational patterns and simplified administrative procedures designed to assure effective delivery and utilization of services.

2.9 Staff development

(a) Staff development will be provided on a continuing, progressive and comprehensive basis for all staff responsible for the development and provision of services.

(b) The agency has an overall Staff Development Division with several staff members attached to the State level staff and at least one district staff development specialist in each of the nine administrative districts. A program for orientation, in-service training, and educational leave has been outlined in writing and is in effect. There are monthly meetings of the State Staff Development Division with the district staff development specialists focused on training methods and plans. A part of the plan includes training for selected staff at out-of-state seminars and institutes, particularly during the summer months as well as in-state institutes designed particularly for supervisors and selected groups of social workers.

Staff development, related to specific programs or services for families and children, are planned and coordinated by the Division of Staff Development and the single organizational unit for services for families and children. A representative from the state level staff of the single organizational unit attends scheduled meetings of staff development personnel. The single organizational unit may see a need for training in a particular service such as delinquency, foster care, etc., and bring such training needs to the Division of Staff Development where a training program is then outlined and put into effect. Specialists in the single organizational unit often serves as teacher in a special training program in the field of their particular interest. In summary, the Staff Development Division is responsible for overall planning and direction of the Staff Development Program for the entire agency although Specialists in the single organizational unit are used in training programs and may initiate a request for a special training program.

(c) The number of educational leaves will be increased each year to assure an adequate number of professional staff for the services program for AFDC and CWS.

2.10 Appeals, fair hearings and grievances

(a) There will be provision for appeals and fair hearings, and for the presentation of grievances, with respect to the services programs for families and children, and the results of appeals will be formally recorded and made available to the State Advisory Committee.

(b) An agency-wide fair hearings system and procedure will handle all appeals related to money payments, food stamp, medical assistance, and violation of Civil Rights Act of 1964, as well as applicants and recipients who appeal (1) denial or exclusion from a service program under AFDC or CWS, (2) failure to take account of recipient choice of service, or (3) determination that the individual must participate in the service program. All applicants and recipients are informed of their right to appeal. In addition to discussion of these rights by the social worker, printed information in the form of leaflets will be made available to clients.

The Fair Hearing system includes fulltime staff designated as Appeals Examiners and a State Board of Review that meets at least monthly to review all of the facts related to an appeal and rendering a decision. All clients are informed of their right to appeal. A request for an appeal can be any clear oral or written expression by a recipient or a person acting in his behalf, to the effect that he wants an opportunity to present his case to the Board of Review. The Social Worker assists the claimant in preparing for the hearing and with the assistance of his Supervisor prepares a case summary for use by the Appeals Examiner. The Appeals Examiner has three specific responsibilities: notifying participants of the hearing, conducting the hearing, and writing the official report of the hearing and presenting it to the Board of Review. The Board of Review renders a decision on every appeal and the client is notified in writing of the decision reached.

(c) A system through which recipients may present grievances about the operation of the service program has been developed. The grievance system generally follows administrative lines with the recipient being informed of his right to carry his grievance to the Commissioner's Office if indicated. At least one person in the State Office, Division of Family and Children Services is assigned responsibility for handling grievances that cannot be satisfactorily resolved at the county or district level. Clients are informed of their right and the procedure for handling grievances, by the Social Worker, as well as through printed information in leaflet form.

(b) Service	Available to	How obtained
Service plan	AFDC families and children	State agency.
Social services to assist all appropriate persons to achieve employment and service.	AFDC families, children and essential persons.	State agency and from other agencies without cost.
Child care services	All persons for whom the agency has required training and employment and other appropriate CWS cases.	State agency and through purchase from other agencies or individuals.
Foster care services under title IV part A	AFDC and other eligible cases	State agency.
Social services to prevent births out of wedlock.	ADFC cases, potential unmarried parent cases and other individuals who can be identified.	Do.
Family planning services	All individuals wishing such services—AFDC and CWS.	State agency including title 19 and without cost from other agencies.
Services to meet particular needs of families and children.	AFDC and CWS cases	State agency and without cost from other agencies.
Protective services and cooperation with courts.	Any child in need	State agency and courts as appropriate.
Services related to health needs	AFDC and CWS cases	State agency.

SECTION 3. MANDATORY SERVICES APPLICABLE TO TITLE IV, PART A

3.1 General

(a) Responsibility will be assumed for the provision of services to all appropriate persons receiving aid and others in the home whose needs were considered in determining eligibility for such aid, as called for under each of the requirements in Sections 220.16–220–35 of the Regulations.

3.2 Service plan

(a) A service plan will be developed and maintained on a continuing basis for each family and child who requires service in accordance with all the conditions as specified in the Regulation.

(b) All service cases are initiated into the agency's Data Processing System with an annual review date built into the system. Lists are compiled monthly by the Division of Data Processing of cases that may be due for review, thus giving the Supervisor and Administrator the needed information to assure that any overdue reviews are brought up to date promptly.

3.3 Employment objectives

(a) Services will be provided to assist all appropriate persons to achieve employment and self sufficiency. Services include screening, counseling, medical services and referral.

(b) Priority will be given to screening the entire caseload as added to identify those persons who are immediately referable for training and employment and developing service plans for them. All existing service plans under previous rules and regulations will be reviewed to assure that they meet this objective.

(c) With respect to employment objectives, the service plan will include as a minimum:

(1) Identification of the individual's current readiness or potential for employment or training.

(2) Determination as to whether individuals are appropriate for referral to programs offering training and employment services and referral of such individuals.

(3) General and specialized diagnostic assessment of health, learning, and other limitations that prevent involvement in employment or training.

(4) Action will be taken to insure that training and employment lead to stability of employment in jobs which take full advantage of the individual's potential.

(5) Services will be provided as necessary to deal with personal and family barriers which prevent or limit individuals in their use of training and in their achievement of stable employment.

(6) Provision will be made for utilization of public and voluntary agencies in the fields of vocational rehabilitation, health, vocational and other education, including special attention to the capabilities of rehabilitation centers and workshops, community agencies, neighborhood centers and similar organizations.

3.4 Child care services

(a) Child care services suitable for the individual child will be available or provided to all persons referred to and enrolled in the Work Incentive Program and to other persons for whom the agency has required training or employment.

(b) Child care services including in-home and out-of-home care will be provided by the agency or purchased from other agencies or individuals.

(c) Parents will be consulted and will participate in selecting the care chosen for the individual child. In some areas, the choice of types of care will be limited, but parent preference will be discussed wherever different types of care can be provided.

(d) It is the agency's policy to maintain child care services until the person is reasonably able to make other satisfactory child care arrangements. The child can be maintained in agency approved in-home care or approved family day care homes, or licensed day care centers. In the event that the parent no longer qualifies for financing through WIN or other AFDC programs, federal child welfare services funds may be used for out-of-home care. The agency will continue the indicated social services as well as financing as long as needed.

(e) The agency, through its Day Care Specialists, is working closely with any group or individual who is interested in developing day care centers. Local staff is being encouraged to expand family day care resources including the use of homes of AFDC mothers as family day care homes. The number of licensed day care centers is growing as well as the number of approved family day care homes.

(f) Standards:

(1) All child care services will meet the standards for in-home and out-of-home care specified in the Regulations.

(2) Homemaker service under agency auspices is reasonably in accord with recommended standards of the Child Welfare League of America.

(3) The agency has established standards for approving child care provided by relatives, friends, or neighbors that, as a minimum, cover age, physical and emotional health, capacity and time of the caretaker to provide adequate care, hours of care; maximum number of children to be cared for;

feeding, and health care of the children. These standards are in writing and are available for review in the offices of the State agency.

(4) Day care services are in compliance with the "Federal Interagency Day Care Requirements" (45CFR Part 71) and the requirements of Section 442(a)(1) of the Social Security Act, (Section 220.56 of the Regulations).

(5) Day care facilities used for the care of children are licensed by the State or approved as meeting the standards for such licensing.

3.5 Foster care services

Since February 1963, services have been provided and will be continued for children receiving aid in the form of foster care under Title IV, Part A, to:

(a) Assure placement appropriate to the needs of each child.

(b) Assure that the child receives proper care in such placement.

(c) Determine continued appropriateness of and need for placement through periodic reviews, at least annually.

(d) Improve the conditions in the home from which the child was removed so that the child may be returned to his own home, or otherwise plan for the placement of the child in the home of other relatives, adoptive home or continued foster care, as appropriate.

(e) Work with other public agencies that have responsibility for the placement and care of any such children to assure that these agencies carry out their responsibilities in accordance with their agreement with the State agency administering or supervising the administration of AFDC.

3.6 Prevention or reduction of births out-of-wedlock

(a) A program will be established to prevent or reduce the incidence of births out of wedlock and to otherwise strengthen family life.

(b) The program will be extended progressively to all appropriate adults and youth, with initial priority for mothers who have had children born out of wedlock within the two preceding years or who are currently pregnant out of wedlock and for youths living in conditions immediately conducive to births out of wedlock. Through revised Manual material and staff development, social workers will be encouraged to review existing caseloads with the above priorities in mind as well as reach out to schools, physicians, community action agencies or any other referral source to help identify youths living in conditions immediately conducive to births out of wedlock.

(c) Services will be provided to fathers of children born out of wedlock.

3.7 Family planning services

(a) Family planning services, social, medical and educational, will be offered and provided to those individuals wishing such services.

(b) The services offered and provided will include counseling, education, referral to family planning clinics or physicians and purchase of medical contraceptive services (diagnosis, treatment, supplies and follow-up).

(c) These services will be available without regard to marital status, age or parenthood.

(d) Individuals will be assured choice of method.

(e) Arrangements have been made, and will continue to be made with various medical resources so that individuals can be assured choice of source of service.

(f) Acceptance of any services is entirely voluntary on the part of the individual, and does not constitute a pre-requisite or impedient nor affect in any other way eligibility for the receipt of any other service or aid under the plan.

(g) Medical services will be provided in accordance with the standards of other State programs providing medical services for family planning, such as maternal and child health services.

3.8 Services to meet particular needs of families and children

Services will be provided to families and children as follows:

(a) Assist children to obtain education in accordance with their capacities. The services provided will include counseling, use of all available resources and referral to other agencies.

(b) Improve family living through assisting parents to overcome homemaking and housing problems. The services provided will include counseling, homemaker services, referral to other agencies such as public housing, home demonstration agents and county agricultural offices.

(c) Assist in reuniting families. The services provided will include counseling and referral to other agencies such as voluntary family service.

(d) Assist parents in money management, including consumer education. The services provided will include counseling by agency social work staff, referral to any other agency or groups providing such service on an individual group basis and community organization efforts directed toward providing additional services in these areas.

(e) Assist parents in child rearing. The services provided include counseling and education by agency social workers, homemaker service, and referral to other agencies or community resources where available.

(f) Offer education for family living. The services provided include counseling by agency social workers and referral to other agencies or community resources where available.

(g) Evaluate the need for, and in appropriate cases provide for protective and vendor payments and related services, including homemaker services where appropriate.

3.9 Protective services and cooperation with courts

(a) Protective services will be provided to children receiving aid who are found to be in danger of or subject to neglect, abuse or exploitation.

(b) The agency has had a statewide protective services program for many years for AFDC as well as non-AFDC cases. Generally, the agency's services are known to referral sources such as schools, neighbors, courts, physicians, etc. If agency social services do not bring the desired improvement, referral is made, usually through the county prosecuting attorney, to the juvenile court. Agency staff also serve most juvenile courts as probation officers so there is a direct channel and close working relationship between the agency and the court.

(c) The criteria used for referral to juvenile courts:

(1) When neglect is present, the parents refuse the agency's offer of service and court authority is necessary to provide the needed service;

(2) When abuse or neglect is present, the parents are unable and/or unwilling to use service to improve the standard of child care and the child's best interests will be served through removal and placement with relatives or in foster care; and

(3) When a child has been physically abandoned and emergency foster care is needed.

The above criteria are in effect for all parents and children.

(d) As indicated in (b) above, there is a close working relationship between the juvenile courts, law enforcement agencies and agency staff by virtue of the agency's statutory responsibility to provide services to the juvenile courts.

3.10 Services related to health needs

(a) The agency will provide services to families and children with health needs through identifying needs for preventive and remedial medical services; locating organizations or individuals who are willing to provide quality services on a dignified basis and helping to solve any problems which may prevent them from obtaining needed medical services and from making optimum use of the services available.

(b) The agency has an extensive program of medical services through the Title XIX program. All recipients of AFDC and children in foster care or agency legal custody qualify for a wide range of preventive and remedial services. Clients have the right to choose their own doctor or other medical vendor. Recipients are informed of their right to such services at the point they are approved for financial assistance. The Social Worker follows up with a discussion of medical needs and availability of services on subsequent contracts. Optimum use will also be made of services available through voluntary organizations as well as other state programs including crippled children's services, State Mental Health and other State Health Programs. A part of each Social Worker's training involves becoming familiar with and use of community resources including medical.

3.12 Work incentive program

(a) Effective Date of Program—October 1, 1968

(1) October 1, 1968 was the effective date that referrals were begun to the Manpower Agency operating a Work Incentive Program under Title IV, part C of the Social Security Act.

(2) Legislation was introduced and passed in a special session of the legislature, September 1968, to permit the State's participation in the Work Incentive Program.

(b) Persons to be Referred

(1) Prompt referrals will be made of each appropriate individual age 16 or over, specified in the Regulations, who is receiving AFDC or who lives in the same household as an AFDC recipient and whose needs are taken into account in determining the assistance payment. Prompt referral will be made of any other individual receiving aid under the program who is not appropriate under the State's criteria of appropriate individuals, but who requests such referral, unless participation is determined to be inimical to the welfare of such individuals or the family, according to criteria established by the State.

(2) The following groups of persons served under the State's AFDC plan, if appropriate, will be referred to the program if their needs are taken into consideration in determining the assistance payment.

(a) All new and active AFDCU unemployed fathers.

(b) All new and active AFDC cases in which an unemployed employable stepfather has been included as an essential person or caretaker relative. The stepfather must be married to the mother of the AFDC children.

(c) All young people between the ages of 16 and 18 years who are participating in the AFDCU or AFDC payment, who are not in school or training and for whom there are no educational plans to be implemented within the next three months.

(e) AFDC mothers and other caretaker relatives and essential persons who volunteer and have been participating in a Title V, Work Experience and Training Program.

(f) Mothers, caretaker relatives, and essential persons who volunteer.

Prompt referral will be made of the groups and individuals indicated above. Administrative and supervisory controls will be established to assure such prompt referral to the Manpower Agency.

(3) The State does not elect at this time to set up as mandatory referrals additional groups of persons receiving AFDC.

(4) See (2) above.

(5) Referral of a person who *volunteers* will be refused if the social worker during the social study or a period of counseling determines that participation is inimical to the welfare of the individual or the individual's family because of:

(a) Illness, incapacity, or advanced age;

(b) so remote from any project under the Work Incentive Program that he cannot effectively participate therein;

(c) who is a child attending school full-time;

(d) whose presence in the home on a substantially continuous basis is required because of the illness or incapacity of another member of the household;

(e) whose presence in the home is required because adequate child care services cannot be furnished.

(c) Persons not to be Referred

(1) No referral will be made of a person

(a) with illness, incapacity, or advanced age;

(b) so remote from any project under the Work Incentive Program that he cannot effectively participate therein;

(c) who is a child attending school full-time;

(d) whose presence in the home on a substantially continuous basis is required because of the illness or incapacity of another member of the household;

(e) whose presence in the home is required because adequate child care services cannot be furnished.

(2) The above exceptions to referral are clearly outlined in the social worker's manual. Supervisory and administrative review will assure that these requirements are carried out.

(d) Referral Procedures

(1) Appropriate individuals will continue to be referred in areas where the Work Incentive Program is in operation regardless of the unavailability at the time of project activities to which the individuals can be assigned.

(2) All persons referred to the Work Incentive Program will be provided a pre-referral medical examination to determine the individual's condition for participating in work and training activities unless adequate information for this purpose is already available. Medical appliances,

prosthetic devices, physical therapy, speech therapy, hearing aids, rehabilitative surgery, psychotherapy, and other remedial or rehabilitation services are available under the State's medical assistance plans. Other resources such as those provided by vocational rehabilitation programs are available without cost.

(3) There will be advance planning with each individual concerning his participation in the Work Incentive Program and he will receive written notification of his referral and of his right to fair hearing before the State agency as to his appropriateness for referral, amount of payments, or denial of assistance should he refuse to participate. The social worker counsels with each individual referred to help him understand and accept what is expected of him. Referral procedures are clearly outlined in the Manual used by the social worker. Staff training, supervision and administrative review assures that such planning will take place before referral.

(4) Referrals of appropriate persons to the program will be made in writing, to the effect that the individual has been determined to meet the criteria for referral and has been directed to appear in person at an office of the Manpower Agency when notified, as provided in 220.35 (a)(III) of the regulations.

(5) A procedure will be established to follow up with the referred client to help him keep his appointment with the Manpower Agency.

(3) Order of Referral: Determination as to whether individuals shall be referred to the Manpower Agency will be made in the following order of priority:

(1) Unemployed fathers who are participating in a Work Experience and Training Program under Title V of the Economic Opportunity Act or have participated in a Community Work and Training Program under section 409 of the Social Security Act.

(2) Other unemployed fathers.

(3) Mothers and other caretaker relatives and essential persons who volunteer and are participating in a Title V Work Experience and Training Program or have participated in a Community Work and Training Program.

(4) Dependent children and essential persons age 16 or over who are not in school, at work, or in training, and for whom there are no educational plans under consideration for implementation within the next three months.

(5) Mothers and others who volunteer but are not currently involved in a Work Experience and Training Program and who have no preschool children.

(6) Mothers and others who volunteer and have preschool children.

(f) Referral Within 30 Days for Unemployed Father

Referral of such fathers who are appropriate will be made to the Manpower Agency for participation in a Work Incentive Program where such programs exist within 30 days of their receipt of public assistance with respect to the dependent children.

(g) No Denial of AFDC Because of WIN

AFDC will not be denied because of referral of an individual to the Work Incentive Program or because of his participation in a project under a program of institutional and work experience training or of special work projects under Part C of Title IV of the Social Security Act.

(h) Refusal to Participate

(1) If and for so long as an appropriate individual who has been referred to the program refuses without good cause as determined by the Manpower Agency to participate in the program or to accept a bona fide offer of employment in which he is able to engage, the State will take the following actions:

(A) If the individual is a relative receiving AFDC, his needs will not be taken into account in determining the family's need for assistance; and assistance in the form of protective or vendor payments or of foster care will be made.

(B) If the individual is the only dependent child in the family, assistance for the family will be denied.

(C) If the individual is one of several dependent children in the family, assistance for such child will be denied and his needs will not be taken into account in determining the family's need for assistance.

(D) If the individual is not a recipient (that is, not in the recipient count) his needs will not be taken into account in determining the family's need for assistance.

(E) If the individual is from a group not designated as appropriate but has volunteered for participation in the program, none of the penalties for discontinuance without good cause in the program are applicable to him and his family.

(2) Each appropriate individual refusing to participate in the program without good cause will be provided counseling or other services by the State for a period of 60 days to persuade him to participate in the program or take employment in which he is able to engage. The social worker will counsel with the participant to determine the reason(s) for the participant's refusal. A plan of action will be developed by the social worker and participant. A narrative describing this plan will be filed in the case record. It will be the responsibility of the social worker to use any and all services available in both the agency and in the community in evaluating and alleviating the problem or problems that have prevented the participant from accepting enrollment.

(3) Penalties for not participating in the program will be deferred for 60 days during which counseling and other services are provided; except that the relative described under 220.35(a)(6)(i)(a) of the Regulations will receive assistance in the form of protective or vendor payments in behalf of himself and his family.

(4) In the event an individual who has been referred to the Work Incentive Program refuses to accept employment which is offered to him by an employer whether directly or through the employment service or the welfare agency, the determination as to whether the offer was bona fide or there was good cause to refuse the offer will be made only by the Manpower Agency conducting the Work Incentive Program (after providing opportunity for fair hearing) and will be binding on the welfare agency.

(i) Income Disregard and Supplemental Assistance—In determining need for assistance:

(1) the $30 monthly incentive payment made by the Manpower Agency to participants in a program of institutional and work experience training will be disregarded;

(2) wages paid to an individual for his employment or participation in a special work project will be supplemental to provide a total amount equal to the assistance payment he would have received had he not been in the program, plus 20 percent of his gross earnings from the special work project; and that net earnings (as defined in the regulations) will be used in determining whether the income of the individual employed in a special work project will be supplemented by an assistance payment;

(3) the incentive payments or wages will not be taken into consideration in determining the need of any other individual.

(j) Payment of Work-Related Expenses

Additional expenses reasonably attributable to an individual's participation in a program of institutional and work experience training will be paid to the family by the agency.

(k) Non-Federal Contribution

A non-Federal contribution to the Manpower Agency of 20 per cent of the cost of the operation of the Work Incentive Program will be arranged for by the State agency.

(l) Joint Planning with Manpower Agency

There will be joint planning between the State agency and the Manpower Agency on projects, project costs, in-kind resources including facilities, equipment, and personnel for purposes of the non-Federal contribution, and for developing methods of exchange of information concerning wage rates and earnings.

The Staff Assistant to the Deputy Commissioner has been designated as WIN Coordinator to participate in joint planning between the State Agency and the Manpower Agency.

(m) Payments to Manpower Agency for Special Work Projects

(1) The State agency will make monthly payments into the accounts established by the Manpower Agency for participants in special work projects equal to the money payment which would otherwise be made to or on behalf of the individual and his family, or 80 per cent of the individual's gross earnings, whichever is the lesser.

(2) The State agency will arrange for the return of unexpended payments from the Manpower Agency for special work projects, and that fiscal adjustments will be made for the return of such overpayments at proper periods.

(n) Prompt Attention to Recipients Discontinuing Program for Good Cause
The State agency will promptly restore the assistance payment or make other necessary payment adjustment for individuals who have been referred back to the State by the Manpower Agency as having good cause for not continuing in a training plan or a job under the Work Incentive Program.

SECTION 4. MANDATORY SERVICES APPLICABLE TO TITLE IV, PART B

4.1 Extension of child welfare services

Each year there will be progressive extension of child welfare services in one or more of the following dimensions so that such services will be available in all political subdivisions for all children in need of them by July 1, 1975:

(a) covering additional political subdivisions,
(b) reaching additional children in need of services,
(c) expanding the range of services provided, and
(d) improving the quality of services through additional trained child welfare personnel.

4.2 Priorities in extension

As a basis for giving priority in extending the provision of child welfare services to communities with the greatest need for such services, there will be a reasonable and objective method for assessing this need, taking into consideration their relative financial need.

4.3 Minimum services

In each of the political subdivisions there are available, as a minimum, child welfare services to children in their own homes and the provision of foster care of children. Many other child welfare services are also available on a statewide basis.

4.4 Case plan

A case plan will be developed for each child accepted for child welfare services which will include diagnostic evaluation and plan for treatment, and each case plan will be periodically reviewed.

4.5 Nondiscrimination (other than racial)

Child welfare services will be available on the basis of need for services and shall not be denied on the basis of financial need, legal residence, social status or religion.

4.6 Not limited to AFDC

Child welfare services will not be limited to AFDC cases.

SECTION 5. OTHER REQUIREMENTS APPLICABLE TO TITLE IV, PARTS A AND B, AS INDICATED

5.1 Community Planning (Applicable to IV–A and B)

(a) State and local leadership will be developed for participation in those community affairs which will result in the development of community resources necessary to achieve the program objectives of Title IV, parts A and B.

(b) Staff at all levels, particularly District Welfare Administrators and County Directors at the local level, and most State level staff are encouraged and do participate in community planning efforts with a number of individuals assuming leadership roles. Whenever the budget permits, the agency expects to add specialized fulltime community planning staff.

5.2 Reports and evaluations (applicable to IV–A and B)

The State agency will furnish all reports and evaluations as may be specified showing the scope, results and costs of services for families and children.

5.3 Implementation—Local agencies and service contractors (applicable to IV–A and B)

(a) The State agency will have methods for assuring that local public welfare agencies are meeting the plan requirements. Periodic review will be made by State and district level staff to assure that plan requirements are being met.

(b) The State agency will have methods for monitoring local agencies and service contractors from whom services are purchased to insure that plan requirements are being met and funds are being appropriately and effectively used. The methods will include review by State and district level staff of individual case records and discussion with local staff focused on the appropriateness and effectiveness of the service being purchased.

5.4 Establishing paternity and securing support for children receiving aid applicable to IV–A)

(a) A program will be developed for establishing paternity for children born out-of-wedlock and for securing financial support for them and for all other children receiving AFDC who have been deserted by their parents or other legally liable persons.

(b) Procedures will be established for locating putative and absent parents and determining their potential to provide support; and for utilizing reciprocal arrangements with other States to obtain or enforce court order for support. The importance of locating putative and absent parents and determining their potential to provide support will be discussed with the applicant by the social worker. On all cases where desertion or abandonment is a factor, the social worker will prepare a summary of the case and forward it to the single staff unit in the State agency. All case summaries will be reviewed by the State Office. The notice to the prosecuting attorney, if appropriate, will be forwarded from the State Office on all new cases shortly after the first check has been mailed. The State Office will assist the county prosecutor in preparation of cases where there is a likelihood of securing prosecution. The State Office will also help to establish cooperation of other states in locating parents and carrying out the intention of the Reciprocal Dependency Act.

(c) A single staff unit at the State agency will administer this program. As indicated above, there is close liaison and cooperation required between the local office, the State Office and the county prosecuting attorneys.

(d) A plan of cooperation will be developed with courts and law enforcement officials for locating putative or deserting fathers, establishing paternity and securing support. The specific plan and action taken in each instance varies somewhat from county to county depending on the legal advice of the local prosecutor. If the identity of the father is known an attempt will be made to interview and correspond with the alleged father. If he acknowledges paternity a notarized affidavit of paternity and voluntary agreement to support may be obtained if such are acceptable to the prosecuting attorney. Where such voluntary acknowledgments and agreements to support are unobtainable, the mother is referred to the prosecuting attorney's office and expected to take whatever action is recommended by the prosecuting attorney.

(e) There will be agreement with courts and law enforcement officials assuring that the information provided by the State or local agency will be used only for the purposes intended.

(f) Financial arrangements will be made to reimburse courts and law enforcement officials for services undertaken beyond those usually provided in such cases. The services for which reimbursement will be made include providing money for the recipient to obtain a nonsupport warrant through the local justice of the peace office upon advice of the prosecuting attorney and after review by the deserting parent unit at the State level. Where necessary, the agency will provide reimbursement to the recipient for per diem costs including transportation, lodging and meals if it is required for the client to travel away from home to take court action to establish paternity and/or obtain support. The agency is also considering the possibility of reimbursing county prosecutors for services above and beyond those usually provided in such cases.

(g) The State agency will cooperate with other State welfare agencies administering AFDC in locating parents of an AFDC child against whom a support petition has been filed in another State in attempting to secure compliance by a parent now residing in the agency's own State. Such cooperation will be carried out through normal interstate channels of communication and with the responsible law enforcement officials in both states.

(h) Separately issued clearance procedures established with the Internal Revenue Service will be used in respect to any parents of AFDC children whose location is unknown and who are failing to comply with existing court orders for support payments or against whom petitions for orders have been filed.

5.5 Other plan requirements for child welfare services under title IV–B

(a) Single State Agency

(1) Plan material relating to the single State agency requirement as provided in section 220.49(a)(1)(i) and (2) of the Regulations, is incorporated in the approved Basic Plan for child welfare services.

(2) Effective July 1, 1969, the State agency responsible for the State plan approved under Title IV–A will also administer or supervise the administration of the plan under Title IV–B.

(b) Organization for Administration—Plan material relating to the organization for administration requirement is incorporated in the approved Basic Plan for child welfare services.

(c) Personnel Standards—Plan material relating to the requirement for personnel administration on a merit basis is incorporated in the approved Basic Plan for child welfare services.

(d) Coordination with Services Under AFDC—Plan material relating to the requirement of coordination with services under AFDC is incorporated in the approved Basic Plan for child welfare services.

(e) Reports—Plan material relating to the reporting requirement is incorporated in the approved Basic Plan for child welfare services.

SECTION 6. OPTIONAL PROVISIONS—SERVICES IN AID TO FAMILIES WITH DEPENDENT CHILDREN

6.1 General

The State agency elects under Title IV–A to provide services for additional groups of families and children, i.e., current applicants or former or potential applicants or recipients of public assistance:

(a) The State agency commits itself to meet and fulfill the requirements of "Subpart B—Optional Provisions" of the Regulations, Part 220.

(b) The State agency will submit progress reports as may be specified to demonstrate implementation of the state plan requirements.

6.3 Coverage of optional groups for services

Child care services and emergency assistance services will be provided to all families and children on a statewide basis. Quality group care services will be provided for children through the staffing and operation of Hallacres, a specialized home for the care of children located in Parkersburg, West Virginia. Homemaker services will be made available through Title IV, Part A, on a purchase of care arrangement for children and families living in Brooke, Ohio and Marshall Counties. The following groups will be covered for services enumerated above:

(a) Families and children who are current applicants for financial assistance.

(b) Families and children who are former applicants or recipients of financial assistance.

(c) Families and children who are likely to become applicants for or recipients of financial assistance, i.e., those who:

(1) are eligible for medical assistance as medically needy persons, under the State's Title XIX plan.

(2) would be eligible for financial assistance if the earnings exemption granted to recipients applied to them.

(3) are likely, within five years, to become a recipient of AFDC.

(4) are at or near dependency level, including those in low-income neighborhoods and among other groups that might otherwise include more AFDC cases where services are provided on a group basis.

(d) All other families and children for information and referral service only.

For most of the services, a determination as to potential recipient will be made for individual families and children. An individual determination will be based upon a reasonable conclusion that the current social, economical and health conditions of the family indicate that the family would likely become a recipient of financial assistance within the next five years.

For child care services, the state may provide services on a group basis to all persons in geographic areas of extreme poverty, including Orchard Manor, a public housing project, and other low income neighborhoods with a high incidence of poverty and a high proportion of AFDC recipients, including the Triangle Area and Coal Branch Heights, all located in Charleston, West Virginia.

AGREEMENT BETWEEN THE UNION MISSION OF PARKERSBURG, INC. AND THE WEST VIRGINIA DEPARTMENT OF WELFARE WITH REGARD TO OPERATION OF HALLACRES

The concern of both Agencies for the provision of high quality child care to children in placement is the motivating force behind entering into a cooperative venture in the operation of Hallacres. It is the intent of all concerned that we build upon and expand the present program for children.

The following points constitute the Agreement:

1. The Department of Welfare will staff and operate Hallacres.
2. The Union Mission of Parkersburg will lease the cottages and grounds to the Department of Welfare but will continue to own the property and the facility will continue to be known as Hallacres.
3. The Union Mission of Parkersburg will contribute annually to the support, care, and treatment of the children in residence.
4. The Department of Welfare will prepare an annual budget for the operation of Hallacres.
5. The Board of the Union Mission will continue to be responsible for the upkeep and renovation of the facility.
6. The Department of Welfare will prepare a monthly report on the operation of Hallacres indicating the number of children in residence, current activities, problems and progress. This report will be available to the Board of the Union Mission.
7. The Department will form an Advisory Committee for Hallacres with representatives from the Board of the Union Mission serving on the committee.
8. In the event the current plan to renovate a part of one cottage for the secure detention of juvenile offenders materializes, the Board of the Union Mission will cooperate with the Department and the Junior League of Parkersburg in expediting necessary renovation to the building.
9. The Department will continue with the help of the Board to encourage the use of the grounds and other facilities by community groups insofar as possible.
10. The Department will develop a comprehensive child care program which is focused on making available any and all services needed by the children in residence including education, health, religion, and counseling designed to enable the child to achieve his maximum level of mature and responsible development.
11. The Board of the Union Mission and the Department of Welfare are mutually committed to working together to develop an outstanding child care center through State and Local cooperation.
12. This Agreement will be reviewed by both parties annually by May 1 and will continue in effect unless amended or terminated by either party.

(Signed) ------------------------------------
Commissioner, Department of Welfare.

Chairman, Board of Union Mission.

SECTION 7. OPTIONAL PROVISIONS—CHILD WELFARE SERVICES

7.1 Range of optional services and groups to be served

(a) Child welfare services which the agency elects to provide in the state include adoption, homemaker, day care, protective, unmarried parents services, agency operated group home, social services to a child in his own home, and licensing and consultation services to child welfare agencies. A number of these services are required by state statute.

(b) With the exception of the agency operated group home and homemaker services which are currently available in selected areas of the state, all the other services are available on a statewide basis to any child or family in need of the service.

(c) Most of the above-named services are provided directly by the agency. In one area of the state homemaker service is purchased from a voluntary agency and day care may also be purchased from licensed day care centers.

Federal funds are also used to purchase maternity home care, medical hospitalization and other services for a few unmarried mothers who do not meet the requirements for financing under state and local funds. In addition, funds are used to purchase specialized residental treatment for a limited number of emotionally disturbed children.

7.2 Day care services

Day care services are provided under Title IV–B of the Social Security Act.

(a) Such services are meeting the standards required in Section 220.18(c)(2) of the Regulations.

(b) The State agency will comply with the following requirements:

(1) Cooperative arrangements will be made with State health and education agencies to assure maximum utilization of such agencies in the provision of heatlh and education services for children in day care.

(2) An advisory committee on day care services will be established as set forth in Section 220.4(b) of the Regulations.

(3) A reasonable and objective method for determining the priorities of need will be established as a basis for giving priority in determining the existence of need for day care to members of low-income or other groups in the population and to geographical areas which have the greatest relative need for the extension of day care.

(4) Specific criteria will be established for determining the need of each child for care and protection through day care services.

(5) Provision will be made for assuring that day care is in the best interest of the child and the family.

(6) Provision will be made for determining, on an objective basis, the ability of families to pay for part or all of the cost of day care and for payment of reasonable fees by families able to pay.

(7) Provision will be made for the development and implementation of arrangements for the more effective involvement of the parent or parents in the appropriate care of the child and the improvement of his heatlh and development.

(8) Provision will be made for utilizing only day care facilities (including private homes) which are licensed by the State or approved as meeting the standards for such licensing.

Chairman GRIFFITHS. Why don't you require more facts in the plans?

Mr. VENEMAN. I think that is part of the management process that Mr. Rutledge is referring to.

Chairman GRIFFITHS. Since these plans are so general, on what basis does HEW disapprove a State plan?

Mr. RUTLEDGE. I would like to ask Mr. William Page, who is our associate administrator for field operations and who supervises the regional commissioners who review these plans, to comment further on what I have already said about the process.

Chairman GRIFFITHS. Mr. Page.

Mr. PAGE. When the State plan comes into a regional office—and they are submitted to the regional office rather than directly to Washington—the regional commissioner and staff there goes over that plan section by section and item by item. And the usual thing, rather than the unusual thing, is that they have to go back to the States and ask for additional and clarifying information.

For example, one of the States mentioned several times here this morning is Mississippi. There was a regular task force effort back in Mississippi last week out of the Atlanta regional office checking the information that is in there, asking for additional information.

And in some cases they have been asked to price out those plans in terms of their fiscal effects.

So, on the basis of the requirements in the planning guide that are given to the State, and on the basis of their meeting the other criteria for community service plan, they are approved or disapproved. And I was glad to hear this morning the call for some documentation of the things that have been disallowed, because many things have been disallowed.

Chairman GRIFFITHS. I am eager to see that documentation.

85–597—72——6

What exactly is the method by which HEW reimburses the States? Do they simply submit bills or vouchers and the Treasury sends out checks? Do you send out checks for 75 percent of the total?

Mr. CARDWELL. I think we should divide the subject into the business of determining what is owed the State and the method of payment. I am working at that backwards. The method of payment generally is on a letter of credit. Based on the States' estimate to us of their cash requirements, we give them a letter of credit against which they may draw. But the real issue is determining what is owed. And that occurs, as we mentioned this morning, after the fact. We are now working, for example, on estimating what the States will require for public assistance, cash benefits, medicaid, social services, training, and administrative expenses, for the fiscal year 1974.

Chairman GRIFFITHS. Are you working, or are the States working, or you are working together?

Mr. CARDWELL. The Department does this by asking the States to certify to the Social and Rehabilitation Service what they are budgeting for the services. We add these up and present it to the Congress, to the Committees on Appropriations.

We don't guarantee it, just as they don't guarantee it to us. It is their estimates of what they say they will require.

Chairman GRIFFITHS. So you review the letter of credit, then?

Mr. CARDWELL. No. We are trying to estimate for the Federal budget what the State will require. We have been talking this morning about the $4.6 billion and the $4.8 billion, and the $1.62 billion. That process stretches out over a period of about 18 months. And it starts out with an estimate by the States of what they will require. We add that up. And in the case of social services, a year ago we added that up for 1973 to be worth about $1.2 billion. And that is what we identified first in the House last February and later in the Senate, based on estimates made by the States last November, a year ago.

Our procedure is that they revise those estimates in May, so that we can catch the Senate to tell the Senate whether or not they have been revised upward or downward.

In May the States estimate jumped for this activity to about $2.2 billion. The next revision was in July. And by that time it jumped to $4.6 billion. In each case it is a tally representing what the States tell us they are going to spend against which we will later have to match. That is how we would prepare the budget. And the Congress understands when it deals with it that it is open ended, that it may go up or down as a matter of fact when the operating period arrives.

Chairman GRIFFITHS. Do you have the authority to knock out any of these things that the States suggest?

Mr. CARDWELL. We can in estimating—in fact we used to—second-guess the States and say, "No, they are wrong, they have overstated their capacity to finance," and we have found that that was unsatisfactory, particularly from the congressional point of view. We tended to understate the States requirements, and the committees on appropriations expressed annoyance at that method. They resented the suggestion that the Feds would be interfering at that level and second-guessing the States.

Once it is determined that the claim fits the SRS interpretation of the law, then we in effect pay the bill. And we pay the bill by actually giving them a check in the final analysis.

Chairman GRIFFITHS. What information do you need to determine that the claim fits the bill?

Mr. CARDWELL. That is a determination that has to be made by SRS.

Chairman GRIFFITHS. And how does SRS make that determination?

Mr. CARDWELL. It goes back to the State plan, and whether or not the particular expenditure fits the State plan.

Chairman GRIFFITHS. How do you do it?

Mr. RUTLEDGE. We review the State plan. Generally their intent is to do a wide range of things that have already been stated in the plan. We sample the agreements and contracts to see whether those things are in fact covered under what they wish to do. And if we have reason to believe that they are not, that particular advance draw may not be allowed, as a number have not been at this point. But if the point the chairman is making is that we are not always sure whether these things were adequately covered, it is true, there is always some vagueness about it. This has created the situation in which a number of States have subsequently come back to us and said, "Last year our State plan covered certain kinds of things, and we did it, but our contract wasn't clear, or our bookkeeper simply didn't record it in the right column."

And our response to this has been to become more specific in how things need to be spelled out.

Chairman GRIFFITHS. What happened to some of these things that you didn't allow? If the State actually spent the money and you didn't pick up 75 percent of it, what happened?

Mr. RUTLEDGE. This would be disallowed if it were not approved under the plans, and there were no agreements that could be interpreted as covering those agreements.

Mr. CARDWELL. The staff would have objected to the cost.

Chairman GRIFFITHS. What timelags are there from the time of the delivery of service to any auditing of the expenditures?

Mr. RUTLEDGE. I am not sure.

Mr. CARDWELL. First of all, let's make quite clear that State by State and agency by agency it does not mean that there will be an audit even once a year. The auditing at the Federal level is on a spot-check basis. It is usually done by sampling some aspects of the operation, not the entire operation. The HEW audit agency has a staff of about 700 people.

Chairman GRIFFITHS. Is that sufficient to do a sufficient audit?

Mr. CARDWELL. No. But I am not sure that the Congress would ever give us all the auditors that you would need to audit very State once a year and every contract within every State. I frankly am not certain that I would recommend it to the Congress. I think you have here a concept of a State-operated program with Federal matching, with some accountability at the Federal level for assurance that the matching was adequate and proper. And I think the way to do that is on a spot-check basis.

Representative CONABLE. Do you have any record of how much disallowance you have in the course of a year?

Mr. CARDWELL. I think we could put that in the record.[1]

Representative CONABLE. For instance, you will see these figures that are estimates that 10 or 15 percent of the welfare paid out goes to

[1] The information referred to may be found on p. 20.

people that aren't entitled to it, this kind of silly estimates, which may or may not be true.

Is there any comparable figure for the percentage of claimed reimbursement by the State to which the State isn't entitled?

Mr. CARDWELL. We can examine that and try to put an estimate in the record.[1]

Representative CONABLE. That would have some bearing on the amount of money that Congress would be willing to authorize for audit purposes. We always find that allowing auditors for the IRS, for instance, is a pretty remunerative investment of public money. But there always are limitations on the number of IRS people you want to have going out checking taxpayers' returns.

Still, you don't invest a lot of public money, it is just going to be harassment and isn't going to return anything.

Mr. CARDWELL. If we could keep politics out of it—and it is difficult to do it the way some of the States are organized—we would like to keep the audit responsibility with the States.

Chairman GRIFFITHS. How does politics enter into it?

Mr. CARDWELL. You mentioned this morning that sometimes the State auditors can be of one party and the governorship held by another party, and often when that happens they come into competition, they will try to outdo each other.

Representative CONABLE. But even if you do that you are going to have to have some checking of State auditors to be sure they are using the same practices.

Mr. CARDWELL. We would like to go in the business of setting guidelines within which auditors work. And the General Accounting Office has been working on this same approach. And it has just recently issued some Federal standards that could be used by State auditors to require State auditors and CPA's to certify back to the Government just the way a CPA will certify to a client or to a court, and use that certification as the basis for determining Federal claims. This would take some additional Federal resources and effort, but it is the approach that I think we generally favor.

As I say, there are some problems from State to State, even using that approach, because of the way the States are organized.

Chairman GRIFFITHS. Does the regional office get into any of this?

Mr. CARDWELL. Yes.

Chairman GRIFFITHS. How?

Mr. CARDWELL. All the audit activity occurs at the regional level. And as Mr. Rutledge has pointed out, we are now trying to establish a social and rehabilitation service staff at each regional office, each of the 10 regional offices, to monitor State activities in the public assistance area and to assist in organizing for improved financial management at the State level.

This staff is just now being put in place, and there would be some 427 such people in place by the end of this current fiscal year if we carry out our present plans.

Chairman GRIFFITHS. Does the fiscal office ever find questionable expenditures in its review of the claims?

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[1] The information referred to may be found on p. 20.

Mr. RUTLEDGE. Yes.

And if I may, Madam Chairman, I would like to ask Frank De George, our Assistant Administrator for Finance Management, to discuss further some of the management improvements we are proposing as well as the fiscal management review.

Mr. DE GEORGE. Basically the approach after the 110-percent limitation was rejected by the Congress was to put in place a series of management initiatives. This went beyond the social services. The ineligibility rate to public assistance recipients was in question. And we asked and received from the Appropriations Committee substantial resources to audit just this. The problem is that an audit after the fact, as Bruce Cardwell has pointed out, doesn't really attack the problem. It is many years late, and it is not there when the bookkeeping begins to go on. What we have put in place is a series of fiscal people who will interface at the point of contact when the State makes its quarterly estimates, when the State draws its cash, when the State asks for moneys, when it wants to reallocate its costs. Many of these ingredients change titles and move from department to department and in many cases change direction.

So, our concept is to put in place at the point of initiation, at the time of the request, a review procedure which basically addresses itself to review of expenditures, review of quarterly estimates, et cetera.

Now, the problem and the complaints about the States is, of course, that we have not given them direction when they have asked for it.

One of their complaints, and justifiably so, is that we have not provided timely information to them. So that by interjecting at the point of contact we will be much better off and a State will not request and spend money which it will ultimately be found in the audit process 5 years later that they were not entitled to.

The concern that we have is that the States begin to accept us as partners in this process, that we have the right to know why they request money, where it is going, and why they need it, and so forth.

Now, as an indicator of this, the second quarter grant awards were quite large. And we took substantial reductions in the second quarter grant awards, not permanent reductions, but we just didn't issue grant awards for significant amounts of money until the questions were answered. The questions address themselves to activity: has a plan been submitted, has it been approved, have the purchase agreements been looked at, has it at least submitted them, have we any idea in context of what is in there?

Those have resulted in some questions on the parts of the States of our local right to do this. But not serious questions. I think most of them have been expecting something in the process.

Chairman GRIFFITHS. Will you submit for the record several samples of these quarterly reports on which you submit the awards?

Mr. DE GEORGE. You mean these State requests?

Chairman GRIFFITHS. Yes; the reimbursement base.

Mr. DE GEORGE. Yes.

Chairman GRIFFITHS. Thank you very much.

(The information referred to follows:)

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
SOCIAL AND REHABILITATION SERVICE
WASHINGTON, D.C. 20201

AUG 29 1972

Mississippi Department of Public Welfare
Attention: Commissioner
Post Office Box 4321, Fondren Station
Jackson, Mississippi 39216

Dear Sir:

The grant awards listed below have been approved for the period 10/1 - 12/31/72 under Appropriation 752/30581 "GRANTS TO STATES FOR PUBLIC ASSISTANCE." Any unused award authority may be carried forward and used in the subsequent period.

The Commissioner of the Assistance Payments Administration has approved the following grant awards to your State.

*Old Age Assistance	$
*Aid to the Blind	$
*Aid to the Permanently and Totally Disabled	$
Aid to Families With Dependent Children	$
Emergency Assistance	$
Administration for Maintenance Assistance	$
Total grant award	$

*For those States with an approved Title XVI plan, the total of amounts shown for OAA, AB and APTD is approved as a Title XVI award.

The Commissioner of the Community Services Administration has approved the following grant award to your State.

Social Services . . . . $ 5,142,134.58

The Associate Administrator, Planning, Research and Training has approved the following grant award to your State.

State and local training . . . . $

The above listed grant awards provide Federal funds for the Federal share of expenditures made in accordance with your State plans approved under Titles I, IV-A, X, XIV or XVI of the Social Security Act. Computation of the awards is shown on the enclosed statements.

Any questions you may have in connection with the enclosure should be referred to the office of the Regional Commissioner, Social and Rehabilitation Service.

Please transmit the attached copy of this letter with enclosure to the State official authorized to sign payment vouchers on the letter of credit.

Sincerely yours,

Walter W. Burleigh

Walter W. Burleigh
Director, Division of Finance, OFM

Enclosure

COMPUTATION OF AMOUNTS FOR PUBLIC ASSISTANCE GRANTS UNDER
TITLES I, IV, X, XIV, XVI, AND XIX OF THE SOCIAL SECURITY ACT

FUNDS IDENTIFICATION NUMBER 752/30581

STATE Mississippi FISCAL YEAR 1973 QUARTER 1ST ☐ 2ND ☒ 3RD ☐ 4TH ☐

	SOCIAL SERVICES (including supporting administrative costs)	STATE & LOCAL TRAINING (including supporting administrative costs)	MEDICAL ASSISTANCE PAYMENTS	MEDICAL ASSISTANCE STATE & LOCAL ADMINISTRATION & TRAINING
1. Adjustments for quarter ended June 30, 1972	CAN 35728221	CAN	CAN	CAN
a. Actual Federal share of expenditures (Form SRS-OA-41) . .	$ 667,134.58	$	$	$
b. Estimated Federal share of expenditures (Form SRS-OFM-45)	525,000.00			
c. Difference (+ = actual exceeded estimate, - = estimate exceeded actual)	+142,134.58			
d. Net adjustments applicable to prior periods from Section B Form SRS-OA-41				
e. Collections (Form SRS-OA-41) . . .				
f. Other (specify) ______ (Form SRS-OA-41)				
g. Total adjustments	+142,134.58			
2. Estimated Federal share of expenditures for quarter beginning Oct 1 - 12/31/72 (Form SRS-OFM-45)	* 95,665,000.00 -90,665,000.00 5,000,000.00			
3. Net amount to be certified	$ 5,142,134.58	$	$	$

TOTAL AMOUNT TO BE CERTIFIED . . . . . $ 5,142,134.58

* Estimate has been reduced by $90,665,000.00 pending full, satisfactory review by Region Office of purchase-of-service agreements.

Any questions you may have in connection with the Form SRS-OA-27b computation should be referred to the Office of the Regional Commissioner, Social and Rehabilitation Service.

QUARTERLY ESTIMATE OF EXPENDITURES

For Quarter Beginning October 1, 19 72

State Mississippi · Agency Department of Public Welfar[e]

SECTION A - MAINTENANCE ASSISTANCE PROGRAMS *(Including State and local administration)*	Total (A)	Federal Share (B)
1. Old Age Assistance	$ 13 191	$ 10 949
2. Aid to the Blind	$ 429	$ 356
3. Aid to the Permanently and Totally Disabled	$ 5 105	$ 4 237
4. Aid to Families With Dependent Children	$ 7 645	$ 6 345
5. Emergency Assistance (AFDC)	$ -	$ -
6. State and local administration	$ 2 917	$ 1 458
SECTION B - SOCIAL SERVICES *(Including supporting administrative costs)*		68/,000
7. Social Services (For State plans approved under Titles I, X, XIV, or XVI, and IV-A of the Social Security Act)	$ 127 553	$ 95 665
SECTION C - STATE AND LOCAL TRAINING *(Including supporting administrative costs)*	Reduce 90,665,000.00 per Mr [illegible] 8/25/72	5,000,000
8. State and local training (For State plans approved under Titles I, X, XIV, or XVI, and IV-A of the Social Security Act)	$ 150	$ 113
SECTION D - MEDICAL ASSISTANCE PROGRAM		
9. Medical Assistance Payments	$	$
10. State and local administration and training	$ -	$ -
Total	$ 156 990	$ 119 123
Amount included in item 10 for training of nursing home administrators under section 1908(e) of the Social Security Act	$ -	$ -
Number of nursing home administrators to be trained		

Funds Certified

This certifies that the above estimated expenditures for operation of the State's approved plan(s) for the quarter indic[ated] are based on the most reliable information available to the State. It is submitted in accordance with requirements of t[he] Social Security Act and for use in determining the amount of Federal funds to be made available to the State in the [form] of a grant award(s) for the quarter indicated.

This also certifies that amounts of State and local funds available for the quarter above for the specified programs are:

11. Total... $ 38 000 000 State...... $ 6 000 000 Local... $ 32 000 000

Signed Robert L. Robinson Date 7-31-72
Executive Officer, State Agency

GLP 8/3/72

*The signature of the State Administrator on this form, when amounts have been entered in this item for the Total and for the St[ate] State and local shares, will be acceptable as certification that these funds are, or will be, available to meet the non-Federal s[hare] of the estimates. For States in which the State Administrator is not considered to have authority to certify to the availability of State funds, this item will be left blank, and a certification by the appropriate State official will be attached.

SRS-OFM-65 SRS. DIVISION OF FINANCE

QUARTERLY STATEMENT OF EXPENDITURES
(SUMMARY SHEET)

Social Services PROGRAM/ACTIVITY
Under the Public Assistance Titles of the Social Security Act

State Mississippi Agency State Department of Public Welfare

Quarter ended June 30, 19 72

Section A–Status of Award Authority	
Undrawn award authority from previous quarter (Item 6 of previous report)	-
Awards received during quarter for quarter reported on and prior quarters	741,760.57
Awards received during quarter for subsequent quarter	699,223.49
Cumulative award authority at close of quarter (Sum of items 1, 2, and 3)	1,440,984.06
Federal funds received during quarter (Item 8)	741,760.57
Undrawn award authority at end of quarter (Item 4 minus item 5)	699,223.49
Section B–Accountability for Federal Funds	
Federal funds on hand at beginning of quarter (Item 16 of previous report)	(153,765.87)
Federal funds received during quarter	741,760.57
Federal share of collections received	
Federal share of adjustments decreasing claims for prior quarters	
A. Federal audit (Specify HEW audit control number)	
B. Other (Specify)	
Total of Federal funds at beginning of quarter plus fund additions (Total of items 7 through 10 inclusive)	587,994.70
Federal share of expenditures in this quarter (From attached computation form)	667,134.58
Federal share of adjustments increasing claims for prior quarters	
Other fund deductions (Specify)	
Total deductions from Federal funds (Total of items 12 through 14 inclusive)	667,134.58
Federal Funds on hand at end of quarter (Item 11 minus item 15)	($79,139.88)

I, executive officer of the State agency charged with the duties of administering (or supervising the administration of) the State plan for Social Services (program/activity) as provided for in the Social Security Act, as amended, do certify that the information shown in the above statement and the supporting schedules is correct to the best of my knowledge and belief.

Date July 31, 19 72

Signed Robert L. Robinson
Robert L. Robinson

Title Commissioner

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
SOCIAL AND REHABILITATION SERVICE
WASHINGTON, D.C. 20201

AUG 29 1972

California Department of Social Welfare
Attention: Director
744 P Street
Sacramento, California 95814

Dear Sir:

The grant awards listed below have been approved for the period 10/1 - 12/31/72 under Appropriation 752/30581 "GRANTS TO STATES FOR PUBLIC ASSISTANCE." Any unused award authority may be carried forward and used in the subsequent period.

The Commissioner of the Assistance Payments Administration has approved the following grant awards to your State.

*Old Age Assistance	$
*Aid to the Blind	$
*Aid to the Permanently and Totally Disabled	$
Aid to Families With Dependent Children	$
Emergency Assistance	$
Administration for Maintenance Assistance	$
Total grant award	$

*For those States with an approved Title XVI plan, the total of amounts shown for OAA, AB and APTD is approved as a Title XVI award.

The Commissioner of the Community Services Administration has approved the following grant award to your State.

Social Services . . . . $ 38,111,258.42

The Associate Administrator, Planning, Research and Training has approved the following grant award to your State.

State and local training . . . . $

The above listed grant awards provide Federal funds for the Federal share of expenditures made in accordance with your State plans approved under Titles I, IV-A, X, XIV or XVI of the Social Security Act. Computation of the awards is shown on the enclosed statements.

Any questions you may have in connection with the enclosure should be referred to the office of the Regional Commissioner, Social and Rehabilitation Service.

Please transmit the attached copy of this letter with enclosure to the State official authorized to sign payment vouchers on the letter of credit.

Sincerely yours,

Walter W. Burleigh

Walter W. Burleigh
Director, Division of Finance, OFM

Enclosure:

COMPUTATION OF AMOUNTS FOR PUBLIC ASSISTANCE GRANTS UNDER
TITLES I, IV, X, XIV, XVI, AND XIX OF THE SOCIAL SECURITY ACT

FUNDS IDENTIFICATION NUMBER 752/30581

STATE California FISCAL YEAR 1973 QUARTER 1ST ☐ 2ND ☒ 3RD ☐ 4TH ☐

	SOCIAL SERVICES (Including supporting administrative costs)	STATE & LOCAL TRAINING (Including supporting administrative costs)	MEDICAL ASSISTANCE PAYMENTS	MEDICAL ASSISTANCE STATE & LOCAL ADMINISTRATION & TRAINING
1. Adjustments for quarter ended June 30, 1972	CAN 35728221	CAN	CAN	CAN
a. Actual Federal share of expenditures (Form SRS-OA-41)	$ 57,698,578.49	$	$	$
b. Estimated Federal share of expenditures (Form SRS-OFM-45)	56,961,000.00			
c. Difference (+ = actual exceeded estimate, - = estimate exceeded actual)	+737,578.49			
d. Net adjustments applicable to prior periods from Section B Form SRS-OA-41	-23,159,002.07			
e. Collections (Form SRS-OA-41)				
f. Other (specify) ______ (Form SRS-OA-41)				
g. Total adjustments	-22,421,423.58			
2. Estimated Federal share of expenditures for quarter beginning Oct 1 - 12/31/72 (Form SRS-OFM-45)	*69,410,500.00 - 8,877,818.00 60,532,682.00			
3. Net amount to be certified	$ 38,111,258.42	$	$	$

TOTAL AMOUNT TO BE CERTIFIED ..... $ 38,111,258.42

* Estimate has been reduced by $8,877,818.00 pending submission and approval of amendment to State plan and full, satisfactory review by Region Office of certain purchase-of-service agreements.

Any questions you may have in connection with the Form SRS-OA-27b computation should be referred to the Office of the Regional Commissioner, Social and Rehabilitation Service.

Computations by Rak
Computations checked by Rak
Date approved AUG 29 1972

SRS-OA-27b (Rev. Nov. 1970)

Form SRS-OFM-65
- (Apr. 1971)

QUARTERLY ESTIMATE OF EXPENDITURES

For Quarter Beginning October 1, 19 72

State California Agency Dept. of Social Welfare

	Total (A)	Federal Share (B)
SECTION A - MAINTENANCE ASSISTANCE PROGRAMS *(Including State and local administration)*		
1. Old Age Assistance	$ 86,404,100	$ 43,177,900
2. Aid to the Blind	$ 6,246,400	$ 3,120,800
3. Aid to the Permanently and Totally Disabled	$ 83,249,900	$ 41,556,700
4. Aid to Families With Dependent Children	$ 285,616,500	$ 133,130,500
5. Emergency Assistance (AFDC)	$	$
6. State and local administration	$ 58,197,700	$ 29,098,900
SECTION B - SOCIAL SERVICES *(Including supporting administrative costs)*		
7. Social Services (For State plans approved under Titles I, X, XIV, or XVI, and IV-A of the Social Security Act)	$ 92,547,300	$ ~~69,410,500~~ 60,532,682
SECTION C - STATE AND LOCAL TRAINING *(Including supporting administrative costs)*	Reduced -8,877,818 8/25/72 per ...	
8. State and local training (For State plans approved under Titles I, X, XIV, or XVI, and IV-A of the Social Security Act)	$ 2,381,600	$ 1,786,200
SECTION D - MEDICAL ASSISTANCE PROGRAM		
9. Medical Assistance Payments	$	$
10. State and local administration and training	$	$
Total	$ 614,643,500	$ 321,231,500
Amount included in item 10 for training of nursing home administrators under section 1908(e) of the Social Security Act	$	$

Number of nursing home administrators to be trained ______

This certifies that the above estimated expenditures for operation of the State's approved plan(s) for the quarter indicated are based on the most reliable information available to the State. It is submitted in accordance with requirements of the Social Security Act and for use in determining the amount of Federal funds to be made available to the State in the form of a grant award(s) for the quarter indicated.

This also certifies that amounts of State and local funds available for the quarter above for the specified programs are:*

11. Total... $ 293,362,000 State... $ 178,078,600 Local... $ 115,283,400

Signed [signature] Date 8/15/72
Executive Officer, State Agency

*The signature of the State Administrator on this form, when amounts have been entered in this item for the Total and for the State or State and local shares, will be acceptable as certification that these funds are, or will be, available to meet the non-Federal share of the estimates. For States in which the State Administrator is not considered to have authority to certify to the availability of State funds, this item will be left blank, and a certification by the appropriate State official will be attached.

SRS-OFM-65 SRS. DIVISION OF FINANCE

QUARTERLY STATEMENT OF EXPENDITURES
(SUMMARY SHEET)

Social Services PROGRAM/ACTIVITY
Under the Public Assistance Titles of the Social Security Act

Second Revision

, California Agency State Department of Social Welfare

Quarter ended June 30, 1972

Section A–Status of Award Authority	
Undrawn award authority from previous quarter (Item 6 of previous report)	43,988,145.80
Awards received during quarter for quarter reported on and prior quarters	18,987,000.00
Awards received during quarter for subsequent quarter	58,947,018.39
Cumulative award authority at close of quarter (Sum of items 1, 2, and 3)	121,922,164.19
Federal funds received during quarter (Item 8) (Includes Federal Funds Advanced)	72,680,390.91
Undrawn award authority at end of quarter (Item 4 minus item 5)	49,241,773.28
Section B–Accountability for Federal Funds	
Federal funds on hand at beginning of quarter (Item 16 of previous report)	2,173,172.08
Federal funds received during quarter	72,680,390.91
Federal share of collections received	--
Federal share of adjustments decreasing claims for prior quarters	
A. Federal audit (Specify HEW audit control number) Audit Control No. 10371-09	103,335.00
B. Other (Specify) After Audit Adjustment	23,055,667.07
Total of Federal funds at beginning of quarter plus fund additions (Total of items 7 through 10 inclusive)	98,012,565.06
Federal share of expenditures in this quarter (From attached computation form)	57,698,578.49
Federal share of adjustments increasing claims for prior quarters	
Other fund deductions (Specify)	
Total deductions from Federal funds (Total of items 12 through 14 inclusive)	57,698,578.49
Federal Funds on hand at end of quarter (Item 11 minus item 15)	40,313,986.57

I, executive officer of the State agency charged with the duties of administering (or supervising the administration of) the State plan for Social Services (program/activity) as provided for in the Social Security Act, as amended, do certify that the information shown in the above statement and the supporting schedules is correct to the best of my knowledge and belief.

Date July 27, 1972

Signed Charles D. Hobbs

Title Deputy Director, Operations

Forward completed Quarterly Statement of Expenditures (Summary Sheet) with supporting computation form and schedules to Department of Health.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
SOCIAL AND REHABILITATION SERVICE
WASHINGTON, D.C. 20201

AUG 29 1972

Illinois Department of Public Aid
Attention: Director
222 College Street
Springfield, Illinois 62706

Dear Sir:

The grant awards listed below have been approved for the period 10/1-12/31/72 under Appropriation 752/30581 "GRANTS TO STATES FOR PUBLIC ASSISTANCE." Any unused award authority may be carried forward and used in the subsequent period.

The Commissioner of the Assistance Payments Administration has approved the following grant awards to your State.

*Old Age Assistance	$
*Aid to the Blind	$
*Aid to the Permanently and Totally Disabled	$
Aid to Families With Dependent Children	$
Emergency Assistance	$
Administration for Maintenance Assistance	$
Total grant award	$

*For those States with an approved Title XVI plan, the total of amounts shown for OAA, AB and APTD is approved as a Title XVI award.

The Commissioner of the Community Services Administration has approved the following grant award to your State.

Social Services . . . $ 56,196,839.62

The Associate Administrator, Planning, Research and Training has approved the following grant award to your State.

State and local training . . . $

The above listed grant awards provide Federal funds for the Federal share of expenditures made in accordance with your State plans approved under Titles I, IV-A, X, XIV or XVI of the Social Security Act. Computation of the awards is shown on the enclosed statements.

Any questions you may have in connection with the enclosure should be referred to the office of the Regional Commissioner, Social and Rehabilitation Service.

Please transmit the attached copy of this letter with enclosure to the State official authorized to sign payment vouchers on the letter of credit.

Sincerely yours,

Walter W. Burleigh

Walter W. Burleigh
Director, Division of Finance, OFM

Enclosure

COMPUTATION OF AMOUNTS FOR PUBLIC ASSISTANCE GRANTS UNDER TITLES I, IV, X, XIV, XVI, AND XIX OF THE SOCIAL SECURITY ACT

FUNDS IDENTIFICATION NUMBER 752/30581

STATE Illinois FISCAL YEAR 1973 QUARTER 1ST ☐ 2ND ☒ 3RD ☐ 4TH ☐

	SOCIAL SERVICES (Including supporting administrative costs)	STATE & LOCAL TRAINING (Including supporting administrative costs)	MEDICAL ASSISTANCE PAYMENTS	MEDICAL ASSISTANCE STATE & LOCAL ADMINISTRATION & TRAINING
1. Adjustments for quarter ended June 30, 1972:	CAN 15728221	CAN	CAN	CAN
a. Actual Federal share of expenditures (Form SRS-OA-41)	$ 36,470,864.38	$	$	$
b. Estimated Federal share of expenditures (Form SRS-OFM-65)	29,970,000.00			
c. Difference (+ = actual exceeded estimate, - = estimate exceeded actual)	+6,500,864.38			
d. Net adjustments applicable to prior periods from Section B Form SRS-OA-41	+542,975.24			
e. Collections (Form SRS-OA-41)				
f. Other (specify) ____ (Form SRS-OA-41)				
g. Total adjustments	+7,063,839.62			
2. Estimated Federal share of expenditures for quarter beginning Oct. 1-12/31/72 (Form SRS-OFM-65)	* 50,783,000.00 - 1,650,000.00 49,133,000.00			
3. Net amount to be certified	$ 56,196,839.62	$	$	$

TOTAL AMOUNT TO BE CERTIFIED ..... $ 56,196,839.62

* Estimate has been reduced by $1,650,000.00 pending review and approval in Region Office of amendment to State plan.

Computations by Rak
Computations checked by Rak
Date approved AUG 29 1972

Any questions you may have in connection with the Form SRS-OA-27b computation should be referred to the office of the Regional Commissioner, Social and Rehabilitation Service.

SRS-OA-27b (Rev. Nov. 1970)

Form SRS-OFM-65
(Apr. 1971)

QUARTERLY ESTIMATE OF EXPENDITURES (in thousands of dollars)

For Quarter Beginning October 1, 19 72

State ILLINOIS Agency Department of Public Aid

	Total (A)	Federal Share (B)
SECTION A - MAINTENANCE ASSISTANCE PROGRAMS *(Including State and local administration)*		
1. Old Age Assistance	$ 5,949	$ 2,960
2. Aid to the Blind	$ 478	$ 238
3. Aid to the Permanently and Totally Disabled	$ 26,744	$ 13,297
4. Aid to Families With Dependent Children	$ 135,296	$ 67,648
5. Emergency Assistance (AFDC)	$ 150	$ 75
6. State and local administration	$ 4,658	$ 2,329
SECTION B - SOCIAL SERVICES *(Including supporting administrative costs)*		
7. Social Services (For State plans approved under Titles I, X, XIV, or XVI, and IV-A of the Social Security Act)	$ 72,243	$ 50,783
SECTION C - STATE AND LOCAL TRAINING *(Including supporting administrative costs)*	- 1,650,000.00	49,133,000.00
8. State and local training (For State plans approved under Titles I, X, XIV, or XVI, and IV-A of the Social Security Act)	$ 324	$ 243
SECTION D - MEDICAL ASSISTANCE PROGRAM		
9. Medical Assistance Payments (see footnote on reverse side)	$ 139,000 a/	$ 69,500
10. State and local administration and training	$ 5,164	$ 2,766
Total	$ 390,006	$ 209,839
	$	$

This certifies that the above estimated expenditures for operation of the State's approved plan(s) for the quarter indicated are based on the most reliable information available to the State. It is submitted in accordance with requirements of the Social Security Act and for use in determining the amount of Federal funds to be made available to the State in the form of a grant award(s) for the quarter indicated.

This also certifies that amounts of State and local funds available for the quarter above for the specified programs are:*

11. Total... $ 180,167 State...... $ 179,768 Local... $ 399

Signed Edward [illegible] Director — Executive Officer, State Agency   Date August 3, 1972

*The signature of the State Administrator on this form, when amounts have been entered in this item for the Total and for the State or State and local shares, will be acceptable as certification that these funds are, or will be, available to meet the non-Federal share of the estimates. For States in which the State Administrator is not considered to have authority to certify to the availability of State funds, this item will be left blank, and a certification by the appropriate State official will be attached.

QUARTERLY STATEMENT OF EXPENDITURES
(SUMMARY SHEET)

SOCIAL SERVICES PROGRAM/ACTIVITY
Under the Public Assistance Titles of the Social Security Act

State Illinois Agency Department of Public Aid

Quarter ended June 30, 1972

Section A–Status of Award Authority	
Undrawn award authority from previous quarter (Item 6 of previous report)	584,370.60
Awards received during quarter for quarter reported on and prior quarters	59,521,506.04
Awards received during quarter for subsequent quarter	40,504,526.49
Cumulative award authority at close of quarter (Sum of items 1, 2, and 3)	100,610,403.13
Federal funds received during quarter (Item 8)	75,590,699.21
Undrawn award authority at end of quarter (Item 4 minus item 5)	25,019,703.92
Section B–Accountability for Federal Funds	
Federal funds on hand at beginning of quarter (Item 16 of previous report)	(34,770,448.98)
Federal funds received during quarter	75,590,699.21
Federal share of collections received	-0-
Federal share of adjustments decreasing claims for prior quarters	
A. Federal audit (Specify HEW audit control number)	-0-
B. Other (Specify)	-0-
Total of Federal funds at beginning of quarter plus fund additions (Total of items 7 through 10 inclusive)	40,820,250.23
Federal share of expenditures in this quarter (From attached computation form)	36,470,864.38
Federal share of adjustments increasing claims for prior quarters	562,975.24
Other fund deductions (Specify)	-0-
Total deductions from Federal funds (Total of items 12 through 14 inclusive)	37,033,839.62
Federal Funds on hand at end of quarter (Item 11 minus item 15)	3,786,410.61

I, executive officer of the State agency charged with the duties of administering (or supervising the administration of) the State plan for Social Services (program/activity) as provided for in the Social Security Act, as amended, do certify that the information shown in the above statement and the supporting schedules is correct to the best of my knowledge and belief.

Date August 3, 1972

Signed [signature]

Title Director

rm SRS-OA-41.7
ug. 1970)

STATEMENT OF EXPENDITURES FOR
SOCIAL SERVICES (INCLUDING SUPPORTING ADMINISTRATIVE COSTS)

te Illinois Quarter ended June 30, 19 72

	ADULT CATEGORIES (OAA, AB, APTD, OR AABD)	AID TO FAMILIES WITH DEPENDENT CHILDREN	EMERGENCY ASSISTANCE (FOR AFDC ON' Y)	TOTAL
Total expenditures computable for Federal funding	17,442,170.19	34,841,432.28	-0-	52,283,602.47
Federal share at 50% participation	852,075.22	4,631,599.72	-0-	5,483,674.94
Federal share at 75% participation	11,803,514.82	19,183,674.62	-0-	30,987,189.44
Total Federal share (sum of items 2 and 3) (Enter total of item 4 on line 12 of Form SRS-OA-41)	12,655,590.04	23,815,274.34	-0-	36,470,864.38
Amount of local funds, if any, included in item 1)	631,379.00	709,279.00	-0-	1,340,658.00

ILLINOIS DEPARTMENT OF PUBLIC AID

ADJUSTMENT TO FEDERAL SHARE FOR PRIOR PERIODS
FOR SOCIAL SERVICES

FOR QUARTER ENDED JUNE 30, 1972

	AABD TOTAL	AABD FED. SHARE 75%	AFDC TOTAL	AFDC FED. SHARE 75%
Dept. of Mental Health Retroactive Adjustment for Period 10/1/70 - 6/30/71 Understated				
1. State	132,500.00	99,375.00	170,097.00	127,572.75
2. Local	-0-	-0-	-0-	-0-
3. TOTAL	132,500.00	99,375.00	170,097.00	127,572.75
Dept. of Mental Health Retroactive Adjustment for Period 7/1/71 - 9/30/71				
1. State	-0-	-0-	87,821.00	65,865.75
2. Local	-0-	-0-	-0-	-0-
3. TOTAL	-0-	-0-	87,821.00	65,865.75
Dept. of Mental Health Retroactive Adjustment for Period 10/1/71 - 12/31/71				
1. State	76,700.10	57,525.07	101,181.00	75,885.75
2. Local	-0-	-0-	-0-	-0-
3. TOTAL	76,700.10	57,525.07	101,181.00	75,885.75
Dept. of Mental Health Retroactive Adjustment for Period 1/1/72 - 3/31/72				
1. State	81,753.56	61,315.17	100,581.00	75,435.75
2. Local	-0-	-0-	-0-	-0-
3. TOTAL	81,753.56	61,315.17	100,581.00	75,435.75
GRAND TOTAL (A+B+C+D)				
1. State	290,953.66	218,215.24	459,680.00	344,760.00
2. Local	-0-	-0-	-0-	-0-
3. TOTAL	290,953.66	218,215.24	459,680.00	344,760.00

Recap of Fed. Share	AABD	AFDC
1. State	218,215.24	344,760.00
2. Local	-0-	-0-
3. TOTAL - Understated Enter on SRS-OA-41 - Line 13	218,215.24	344,760.00

562,975.24

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
SOCIAL AND REHABILITATION SERVICE
WASHINGTON, D.C. 20201

AUG 29 1972

Maryland Department of Employment and
Social Services
Attention: Secretary
1100 North Eutaw Street, Room 600
Baltimore, Maryland 21201

Dear Sir:

The grant awards listed below have been approved for the period 10/1 - 12/31/72 under Appropriation 752/30581 "GRANTS TO STATES FOR PUBLIC ASSISTANCE." Any unused award authority may be carried forward and used in the subsequent period.

The Commissioner of the Assistance Payments Administration has approved the following grant awards to your State.

*Old Age Assistance	$
*Aid to the Blind	$
*Aid to the Permanently and Totally Disabled	$
Aid to Families With Dependent Children	$
Emergency Assistance	$
Administration for Maintenance Assistance	$
Total grant award	$

*For those States with an approved Title XVI plan, the total of amounts shown for OAA, AB and APTD is approved as a Title XVI award.

The Commissioner of the Community Services Administration has approved the following grant award to your State.

Social Services .... $ 6,479,637.93

The Associate Administrator, Planning, Research and Training has approved the following grant award to your State.

State and local training .... $

The above listed grant awards provide Federal funds for the Federal share of expenditures made in accordance with your State plans approved under Titles I, IV-A, X, XIV or XVI of the Social Security Act. Computation of the awards is shown on the enclosed statements.

Any questions you may have in connection with the enclosure should be referred to the office of the Regional Commissioner, Social and Rehabilitation Service.

Please transmit the attached copy of this letter with enclosure to the State official authorized to sign payment vouchers on the letter of credit.

Sincerely yours,

Walter W. Burleigh

Walter W. Burleigh
Director, Division of Finance, OFM

Enclosure

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
SOCIAL AND REHABILITATION SERVICE

COMPUTATION OF AMOUNTS FOR PUBLIC ASSISTANCE GRANTS UNDER
TITLES I, IV, X, XIV, XVI, AND XIX OF THE SOCIAL SECURITY ACT

FUNDS IDENTIFICATION NUMBER 752/30581

STATE Maryland FISCAL YEAR 1973 QUARTER 1ST ☐ 2ND ☒ 3RD ☐ 4TH ☐

	SOCIAL SERVICES (including supporting administrative costs)	STATE & LOCAL TRAINING (including supporting administrative costs)	MEDICAL ASSISTANCE PAYMENTS	MEDICAL ASSISTANCE STATE & LOCAL ADMINISTRATION & TRAINING
1. Adjustments for quarter ended June 30, 1972	CAN 35728721	CAN	CAN	CAN
a. Actual Federal share of expenditures (Form SRS-OA-41)	$ 6,890,637.93	$	$	$0
b. Estimated Federal share of expenditures (Form SRS-OFM-45)	5,411,000.00			
c. Difference (+ = actual exceeded estimate, - = estimate exceeded actual)	+1,479,637.93			
d. Net adjustments applicable to prior periods from Section B Form SRS-OA-41				
e. Collections (Form SRS-OA-41)				
f. Other (specify) _____ (Form SRS-OA-41)				
g. Total adjustments	+1,479,637.93			
2. Estimated Federal share of expenditures for quarter beginning Oct. 1- (Form SRS-OFM-45) 12/31/72	*103,975,000.00 -98,475,000.00 5,000,000.00			
3. Net amount to be certified	$ 6,479,637.93	$	$	$

TOTAL AMOUNT TO BE CERTIFIED ..... $ 6,479,637.93

* Estimate has been reduced by $98,475,000.00 pending review and approval of amendment to State plan and full, satisfactory review by Region Office of purchase-of-service agreements.

Any questions you may have in connection with the Form SRS-OA-27b computation should be referred to the Office of the Regional Commissioner, Social and Rehabilitation Service.

QUARTERLY ESTIMATE OF EXPENDITURES

For Quarter Beginning Oct. 1, 19 72

State Maryland Agency Department of Employment and Social Services-Social Services Admin.

	Total (A)	Federal Share (B)
SECTION A - MAINTENANCE ASSISTANCE PROGRAMS *(Including State and local administration)*		
1. Old Age Assistance	$ 2,044	$ 1,542 3.5
2. Aid to the Blind	$ 124	$ 62 0.1
3. Aid to the Permanently and Totally Disabled	$ 5,128	$ 2,865 6.4
4. Aid to Families With Dependent Children	$ 29,592	4,469. $ 14,847
5. Emergency Assistance (AFDC)	$ 1,221	$ 611
6. State and local administration	$ 4,663	$ 2,332
SECTION B - SOCIAL SERVICES *(Including supporting administrative costs)*		
7. Social Services (For State plans approved under Titles I, X, XIV, or XVI, and IV-A of the Social Security Act)	$138,634	5,055,000. $ ~~103,975~~
SECTION C - STATE AND LOCAL TRAINING *(Including supporting administrative costs)*	-98,475,000. Reduced Per Mr Burleigh	5,500,000. Ask
8. State and local training (For State plans approved under Titles I, X, XIV, or XVI, and IV-A of the Social Security Act)	$ 500	$ 375
SECTION D - MEDICAL ASSISTANCE PROGRAM*		
9. Medical Assistance Payments	$	$
10. State and local administration and training	$	$
Total	$181,906	$ 126,609

This certifies that the above estimated expenditures for operation of the State's approved plan(s) for the quarter indicated are based on the most reliable information available to the State. It is submitted in accordance with requirements of the Social Security Act and for use in determining the amount of Federal funds to be made available to the State in the form of a grant award(s) for the quarter indicated.

This also certifies that amounts of State and local funds available for the quarter above for the specified programs are:*

11. Total... $ 55,297 State...... $ 18,976 Local... $ 36,321

Signed P. Panaggio, Jr. Ass't State Dir Admin. Services Date 7/27/72
Executive Officer, State Agency

*The signature of the State Administrator on this form, when amounts have been entered in this item for the Total and for the State or State and local shares, will be acceptable as certification that these funds are, or will be, available to meet the non-Federal share of the estimates. For States in which the State Administrator is not considered to have authority to certify to the availability of State funds, this item will be left blank, and a certification by the appropriate State official will be attached.

SRS-OFM-65

SRS. DIVISION OF FINANCE

STATEMENT OF EXPENDITURES FOR
SOCIAL SERVICES (INCLUDING SUPPORTING ADMINISTRATIVE COSTS)

Maryland Quarter ended June 30, 1972

	ADULT CATEGORIES (OAA, AB, APTD, OR AABD)	AID TO FAMILIES WITH DEPENDENT CHILDREN	EMERGENCY ASSISTANCE (FOR AFDC ONLY)	TOTAL
Total expenditures computable for Federal funding	947,612.52	8,311,369.77		9,258,982.29
Federal share at 50% participation	107,197.86	-		107,197.86
Federal share at 75% participation	549,912.67	6,233,527.40		6,783,440.07
Total Federal share (sum of items 2 and 3)	657,110.53	6,233,527.40		6,890,637.93
(Enter total of item 4 on line 12 of Form SRS-OA-41) Amount of local funds, if any, included in item 1)	127,027.87	609,356.40		736,384.27

Chairman GRIFFITHS. The Congress approved a supplemental appropriation in fiscal year 1972 for a substantial increase in social and rehabilitation service personnel since HEW claimed that this would save over $400 million in Federal funds in fiscal year 1973 without cutting benefits and services for eligible persons.

Can you explain how you expect these savings will result?

Mr. RUTLEDGE. Mr. De George is in charge of that activity.

Mr. DE GEORGE. Basically most of the savings, the two principle areas are, one, separation. The separation regulation, as the Undersecretary has described to you, calling for the States to separate their eligibility determinations for maintenance assistance from the services provisions, is No. 1.

The second area in which we think there will be significant savings is in the area of ineligibility determinations. We have placed in operation a quality control sampling system which by regulation mandates on the States the necessity to keep ineligibility records. We have augmented that staff so that in effect we can have better statistical data, so we can make judgments and attempt to work with the States toward getting these ineligibility rates down.

These are the two primary areas.

We also are working in the medicaid program toward review of the provider agreements, toward review of the general working relationships on the medicaid contracts and arrangements, so that we can again interface at the point of contact when these decisions are made by the States.

These are the three main areas that we addressed.

Chairman GRIFFITHS. Mr. Veneman, the approval of California and Illinois plans were the opening wedge in the expansion of services. Once these plans have been approved there is no stopping this thing. I would like to know what the principle innovative features of these State plans were compared to other plans, and why HEW approved them.

Mr. VENEMAN. I think they are separable, Mrs. Griffiths. The California social service plan has been an evolving thing. I think each year they had additional programs that were put into effect through legislative initiatives and others. I don't think that there was a waiver of single State agency or any of those issues in the California situation. The Illinois case, as I recall, did require some special consideration.

Chairman GRIFFITHS. A waiver?

Mr. VENEMAN. A waiver of a single State agency.

Chairman GRIFFITHS. A waiver of a requirement that all State funds flowed through the State welfare agency?

Mr. VENEMAN. Yes.

Chairman GRIFFITHS. What does that mean, and why was it done?

Mr. VENEMAN. I will let Mr. Rutledge respond. Essentially the statute says that any services funds that go out must be expended through a single agency, more specifically the welfare agency. And there are certain cases where this is waived, so that the money can flow because of some legislative barriers or other reasons.

Chairman GRIFFITHS. Why did you waive for them?

Mr. RUTLEDGE. The reason obviously was to enable them to expand their programs to provide services to more persons. And it seemed a reasonable exercise of discretion. In some instances it is not possible for the State agency itself to have all of the funds under its immediate control for all of the activities that are subsumed under the State plan or the human service system.

Chairman GRIFFITHS. Where were these funds? Can you give us an example.

Mr. RUTLEDGE. I am not sure that this is from the Illinois case, I will have to check it.

The Department of Health is a logical example. Around the country, for example, in nearly half the States some kind of umbrella agency, such as the one I directed in the District of Columbia, is being established, which includes public health and public welfare, and mental health, and vocational rehabilitation, aging, and a wide variety of other activities in one appropriation, which enables a single State plan to be established. But in many other instances these funds are appropriated directly to a separate agency under the control of the director and administrative agency by direction of the legislature.

Now, in order for a purchase of service arrangement to be developed in which those locally appropriated funds or the State appropriated funds, are to be used, the State agency would need to have some means of certifying and accounting for the fact that those funds are in fact being expended as part of the State local share of the 75-percent match.

So in the event that the funds cannot be transferred to that agency, the State agency would then be expected to develop other kinds of accounting procedures under written agreement with the other agency in order for those funds to be expended, and they will require waiver.

Chairman Griffiths. How many other States have requested waivers?

Mr. RUTLEDGE. There have been several. I am not sure.

Mr. PAGE. More than a dozen.

Chairman GRIFFITHS. Has anybody been turned down?

Mr. PAGE. Yes; as a matter of fact two requests for waiver of single State agencies were turned down in Washington because in our judgment they had adequate State legislative provisions under which they could make the necessary managerial arrangements.

Chairman GRIFFITHS. Secretary Richardson has been quoted in the National Journal as saying that the New York State people negotiating with HEW for program changes were tough bargainers.

What sort of bargaining was involved, and what were the issues?

Mr. RUTLEDGE. There are always questions each time a State submits a plan to do something that has not been done before about whether these items are in fact covered by the statute.

As Mr. Cardwell said earlier this morning, the statute is so broadly written that it can be interpreted by reasonable people to include a wide variety of things which may not have been intended. And in New York they assumed that many programs which they were paying for with State and local money were serving primarily persons who were either recipients or former or potential recipients, or who were eligible by group services. We were not convincd. And this involved some negotiations.

We also had some extended discussions with them about what was meant by a substantial increase, and whether there could be any supplantation or any change in the amount of money which they currently were expending locally.

And one of the issues outstanding in that discussion is whether the legislation as currently written requires any maintenance of effort at all on the part of a given State.

And some of these things need to be questioned.

Chairman GRIFFITHS. This is the exact question that Mr. Conable and I have been asking all this time: Why didn't you come up with some regulations, why did you wait?

You tell us that New York outbargained you.

You say you were wide open to political pressure. There have been law and regulations. Why didn't you write clearer regulations?

Mr. RUTLEDGE. New York was requesting substantially more in the final analysis of the program than they actually received. And this happens quite frequently in plans which are submitted.

Chairman GRIFFITHS. But when you say they came in with something new, why didn't you just say, "This is what the program includes, and nothing more; we are not picking up anything else?" You had it within your power to do it. If you are going to say now, "Well, we are afraid we would be sued," well, be sued. What difference does it make, let them take it to court.

Mr. VENEMAN. Being sued is not the major issue. Being sued, we get used to that.

Chairman GRIFFITHS. But the major issue is whether or not you had some control over the services.

Mr. VENEMAN. The major issue is whether or not the services that they had requested Federal matching for were in fact bona fide services for a population group, as described in the statute.

That is the issue.

Chairman GRIFFITHS. And you said they weren't. And if I had been you, I would have stuck by it, and I would not have given them the money.

Mr. VENEMAN. We didn't on all of them.

Mr. RUTLEDGE. A number of them were not.

The discussion revolved around such issues as these: Whether we would authorize the payment of certain kinds of inpatient services for persons——

Chairman GRIFFITHS. You mean that they wanted more than $850 million?

Mr. RUTLEDGE. Yes, they asked a billion and a half.

Chairman GRIFFITHS. Why didn't you let them have it?

Mr. RUTLEDGE. Because we determined that a number of those other programs simply were not eligible under even the broadest interpretation of the regulations.

Chairman GRIFFITHS. Now, even if you find out that States buy what they say they are buying, there is still the question of what the money is buying in terms of the objectives, such as reducing poverty, child abuse, and crime.

Have you or any of the States made any real progress in demonstrating the effectiveness of this spending?

Mr. VENEMAN. The impact of this kind of a program upon human values is probably the most difficult thing to evaluate, as Mr. Rutledge has described before.

Chairman GRIFFITHS. Do you think it is possible to measure?

Mr. VENEMAN. Well, it is possible, I suppose, but when you are talking about education, or the effect of title I in the Elementary and Secondary Education Act, or when you are talking about some of the health and mental health and drug abuse programs, it is very difficult to have the pegs upon which you measure. It is possible, but how effective and how accurate you are you will never know.

I think it is fair to say that if in fact you see a person who has been provided with day care and who is in fact employed in the WIN program, you can say, yes, there is something tangible, that that day care raised a person from total dependence to self-sufficient through employment. If in the vocational rehabilitation program you can see therapy, and perhaps an artificial limb or something, and you can put this man into employment, then you have something tangible where you can see the result of your work. But when you start talking about whether a service such as protective services or homemaker services or something of that nature—let's take the homemaker—has actually kept that aged person out of a nursing home, or some other facility that would be funded out of some other Federal program at a much higher cost, that is difficult to debate.

Chairman GRIFFITHS. Are you aware that New Mexico under the WIN program wants to put, I think, about $75 million in on their State payroll and let the Federal Government pay their share of it, and New Mexico will pay the other. They want to put some women on as homemakers because they have discovered they are paying $420 a month for nursing-home care, and they think they can take care of these people cheaper in their own homes. The Department of Labor is sitting down here refusing to approve it.

Mr. VENEMAN. That would be under the WIN program.

Chairman GRIFFITHS. It is absolutely the height of the ridiculous, because the Governor of the State of New Mexico and the State Legislature have already agreed to this program, and the welfare director cannot get the Department of Labor or the Federal Government to agree that this can be done this way, although New Mexico is willing to take over the payments.

Mr. VENEMAN. Would that be 90–10 money?

Chairman GRIFFITHS. Yes. And then it goes down over a period of 3 years. And they will take them completely as State employees.

Mr. VENEMAN. In the example that you have used there is an assumption there that you do have something measurable, that some people will be kept out of nursing homes. And that is what we are talking about in this whole services issue.

Chairman GRIFFITHS. I think that the Department of Labor ought to have somebody speak to them in a very stern voice about this being plain stupid.

Mr. EDWARDS. New Mexico could hire those workers and receive 75 percent Federal matching for their expenses as social services. Now, what they would like to get is 90 percent instead of 75 percent.

Chairman GRIFFITHS. Yes. But it goes down over the 3-year period, from 100 to 50.

Representative CONABLE. The effect of some programs can be statistically measured. But I think that many of the things we are talking about are ultimately going to have to be decided and measured politically, because they involve priorities. Any amount of money spent anywhere is going to do some good somewhere. And the question is, is it involving a social purpose that people in a democracy generally consider a legitimate social purpose of high priority?

I can sympathize with the problems you have in evaluating these programs. I must say that, sitting as we do here as representatives of the people, without any great expertise, and without the background that comes from extensive training in higher institutions of learning, and so forth, we get the impression with this, and foreign aid, and other things, that frequently the measure is, how successful are you at shoveling out the money, not how successful have you been in changing the lives of the people for whose benefit the money is being shoveled out. That is one of those frustrations that I think is always going to be with us in Government.

I am perhaps too philosophical about it. I do think that ultimately the decision is going to be made politically on the basis of what people think is being accomplished. And I am afraid that is never going to be purely measurable in terms of statistics.

Mr. CARDWELL. Or sometimes in what they would like to be accomplished.

Representative CONABLE. Yes.

Chairman GRIFFITHS. In the New York hearings when we were asking the intake workers concerning the Division of Labor on Income Maintenance and Services, one worker said, "Well, the greatest service we can do these people is keep them on welfare." This was one of the things toward which effort was being directed, to keep them on welfare.

Mr. VENEMAN. There is one case not directly related to services, but in a way it is, in California.

At the time I left there were about 18,000 people that were in institutional care in the mental hygiene hospitals. About 5 years prior to that, before California started its community self-service programs, there were more than 30,000 that were institutionalized. Now, there is something tangible that you can identify, that you have actually closed down some of the facilities and institutions that were really——

Representative CONABLE. Maybe some of these should have been institutionalized, and the later figures may be——

Mr. VENEMAN. I think the point is that there were still institutions to take care of those that did require institutional care. But there are obviously a lot of people that could have been taken care of in a skilled nursing home or in the home, with some kind of services, which in this case were services which were provided through a Department of Mental Hygiene as opposed to social services and welfare.

Chairman GRIFFITHS. I would like to discuss some of the other philosophy of this. In many States, including New York and California, if you add up AFDC food stamps, school lunches, and Medicaid, you get benefits of over $1,000 per person. Now, this does not even include social service expenditures.

Representative CONABLE. Are you saying George is a piker?

Chairman GRIFFITHS. George is a piker. What George has been saying all this time, unlike everybody else, "I will pay only $1,000 a person."

Mr. VENEMAN. He did not say he would buy out food stamps or veterans hospitals or medicaid.

Chairman GRIFFITHS. The cash assistance in New York for a family of four, a woman heading the family, is $3,756 a year. The bonus value of food stamps is $312. The subsidy value of free lunches is $189. That adds up to $4,257. If you add medicaid for a family of four, that is about $1,070 in New York. That adds up to $5,327.

Now, if you divide the number of welfare recipients in New York by these social services, you are going to get $2,500 added to it, which is $7,828 for a family of four. This woman you don't even put on public housing. The moment you put that woman in public housing, then you have an even greater subsidy. The truth is that in all of this welfare what all of us should begin to admit is what it is costing individually, and ask ourselves if in place of keeping this huge bureaucracy operating, with all of these people going over the contracts, and so forth and so on—which obviously isn't being well done, no one knows what you are buying, what you are paying for—we wonder, wouldn't it be better to give them that money, some of that money and forget it?

Mr. VENEMAN. H.R. 1 does that to some extent.

But I hope we do not fall into the trap that we fell into when we first brought the first welfare reform bill before the Senate Finance Committee when Senator John Williams of Delaware, who was a very competent person, left the impression with the American people that everybody in New York with a family of four was getting somewhere around $8,000, when in fact you cannot simply assume that all of them are getting the benefit of the housing subsidy, because only 8 percent live in subsidized housing units. You cannot assume that you can divide the number of welfare recipient families by social services because you are not including the former and potential—that leaves wrong impressions with the American public. And I think a lot of damage was done to the good parts of public assistance and the responsible parts of public assistance by leaving that kind of impression with the public.

Chairman GRIFFITHS. But the truth is that you are spending the same amount as if everybody were getting it.

Now, the second truth is—and we have already found this out from the GAO—that if medicaid were actually given to everybody that is entitled to it, and all of them that had it used it, and if those that went to the doctor then took the medicine that the doctors authorized them to take, you would probably break medicaid. The truth is, they are not using it. Everybody that is entitled doesn't even have a card.

Mr. VENEMAN. If that would break it, just think what would occur if all the States took full advantage of the medicaid program.

Chairman GRIFFITHS. Just think what is going to happen if they take advantage of this social services thing, if you are not going to put some kind of a ceiling on it.

Mr. VENEMAN. I think we are all sending up the same warning.

Chairman GRIFFITHS. It is going to be really horrible. But it seems to me that what we ought to be doing on all welfare is admitting to ourselves what this cost really is.

Mr. VENEMAN. I think, Mrs. Griffiths, what we have to do—I think, with the work that the Ways and Means Committee did in H.R. 1, essentially the remedy that was developed in H.R. 1—is that the Federal Government will go so far in providing the basic minimum, establishing the eligibility standard, administering the money payments, for public assistance recipients, and if the States want to go beyond that, it is their ball game. Now, where we get trapped in a lot of social programs is in the matching game.

The Federal Government's role is in money payments and public assistance is simply as a vendor of dollars. It is the State legislature that sits there and determines what the grant payments are going to be, and it is the State legislature that determine who is going to be eligible within very broad guidelines. And we spend money, we spend 50 cents for every dollar they spend.

The same is true in services, The States make the determinations, based upon the broad guidelines written in the Social Security Act. I think what we have to do ultimately in this country is to divide the responsibility. We, the Federal Government, as we propose in H.R. 1, should pay 100 percent of what we feel our obligation is. And if the States such as New York feel that they should pay more, or California, or the industrial States, then let that be their dollars. And that is really, I think, the answer to a lot of the problems that we are confronted with.

Chairman GRIFFITHS. What we really should do, as you say, is take this thing over.

Mr. VENEMAN. Take whatever level we want to take over and let the States build on it.

Chairman GRIFFITHS. Yes. And I think H.R. 1 was a good beginning. The only thing that I think was really wrong is that you were still rewarding that girl for not marrying the father of the child and for leaving the husband. Somehow or other it has got to be her responsibility to make the father support the child. If she does not want to do it that way, then she gets whatever her share is, and from then on she is on her own. But I am sure that as long as men write these laws you are not going to do that, because they do not want to support any man. That is their first objection. And their second is, they get pretty sentimental and sloppy thinking when you get to women and children. She has some responsibility, in my opinion.

When he testified before the Senate Appropriations Committee regarding H.R. 1, the 1971 budget, Secretary Richardson said, "We have no good way of ascertaining the effectiveness of the expenditures for social services. We are convinced in a vague sort of way, it is a good thing, but we have no clear-cut way of determining whether or not and to what extent we are getting our money's worth."

That is true, is it not?

Mr. VENEMAN. I think it is a fair statement, and I cannot disagree with it.

Chairman GRIFFITHS. Now, these States differ in their expenditures. Montana is getting $10 per poor person under the social services provisions, Maryland, $1,000 per poor person. These spending patterns don't parallel the level of public assistance grants very closely. So it is obviously not just a question of State generosity in general. Could you tell me what factors are involved in these extreme variations?

Mr. VENEMAN. There is one basic factor, and that is the kind of programs that the States have in place.

Presumably, judging from those figures, you would assume that Maryland has a rather extensive day care program and they probably have an extensive homemaker service program, and some training programs, and other things that would be covered under the services, whereas Montana perhaps has never put any of these programs of any significance in place.

Chairman GRIFFITHS. I understand that in some of these States there has been a real reluctance to use this by people who felt that the social service rules did not intend to cover some of the things that they are suggesting. In HEW's region No. 4 all eight States have a 100-percent increase in Federal matching from 1971 to 1973 estimates. Six of the States have increases of more than 500 percent, and six estimate their Federal share at more than $100 million.

In region 7, with four States, only one State shows an increase of 100 percent in Federal matching. No State has more than a 500-percent increase, and none estimates a Federal share of $100 million in fiscal 1973. What in your opinion is the difference among the regions?

Mr. VENEMAN. I do not think it has too much to do with the region per se. I might add that the Mississippi figures are substantially reduced from that June estimate of $400 million, I think it is down to about $260 million; isn't that right?

Mr. RUTLEDGE. About 260.

Mr. VENEMAN. So when we suggest that we do not look at plans, I think that plan——

Chairman GRIFFITHS. Don't you think maybe there is something to that? When some of these people got the word, they passed it around.

Mr. VENEMAN. I think there is a lot to that.

Chairman GRIFFITHS. But in some areas apparently they did not do that.

Mr. VENEMAN. In some areas—I don't think it is a fact that Governor Hines does not understand that the services program is there, it could be a combination of several things, one of which is the fact that they have to raise their 25 cents and the legislature may question whether or not they want to appropriate the money for a full program.

Mr. PAGE. And as a matter of fact in Kansas there is fairly strong constraint on the State welfare department against initiating services. And this reflects the attitude of the legislature. And another factor is that some of the States are hesitant to build the programs because of the uncertainty of Federal legislation which from their point of view might adversely affect their next year's expectations, having made a very bold move this year.

Chairman GRIFFITHS. Room and board costs of public institutions are supposed to be funded under the cash welfare programs, if at all.

To what extent do your regulations on social services permit Federal funding of State room and board costs in public institutions?

Mr. RUTLEDGE. Some financial reimbursement is permitted if it is incidental or short term, while a larger social service or rehabilitation program underway if it is part of it, and the room and board is not the essential part of it. And there are limitations on this. And most of these are for transitional kinds of things for halfway houses and the like.

Chairman GRIFFITHS. In other words, the little kids in my district with IQ's of 30 to 50 who are trying to be trained for something they could do, they get their room and board, and the State has handed us this bill, 75 percent of the total bill. I take it that is incidental, the room and board is incidental to the fact that they are in a training program; is that what you are saying?

Mr. RUTLEDGE. If the training and support program is the major activity and it is not simply a custodial program in which we are taking the responsibility of the State to provide that care, it might very well be. We would have to know more about it.

Representative CONABLE. It might be one of two things. It might be temporary, or it might be where the room and board is incidental to another purpose.

Mr. RUTLEDGE. Those are the two items.

Chairman GRIFFITHS. Could you give us some idea of the major types of services for which Federal-State expenditures are increasing most rapidly?

Mr. RUTLEDGE. I would cite a few, and then submit a more detailed statement for the record.

In the estimate that I have in front of me, for example, the services for child care have increased over the last fiscal year from $129 million to $279 million, a hundred million increase in that one category.

Also services to obtain minor medical assistance have increased from some $36 million to $93 million.

(The statement referred to follows:)

The accompanying chart reflects the continued growth in service expenditures from fiscal year 1967 through 1972.

Services in addition to those provided through the Vocational Rehabilitation Act showing the greatest expansion include:

Referral services for employment and training, financial management services, housing services, legal services, emergency services, services to unmarried mothers, services to establish paternity and secure support, homemaker services, child care, protective services, services to youth in danger of delinquency, services to the physically and mentally retarted, services to obtain medical/dental care, services to maintain, self-care, and services to help maintain social relations and participate in community life.

AFDC SERVICES

[Dollars in millions]

	Fiscal year 1967 families served	Fiscal year 1967 Federal expenditures	Fiscal year 1969 families served	Fiscal year 1969 Federal expenditures	Fiscal year 1971 families served	Fiscal year 1971 Federal expend itures	Fiscal year 1972 families served	Fiscal year 1972 Federal expenditures
No services provided	383,315	-	125,900	-	574,000	-	-	-
Unknown if services provided	0	-	53,300	-	147,300	-	192,300	-
Total provided 1 or more service	1,504,935	$181.2	2,239,194	$299.5	3,055,188	$590.0	3,610,100	$1,253.8
Counseling, guidance, diagnosis	1,038,500	9.4	1,234,600	20.5	1,540,800	30.8	1,682,500	42.1
Vocational rehabilitation services	183,200	4.6	246,900	7.6	151,100	15.1	192,300	58.2
Referral for employment/training	72,100	7.8	139,100	12.8	295,000	23.6	365,300	34.6
Summertime, part-time employment—child	188,800	1.0	237,200	1.6	188,800	3.2	240,400	4.8
Preschool education	188,800	3.2	276,000	5.3	264,400	10.6	240,400	12.0
Assistance in continuing education	498,500	3.1	673,000	5.0	660,900	9.9	841,200	16.8
ABE-GED	177,500	1.7	239,700	2.8	321,000	5.5	360,500	7.2
Vocational rehabilitation education	175,600	2.9	237,200	4.8	290,800	9.6	288,400	10.9
Improved financial management	972,400	6.0	1,312,000	9.9	1,401,100	19.7	1,783,400	26.8
Housing	649,600	9.4	876,300	15.4	1,027,200	30.8	1,201,800	48.8
Legal services	307,800	8.1	416,400	13.2	479,600	26.4	528,800	32.5
Emergency services	377,700	5.9	510,800	9.6	653,300	19.2	721,100	56.4
Unmarried mother	247,400	6.0	334,100	9.8	389,000	19.5	495,100	49.5
Establish paternity	268,100	5.5	360,700	9.0	449,400	18.0	480,700	24.0
Secure support	672,200	6.6	907,800	1.1	1,072,500	21.5	1,201,800	48.0
Homemaker	102,000	5.1	138,000	11.4	185,000	16.8	240,400	36.0
After care—Institutional—Foster care	49,100	8.5	65,400	1.4	75,500	3.3	144,200	7.2
Recreation Summer Act—Children	226,600	1.4	363,100	2.3	294,600	4.6	384,600	7.7
Child care	94,400	37.0	138,000	69.8	264,400	129.6	408,[illegible]00	279.8
Adoptive services	22,700	2.1	31,500	3.4	37,800	6.7	48,100	9.4
Foster care	37,800	4.6	50,800	7.6	71,800	15.2	96,100	22.7
Protective services	88,700	7.4	118,600	12.2	162,400	24.4	206,700	56.4
Marital services	285,100	1.6	384,900	2.7	415,400	5.4	480,700	7.2
Parent-child relationship	477,700	2.9	643,800	4.7	660,900	9.3	721,100	14.4
Juvenile delinquency	83,100	4.0	111,400	6.6	132,200	13.2	192,300	60.0
Physical and mental handicap	270,000	7.7	363,100	20.1	351,200	40.4	576,800	86.5
Family planning:								
Without medical	355,000	1.9	479,300	3.1	687,300	6.2	913,300	10.0
With medical	172,000	1.5	232,400	2.4	283,200	4.8	384,600	7.5
Services to obtain: Medical dental care	999,000	11.2	1,348,400	18.4	1,469,100	36.7	1,869,900	93.5
Services not specified	57,000	3.1	77,500	5.0	124,600	30.0	158,600	82.9

ADULT SOCIAL SERVICES

[Dollar amounts in millions]

	Fiscal year—							
	1967		1969		1971		1972	
	People	Amount	People	Amount	People	Amount	People	Amount
Total money payment recipients	4,169,000		4,155,000		4,512,000		4,698,000	
APTD	882,000		3,028,000		1,317,000		1,493,000	
OAA	3,160,000		1,005,000		3,075,000		3,085,000	
AB	127,000		122,000		120,000		120,000	
Total receiving no services	3,110,000		3,050,000		3,222,000		3,307,000	
APTD	379,000		432,000		566,000		642,000	
OAA	2,670,000		2,559,000		2,598,000		2,607,000	
AB	61,000		59,000		58,000		58,000	
Total receiving 1 or more services	1,062,000	$54.3	1,105,000	$82.3	1,290,000	$160.0	1,391,000	$352.9
APTD	503,000		573,000		751,000		851,000	
OAA	490,000		469,000		477,000		478,000	
AB	69,000		63,000		62,000		62,000	
Specific services provided	1,179,000		1,200,000		1,336,600		1,607,900	
(1) Health support	338,000	24.5	268,000	30.5	196,000	57.5	216,000	112.9
(2) Improved financial function	82,000	1.1	93,000	2.5	113,400	4.9	135,000	14.1
(3) Maintaining home	106,000	6.0	110,000	10.7	120,500	21.7	145,000	49.8
(4) Protective services	108,000	4.3	130,000	8.2	148,700	16.1	177,000	38.3
(5) Self-care services	319,000	11.9	350,000	19.7	385,000	38.5	442,000	88.9
(6) Maintaining social relations and participation in community life	226,000	6.5	249,000	10.7	373,000	21.3	492,900	49.4

CHILD WELFARE SERVICES

	Fiscal year 1967 persons served	Fiscal year 1967 Federal expenditures	Fiscal year 1969 persons served	Fiscal year 1969 Federal expenditures	Fiscal year 1971 persons served	Fiscal year 1971 Federal expenditures	Fiscal year 1972 persons served	Fiscal year 1972 Federal expenditures
Day care	34	$1,500	34	$1,500	34	$1,500	34	$1,500
Foster care	225	29,000	226	30,226	210	31,691	205	33,353
Adoption services	43	2,295	44	2,400	45	2,391	45	2,392
Service to educationally deprived school children	78	4,130	81	4,340	86	4,324	80	4,324
Preventive, protective, and other services	293	8,971	367	8,176	416	5,790	305	4,431
Total unduplicated count	[1] 616	45,896	694	46,633	735	45,696	614	46,000

[1] Total numbers of persons served includes those receiving more than 1 service.

Chairman GRIFFITHS. Let me ask you something on that child care. Would that be maybe 25 million mothers that have gone to work? If it is so, where is it showing in the employment figures?

Mr. RUTLEDGE. It may be that a substantial portion of these would be persons who need child care because of either being in a training program or because of health, or going into employment. There has been some substantial increase in some of the programs. It might also mean that there has been a greater utilization of these programs by persons who were already involved in one of these activities, but who previously had not come forward.

Representative CONABLE. Isn't that the big thing?

Mr. RUTLEDGE. Yes. When you think about the dramatic increase in the last few years, it is not in every instance new people becoming eligible. We have never in this country adequately covered or taken care of all of those who are eligible either for public assistance payments or other services, under our existing law. And many organizations are actively recruiting persons to come forward and take advantage of these opportunities, which I think has accounted for a great deal of the dramatic increase.

Chairman GRIFFITHS. In your opinion, to what extent has the separation of eligibility and services been achieved, and to what extent can it be achieved?

Mr. VENEMAN. I think it can be fully achieved—I will let Phil Rutledge respond to how many States actually have implemented the plan in total. Only in the adult category has it virtually been achieved.

Mr. RUTLEDGE. All of the States are due to submit a plan to use by October 1, and to have it in effect by January 1. Some States are having some concerns about it. But this has been a principle that has been discussed and supported by the profession for some years and we do not expect a major problem.

Chairman GRIFFITHS. Well, if you direct a person to find a job and help him to find a job, is that income maintenance or a service?

Mr. VENEMAN. That would be a service.

Chairman GRIFFITHS. A lot of people we were talking with in our local hearings felt there was some confusion.

Mr. VENEMAN. Maybe he would not agree, but I would say it was a service.

Mr. RUTLEDGE. I might say in connection with that, when the same individual has been providing both services and determining eligibility for awhile, there is going to be some initial disagreement among reasonable people about what is an income maintenance activity and what is a service.

We have had training programs underway and we have developed working papers and other guidelines that we made available to the committee that we have been hoping and are anticipating will be of assistance to the States. But we expect that for the first year of the implementation of the separation program there is likely to be some disagreements about which——

Chairman GRIFFITHS. Really, aren't you being taken into camp on this separation?

The matching rate for the expense of administering welfare is only 50 percent, whereas the rate for services is 75 percent. So aren't a lot of people redefining this whole thing into services?

Mr. RUTLEDGE. That has been our problem in the past.

Mr. VENEMAN. When they aren't separated.

Chairman GRIFFITHS. That is really the whole problem, is it not?

Mr. VENEMAN. That was the problem.

Chairman GRIFFITHS. And now they are all offering services.

Mr. VENEMAN. No; but if somebody is sitting at a desk filling out an eligibility form and somebody walks in, and it is clearly separated, at least you know that person is a 50–50 paid person, whereas before it was separated, I am sure that many administrative agencies administering welfare were running her salary through as a service person.

Chairman GRIFFITHS. Couldn't we do better if we really set up the law on a better matching basis?

Mr. VENEMAN. We can do much better. Again I hate to keep championing the cause of H.R. 1, but if we do have the income maintenance provisions a Federal responsibility, the money payment provision is a Federal responsibility, you don't have the issue. That becomes a clearly defined responsibility of the intake worker with the Federal Government sending out the checks. And every other service to former, current, and potential welfare recipients in the framework of services would be a State responsibility.

Mr. RUTLEDGE. There are some other ways in which this will help, too. Having administered one of these programs at the local level, one finds that the great bulk of one's time is devoted to the assistance payments, and who is eligible for money payments, and whether there was an overpayment or underpayment, and relatively little attention is really given to the services and what they are supposed to do, in spite of the fact that that is a 75-percent reimbursement. The administrator spends 80 percent of his time worrying about the money side of it. This separation will give us now the first opportunity to really determine whether we can develop an effective and comprehensive human resource system to deal with social problems and social barriers, so that we can answer some of the kind of questions that you and Mr. Conable and others are raising.

If you ask every administrator what they do at this time, I suspect they would say that relatively little is spent on their service programs and their planning and evaluation, and a great deal on trying to determine whether everyone is eligible or ineligible for a given service payment.

Chairman GRIFFITHS. If the end of the social services appropriation is closed, what does the Department see its review function to be in tightening up on the definition of services, the definition of eligible recipients of services?

Mr. VENEMAN. Well, it could go two ways, Mrs. Griffiths. I understand that the Senate this morning passed an amendment to the Revenue Sharing Act that would limit that $1.6 billion. And if what I heard is accurate, $1 billion of this would essentially go through the urban formula, the revenue sharing bill, and really we would not have too much to do about it. It will be just more money going to the States, and they can determine how they are going to spend it for service.

Representative CONABLE. A billion of tht $1.6 billion——

Mr. VENEMAN. As I understand, the way the amendment went through the Senate this morning, Mr. Conable, $600 million is made available for day care and family planning, and that the original Long proposal for $1 billion using the urban formula remains intact. If that is the case, we really would not have too much to be concerned about as to whether they have got an effective State plan or anything else. It will just be allocated to the States on a matching basis, and there will be $1 billion to divide up, is what it amounts to. And then the States are going to have to get the best value for their dollar, really. And it gets back to the concept of revenue sharing, that will determine whether that is the most effective and important service for their given community.

Chairman GRIFFITHS. They will all be down here next year to increase the entire amount by a large sum.

Mr. RUTLEDGE. Madam Chairman, I have before me a copy of the "Program Regulation Guide on the Separation of Services From Assistance Payments," and also a copy of the working papers on determining functions and activities.

I would be pleased to submit them for the record.

Chairman GRIFFITHS. We would be very pleased to have them. We will insert the regulations in the record.

(The information referred to follows:)

Program Regulation Guide on the Separation of Services from Assistance Payments

U.S. DEPARTMENT OF HEALTH, EDUCATION AND WELFARE

Social and Rehabilitation Service • Community Services Administration

(SRS) 73-23014 • 1972

DISCRIMINATION PROHIBITED--Title VI of the Civil Rights Act of 1964 states: "No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance."

PROGRAM REGULATION GUIDE

ON

SEPARATION OF SERVICES FROM ASSISTANCE PAYMENTS

U. S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Social and Rehabilitation Service
Community Services Administration

1972

DHEW Publication No. (SRS) 73-23014

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PART 205 - General Administration

Section 205.102 - Separation of Services From Assistance Payments

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Part 205 General Administration

Section 205.102 Separation of Services from Assistance Payments

I. Legal Background and Authority

A. Titles I, IV-A, X, XIV, and XVI of the Social Security Act, as amended; Sections 2(a)(5)(A), 402(a)(5)(A), 1002(a)(5)(A), 1402(a)(5)(A), and 1602(a)(5)(A).

B. 45 CFR 205.102 (Federal Register, June 2, 1972).

C. SRS Program Regulation 10-12, dated June 2, 1972.

II. Purpose and Scope of the Regulation

The purpose of this regulation is to improve the services programs by requiring that they be administered separately from assistance payments. Each of the public assistance titles of the Act contains a State plan requirement for "such methods of administration...as are found by the Secretary to be necessary for the proper and efficient operation of the plan...."

Experience has shown that the demands of the assistance payments program--complex and sometimes restrictive eligibility provisions, requirements for prompt furnishing of assistance, frequent emergencies--are such that they tend to absorb most of a worker's time and energy. The nature of this function, which necessarily stresses determination and redetermination of eligibility for financial assistance--so as to maintain a valid caseload--may make it difficult for the client to see the worker as a helping person with whom he can freely discuss his problems, other than economic need.

Community Services Administration
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Section 205.102 Separation of Services from Assistance Payments

II. Purpose and Scope of the Regulation (Continued)

Although no attempt is made to suggest the dimensions or structure of the assistance payments function, it is obvious that in planning and implementing separation both functions must be considered. States will need to assess and determine, for example, the planning, staffing, training, and other needs for the assistance payments functions as well as the services function.

Each public assistance title also contains a requirement that the total program under that title be administered (or supervised) by a single State agency. There is nothing which requires the same agency to administer all titles, nor is there anything to prohibit joint administration of many functions. In some States, vocational rehabilitation, public welfare, public health, mental health, and sometimes corrections and other administrative responsibilities and authorities are within the same single State agency. However, there are also statutory and regulatory provisions which require the separate administration by identifiable organizational units for all aspects of a particular program, such as those that now apply to vocational rehabilitation, services to the aging, and mental health. The separation regulation establishes a similar relationship of services to the single State agency; that is, at all levels below the head of that agency (which may be an individual or a board), provision must be made for an identifiable line of services program authority, which is separate from the line of assistance payments authority. This regulation, therefore, in no way violates or conflicts with the single State agency requirement.

III. Implementation of Regulation
§205.102(a)(1) Plan for Separation

By October 1, 1972, the State must submit for approval by the

Section 205.102 Separation of Services from Assistance Payments

III. Implementation of Regulation
§205.102(a)(1) Plan for Separation (Continued)

SRS Regional Commissioner a plan for separation. This plan will cover all the steps and aspects necessary to establish a separated service system capable of functioning independently from the assistance payments system.

It is recognized that a planning and implementation process of considerable detail and magnitude is necessary to achieve effective separation. Some States may have engaged more extensively than others in the process and may have completed most of the necessary steps. However, at least the steps included in the attached instructions must be described in the plan, providing evidence of whatever has been completed.

§205.102(a)(2) Statewide Implementation

The approved separation plan must be in effect statewide no later than January 1, 1973. This means that the restructuring of the State social service operations must be completed and must begin to function independently of the cash assistance program no later than this date.

§205.102(a)(3) Progress Report

The State is required to submit a progress report of the functioning of the separated service system on or before March 15, 1973. This report will reflect both the progress and the success and any problems that may have arisen, together with plans for correcting them and target dates for corrective action. Reporting forms will be provided by SRS.

§205.102(b)(1),(2), and (3) Definitions

The definitions provide the basis for separation planning.

Section 205.102 Separation of Services from Assistance Payments

III. Implementation of Regulation
§205.102(b)(1),(2), and (3) Definitions (Continued)

They clarify: (1) the degree of separation within the single State agency and (2) which of the functions now jointly administered must be separated.

With respect to the degree of separation, the definitions establish the minimum requirements and are not intended to preclude States from seeking more complete separation of the two functions below the head of the single State agency. The regulation prohibits the combined administration of the service and assistance programs; it does not preclude coordination and integration of social services with other human services programs.

§205.102(b)(1) Separation

(1) Separation means the establishment of a services system designed to operate independently of the assistance payments system.

Under the head of the single State agency, two lines of authority are required, utilizing two State directors or chief officials, one for services and one for assistance payments. Two lines of authority must be maintained at every administrative level, operating independently of each other. This means that there must be a separate services unit at the State level for program development, and policy formulation and implementation for all services, including supporting services for WIN, and for supervision and consultation to the local agencies.

The use of a common administrator or common head is also permitted: (1) at the State level, providing line

Section 205.102 Separation of Services from Assistance Payments

III. Implementation of Regulation
§205.102(b)(1),(2), and (3) Definitions (Continued)

supervision of the service delivery level and (2) at a single local level that has overall administrative responsibility. In large cities, where the program is administered through several suboffices, a common administrator is permitted only at the main local office. Under each common administrator, as stated above, two lines must be maintained. The separate service line shall include all staff engaged in services policy and program development, supervision of local operation of service programs, and actual provision of services to clients.

Separate or common facilitating services may be used at each administrative level as needed. Supporting services are defined in BOB Circular A-87 as: "...auxiliary functions necessary to sustain the direct effort involved in administering a grant program or an activity providing services to the grant program. These services may be centralized in the grantee department or in some other agency, and include procurement, payroll, personnel functions, maintenance and operation of space, data processing, accounting, budgeting, auditing, mail and messenger service, and the like." 1/

Separate accounting and reporting must be maintained, although it is permissible to carry out these functions in common facilitating units. When joint responsibility is placed in the same unit, staff assignments or time allocations must be made in such fashion that the requirements of each of the two functions are met. While the regulation provides that common facilitating services may be used, it is incumbent upon the single State agency to evaluate which of its functions may be designated to be served by such units. It may be in the best interest of services to carry some supporting functions as

1/ Intergovernmental Cooperations Act. 1968, Public Law 90-577. BOB Circular Letter A-87.

Section 205.102 Separation of Services from Assistance Payments

III. Implementation of Regulation
§205.102(b)(1),(2), and (3) Definitions (Continued)

separate and exclusively for services, e.g., data collection, data analysis, and staff development and training.

Policy, procedural, instructional, and informational materials may need to be issued separately for the services system. The social services records must be separate from financial assistance records.

Since the services and assistance programs serve the same groups of families and individuals, agreements must be worked out so that the staff in each system can perform its own distinctive function without overlapping and without assumption of each other's responsibilities.

It is expected that every possible effort will be made to fulfill the requirements of the separation regulation even in the sparsely populated areas with limited staff.

When and where constraints make separation difficult, innovative and imaginative methods may make it possible to implement the requirement. Districting or regionalizing a group of sparsely populated areas, through collaborative arrangements, can provide for separate staff to carry out the two functions. Such methods may include:

(a) Assignment of payments or services functions to one locality for a group of localities.

(b) Assignment of payments functions to district or regional staff.

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III. Implementation of Regulation
§205.102(b)(1),(2), and (3) Definitions (Continued)

(c) Assignment of services functions to district or regional staff.

(d) Assignment of common head responsibilities to one person for a group of sparsely populated areas.

Any of these arrangements could free sufficient staff to provide services and assistance separately in each local jurisdiction.

Working Paper No. 4., "Separated Services in Sparsely Populated Areas" 2/will give additional help to States on this subject.

It is anticipated that there will be few States in which constraints or barriers make it impossible to achieve statewide separation of the functions of services and assistance payments at the local delivery level by January 1, 1973. For these situations, the regulation permits "alternate arrangements" in the sparsely populated geographical areas, subject to approval by the SRS Regional Commissioner.

Any request for consideration of an alternate arrangement, i.e., an exception to the requirement for separate staff, must contain the information specified in the attached instructions for the separation plan, including the following documented information:

2/ United States Department of Health, Education, and Welfare, Social and Rehabilitation Service, Community Services Administration: Determining Functions and Activities of the Public Social Service Agency in the Separated System -- Five Working Papers. Washington, D.C. DHEW Pub. No. 73-23016. 1972.

III. Implementation of Regulation
§205.102(b)(1),(2), and (3) Definitions (Continued)

(a) Agency resources which were committed to study innovative approaches as suggested above or proposed by SRS regional staff.

(b) The innovative approaches considered and the reasons why they cannot be adopted.

(c) Specification of the barriers or constraints which necessitate the request for exception.

(d) The period of time for which the exception may be necessary.

(e) The plans and resources that will be committed for removal of the impediments to full separation of services from assistance payments.

Requests for approval of exceptions will be considered only when they pertain to local delivery levels with less than three professional staff.

Special criteria for evaluation and approval of alternate arrangements for the use of the SRS Regional Commissioner are included in the appendix to this guide.

§205.102(b)(2), and (3) Services Function and Assistance Payments Function

(2) The definitions of the services function and assistance payments function are based on the "purposes" to be served by each function. They clarify what functions are to be assigned to each of the administrative lines. There is

Section 205.102 Separation of Services from Assistance Payments

III. Implementation of Regulation
§205.102(b),(1),(2), and (3) Definitions (Continued)

no attempt to suggest the content of social services. (This is included in the State plan.)

The definitions call for the classification of agency activities according to the end toward which they are directed, not the characteristics of the activity nor the qualifications of the person performing them. In some areas, services and assistance payments staff, in carrying out their respective roles, may engage in similar activities. For instance, the preparation of a report on social functioning of an individual for the purpose of determining eligibility for Aid to the Disabled is an assistance activity; on the other hand, the assessment of social functioning for the purpose of making a service plan is a service activity. Similarly, the furnishing of transportation is usually part of the assistance payments function, but it also may be furnished by the service agency when it is utilized as part of a service plan.

These definitions mean that personnel assigned to each of the two functions must make the decisions which authorize the expenditure inherent in each function. For example, decisions as to special need allowances or AFDC foster care payments must be made by assistance staff; decisions as to services to be provided and the authorization of expenditures to carry out a service plan, to be claimed at the Federal service rate, must be made by service personnel. The definitions are not to be interpreted to preclude the sharing of information by the two systems.

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III. Implementation of Regulation
§205.102(b)(1),(2), and (3) Definitions (Continued)

Such sharing, as appropriate, is vital, for example, in the WIN program, in situations involving the use of protective payees and in emergency situations where the two functions are closely allied.

In fulfilling the requirements for separation, the State will need to sort out all activities according to "purpose," assign them to one or the other of the two functions, and make provision for the necessary interrelationships. Written procedures and agreements will be needed to facilitate smooth functioning. The Separation Guide for State Agencies[3/] and Working Paper No. 2, "Handling Areas Common to Assistance Payments and Services"[2/] will give additional help to States in this area.

Child welfare services under title IV-B are a service function, as is the determination of eligibility for services of those individuals and families who are not applicants for or recipients of financial or medical assistance and, under title IV-A, for those who can qualify under 45 CFR 220.52(a)(3)(iii) or (iv), or 45 CFR 222.55(a)(2)(ii) or (iii).

Determination of eligibility for medical assistance under title XIX is an assistance payments function.

Activities related to other State-financed assistance programs administered by the single State agency are also part of the assistance payments function.

3/ United States Department of Health, Education, and Welfare, Social and Rehabilitation Services, Community Services Administration and Assistance Payments Administration, The Separation of Services from Assistance Payments: A Guide for State Agencies. Washington, D.C. DHEW Pub. No. 73-23015. 1972.

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APPENDIX

CRITERIA FOR EVALUATING PROPOSED ALTERNATE ARRANGEMENTS
FOR SEPARATION IN LOCAL AGENCIES
IN SPARSELY POPULATED AREAS

I. Purpose

The purpose of this guide is to provide SRS regional staff with a basis on which to evaluate exceptions to the requirement of assigning separate staff for services and assistance payments functions as proposed by States for sparsely populated geographical areas with limited staff.

II. Definitions

Sparsely populated geographical area means an area which has limited staff because of low population density, or, in some situations, one where very few families or individuals would be eligible for, or likely to need and want, public social services.

Lack of administrative feasibility means that an area served by less than three professional staff is unable to comply with the requirement of assigning separate staff for services and assistance payments functions by participating in a plan for districting or regionalizing, or by some other innovative method, because of legislative or other documented constraints.

Alternate arrangements means the assignment of functions in a way that does not meet the basic requirement for separation of services from assistance payments but does fulfill all other requirements applicable to the service programs.

III. General Criteria for Approving Alternate Arrangements

A. The principles of separation and the basic provision of the regulation are to be upheld to the greatest extent possible.

B. Consideration for approval of alternate arrangements may be given only to those areas served by less than three professional staff. Offices with three or more professional staff are in a position to comply with the regulation requiring separate staff for services and assistance payments functions by division of labor, purchase of services, and use of the common head for sharing workloads.

C. A State that had, prior to issuance of the regulation, developed plans for special organizational patterns and approaches which will achieve statewide separation, including areas with varying complements of staff, will be expected to implement such plans.

D. In showing that fiscal constraints prevent separation, States must provide evidence that there is already an equitable distribution of State and Federal funds among the localities, according to the State formula.

IV. Specific Criteria for Approving Alternate Arrangements

In sparsely populated areas with one or two professional staff, it may not be possible in all instances to adopt innovative methods, such as those described in this Program Regulation Guide, because of legislative barriers or other documented constraints. Exceptions to the requirement for assignment of separate staff for services and assistance payments functions may be considered only when either of two situations prevail:

A. The area for which the State proposes an exception has only one professional staff person for administration of the program, and these conditions obtain:

(1) The one professional staff person is the designated local common head.

(2) The Regional Commissioner has ascertained through documentary evidence that the current workload warrants no more than one professional staff person who can carry the administrative responsibilities

and the services and assistance payments functions without jeopardy to the consumers of either program.

(3) The Regional Commissioner has ascertained through documentary evidence that innovative methods, such as suggested in this Program Regulation Guide, would not be feasible by January 1, 1973;

B. The area for which the State proposes an exception has two professional staff persons, one of whom is the common head, and these conditions obtain:

(1) The Regional Commissioner has ascertained that (a) the current workload of assistance payments and services and (b) the administrative duties of the common head may be performed by two staff persons as follows:

(a) One staff person carries complete responsibility for either assistance payments functions or for service functions.

(b) The other staff person carries complete responsibility for the duties of the common head (the administrative aspects of services and assistance payments) and for the function not performed by the other person.

(2) The Regional Commissioner has documentary evidence that innovative methods, such as suggested in this Program Regulation Guide, would not be feasible by January 1, 1973.

The fact that the professional staff consists of less than three persons may not be the single criterion for granting an exception. The total situation must be assessed, taking into account:

(1) A factual analysis of the administrative feasibility of separation through innovative methods.

(2) An accurate analysis of the current workload.

(3) The provisions for reporting and cost allocation.

When the current workload is obviously beyond the capacity of the staff in the agencies with one or two professional staff persons, the situation should be viewed as a problem of inadequate staffing rather than a problem with the separation regulation, and consideration must be given to compliance with the staffing requirements of 45 CFR 220 and 222.

[From the Federal Register, June 2, 1972]

TITLE 45—PUBLIC WELFARE

CHAPTER II—SOCIAL AND REHABILITATION SERVICE (ASSISTANCE PROGRAMS), DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

PART 205—GENERAL ADMINISTRATION—PUBLIC ASSISTANCE PROGRAMS

SEPARATION OF SERVICES FROM ASSISTANCE PAYMENTS

Notice of proposed regulations for the programs administered under titles I, IV–A, X, XIV, and XVI of the Social Security Act, which would amend §§ 220.9 and 222.27 of this chapter to require organizational separation of services from assistance payments, was published in the FEDERAL REGISTER on February 1, 1972 (37 F.R. 2445). After consideration of the views presented by interested persons, the regulations as proposed are hereby adopted and codified in Part 205 of this chapter, subject to the following substantive changes:

1. The date for submittal of the separation plan is changed from July 1, 1972, to October 1, 1972 (§ 205.102(a)(1)).
2. The dates for submittal of progress reports are changed from October 15, 1972, and January 15, 1973, to a single report on March 15, 1973 (§ 205.102(a)(3)).
3. The administrative levels at which a common administrator may be utilized are specified (§ 205.102(b)(1)).
4. Flexibility is provided for some variation in sparsely populated areas with limited staff (§ 205.102(b)(1)(iv)).

Part 205 of Chapter II of Title 45 of the Code of Federal Regulations is amended by adding a new § 205.102 as set forth below:

§ 205.102 Separation of services from assistance payments.

(a) *State plan requirements.* A State plan under title I, IV–A, X, XIV or XVI of the Social Security Act must provide:

(1) For development of a plan for separation of services from assistance payments and for the establishment of a separated service system, which will accord with guidelines issued by the Social and Rehabilitation Service, and will be submitted no later than October 1, 1972, to the SRS Regional Commissioner for approval:

(2) For statewide operation of the approved separation plan no later than January 1, 1973; and

(3) For submittal of a progress report on the implementation of separation, no later than March 15, 1973.

(b) *Definitions.* (1) "Separation of services from assistance payments" means the administration and operation of the services function independently from the assistance payments function, with separate lines of authority for each function.

(i) In addition to the single State agency head, for both the services and the assistance payments functions, there may be a common head at the level of State supervision of local office operations and at the overall local administrative level.

(ii) There must be, at all levels, separate lines of authority and separate staff directly and exclusively responsible for services programs as distinguished from assistance payments programs. This includes all staff engaged in policy and program development, supervision of local operation of service programs, and actual provision of services to clients.

(iii) There may be common or separate facilitating services at any State or local agency level, depending on the need.

(iv) In the case of a sparsely populated geographical area, upon justification by the State agency documenting a lack of administrative feasibility in assigning separate local staff for services and for assistance payments functions, the SRS Regional Commissioner may approve alternate arrangements, based upon criteria set forth in SRS guides, and designed to achieve the purposes of separation in such area to the maximum exten possible, and to provide reporting and cost allocation methods which will assure compliance with other Federal requirements and proper claims for Federal financial participation.

(2) The "services function" encompasses those activities included in the approved State plan and carried out by the agency, pursuant to Parts 220, 222, 223, and 226 of this chapter, in order to enable an individual or family, or groups of individuals or families, to overcome barriers to the achievement of their objectives and the goals of the public social services programs. It includes determination of eligibility for services of those individuals or families who are neither applicants for nor recipients of financial or medical assistance, and, under title IV–A, for those who can qualify under § 220.52(a)(3)(iii) or (iv) of this chapter.

(3) The "assistance payments function" encompasses all activities and payments for basic maintenance, i.e., furnishing the income to which an individual or family is entitled under the approved State plans for meeting day-to-day ongoing living costs and special needs. It includes the complete process of determining initial and continuing eligibility for financial and medical assistance and for commodities distribution or food stamps. It also includes maintaining the case in assistance payment or certification status.

(Sec. 1102, 49 Stat. 647, 42 U.S.C. 1302)

Effective date. The regulations in this section shall be effective on October 1, 1972.

Dated: April 28, 1972.

JOHN D. TWINAME,
Administrator, Social and Rehabilitation Service.

Approved: May 18, 1972.

ELLIOT L. RICHARDSON,
Secretary.

[FR Doc. 72–8312 Filed 6–1–72; 8:47 am]

Chairman GRIFFITHS. I want to thank you for being here. It is a pleasure to talk this over with you. And I hope that we can come up with some facts, and that we will pass H.R. 1, or something like that.

Representative CONABLE. We expect we will have some further dealings.

Mr. VENEMAN. I somehow get that feeling myself.

(Whereupon, at 3:15 p.m., the subcommittee adjourned, to reconvene at 10 a.m., Wednesday, September 13, 1972.)

OPEN-ENDED FEDERAL MATCHING OF STATE SOCIAL SERVICE EXPENDITURE AUTHORIZED UNDER THE PUBLIC ASSISTANCE TITLES OF THE SOCIAL SECURITY ACT

WEDNESDAY, SEPTEMBER 13, 1972

CONGRESS OF THE UNITED STATES,
SUBCOMMITTEE ON FISCAL POLICY
OF THE JOINT ECONOMIC COMMITTEE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:05 a.m., in room S-407, the Capitol Building, Hon. Martha W. Griffiths (chairman of the subcommittee) presiding.

Present: Representatives Griffiths and Conable; Senators Humphrey and Percy.

Also present: Alair A. Townsend, technical director; James R. Storey and Robert I. Lerman, staff economists; Irene Cox, staff sociologist; Vivian Lewis and Mary Beth Curry, research assistants; and Caterina Capobianco, administrative secretary. Members of the Joint Economic Committee minority staff: Leslie J. Bander, economist; Walter B. Laessig and George D. Krumbhaar, Jr., counsels.

Chairman GRIFFITHS. If you will take your seats, gentlemen, we will proceed at once.

Today the Subcommittee on Fiscal Policy of the Joint Economic Committee will hear from welfare and budget officials from several States as part of our investigation of the runaway State social services spending which the Federal Government must subsidize this year.

In the hearings yesterday, we heard from the Undersecretary of Health, Education, and Welfare, Mr. John Veneman.

This morning our witnesses are representatives of the States of Illinois, Mississippi and Georgia, who will explain the type of services Federal funds are used for and explain why the amounts requested have gone up so dramatically.

The totals for this year, you will recall, were put at $4.6 billion by HEW officials yesterday. Hopefully, these gentlemen will be able to explain how the federally funded services benefit welfare recipients past, present and potential.

Each witness may make a brief oral statement, but I would like to proceed with questions. Please don't bother to read your statements. Accompanying the witnesses is John McCarter, the director of the Illinois Bureau of the Budget. Is that right? He is not here.

Will you proceed in order and would you like to proceed, Mr. Weaver, with a summary of your statement?

STATEMENT OF EDWARD WEAVER, DIRECTOR, ILLINOIS DEPARTMENT OF PUBLIC AID, ACCOMPANIED BY ROBERT C. BENSON, JR., CHIEF, OFFICE OF SOCIAL SERVICES PLANNING

Mr. WEAVER. Thank you, Madam Chairman. I am very pleased for this opportunity to talk to you about social services funding, delivery and impact.

To many citizens of this country, these services are vital.

Following action of the Congress in 1962 to include Federal standards and participation in financing of social services, there was a small increase in social services delivered by public welfare agencies in the mid-1960's.

In 1967, however, major public social service policy was enacted by the Congress which extended the coverage and the methods of delivery of service to the dependent and potentially dependent population. This extension, to a considerable extent, was at the option of the individual States; and it is that option that has been exercised since 1969.

It was not until 1969 that HEW issued regulations to implement the law passed by the Congress in 1967. You have already noted, I am sure, that the increase in Federal participation called for by the States in the social services area has largely occurred since 1969.

I have been concerned with what I have been hearing over the last year or so. It seems to be in vogue to blame the States as though they are doing something illegal in securing Federal dollars for services for dependent people. The States—at least I can speak for Illinois—are in fact putting into practice the laws passed by the Congress in 1967 and the regulations as issued by HEW in 1969.

I sometimes believe that fact has escaped notice.

Examination of the claims being made by the States in some instances may support the allegations of irresponsible behavior, and I would say candidly if such abuse occurs there is a remedy. Pursuant to an audit, Federal moneys can be reclaimed if they have not been spent in compliance with Federal law and regulations. It seems to me that is the preferred action rather than to arbitrarily cut a program which will bring inevitable hardship to the hundreds of thousands of our citizens who are dependent upon and need social services to assist them in achieving self-care and self-support.

Allegations of irresponsible behavior are not uniformly true and, in particular, the record of the State of Illinois on this issue is a responsible one; and I thank you for providing this opportunity for us to review this issue with you.

I only regret that our offers of a complete review of the Illinois program to national news magazines and officials of HEW over the last number of months have been repeatedly turned down in favor of a preference for reciting uninformed and misleading generalities.

I would like very much, Madam Chairman, to review the Illinois record for you. It is in written testimony before you.

Chairman GRIFFITHS. I will have it placed in the record.

Mr. WEAVER. Thank you.

(The prepared statement of Mr. Weaver follows:)

PREPARED STATEMENT OF EDWARD WEAVER

State governments have come under increasing criticism for alleged irresponsible behavior with regard to acquisition of federal funds provided to support social services for current, former and potential welfare recipients. This federal program, authorized in the 1967 Social Security amendments, has led to dramatically escalating federal expenditures for grants to the states, growing from $750 million in FY 1971 to $1.5 billion in 1972 and to estimated claims by the states of more than $4.5 billion in 1973.

Examination of the claims being made by the States in some instances may support the allegation of irresponsible behavior. However, this is not uniformly true, and in particular, the record of the State of Illinois on this issue is a responsible one. I would like to review that record.

In order to understand the impact of social services funding in Illinois, it is necessary that one review the record of the Ogilvie Administration which has been one of the most progressive, forward looking and responsible State administrations in this Nation.

In 1969, Illinois had a system of taxes and a record of public support for important programs that was little cause for pride. State and local taxes in Illinois were the *most* regressive of any State in the union. At the same time, the level of public support for education, mental health, corrections, family services and supportive welfare services was very low.

Change was necessary and Governor Ogilvie, upon assuming office, bit the bullet of responsible action. Among his first actions in office were (1) proposing and gaining passage of a state income tax in Illinois that now is producing more than $1 billion annually in State funds, (2) making major commitments of these resources to education and human services programs, and (3) bringing in an aggressive young management young management team to establish order and priorities in the use of State resources.

The current Administration in Illinois started off to deal with two immense and costly social problems: 1) the welfare rolls were burgeoning at an uncontrolled pace, and 2) there were far too many people in the State's various institutions. Although the causes for this unprecedented growth in social and physical dependency are many, it was obvious that a number of those people institutionalized were victims of a system that offered the aged and neglected or abused children no other alternatives. But in addition to the dehumanizing effects of the situation, the State's entire financial structure was being threatened by the potential fiscal crisis created by the magnitude of the dependency problems.

Consider the Public Welfare Program, a program the national government has refused to reform. The magnitude of the welfare problem has been almost overwhelming. In 1969 alone, the State of Illinois spent $538 million on welfare of which $290 million represented net state dollars not reimbursed under the Public Administration titles. In 1973 the budget for welfare in Illinois is $1.5 billion of which, exclusive of social services funds, $690 million will be federally reimbursed leaving $810 million as the net state dollar cost. This increase in annual expenditures of state dollars for welfare of $520 million is one half of the total current yield of the Illinois State income tax. Let me emphasize that point: *one half of the revenues derived by Illinois from its major tax program is necessary just to support a program that ought to be* N*national and for which this federal government has refused to take responsibility.*

It is within this context that the Ogilvie Administration carried out important program developments long overdue in Illinois. Aware that stopgap measures would not be sufficient for the task at hand, the Governor and his staff set about to construct social services programs that attacked the causes rather than the symptoms; programs with a central strategy that would direct resources toward *prevention* of dependency.

The major thrust of this stategy has been the development of an extensive community-based delivery system of services and facilities. This system not only includes our welfare agency but also a number of its allied agencies: Mental Health, Corrections, and Children and Family Services.

With the emphasis on community-based services, we expected to:

First—Reduce the then current institutionalized population by decreasing the number of children in foster care institutions, the number of patients in long-term care mental institutions and the number of inmates in our correctional institutions. These effects should have been and were immediately noticeable.

Secondly—But probably more important, we expected to be able to set up an admission blocking system that would limit further institutionalization and welfare dependency by correcting social and physical deficiencies at an early stage of their development. These rehabilitation efforts would largely be accomplished by the services delivered through the allied agencies. The impact of this preventive approach is long term and measurable results probably will not be apparent for some time to come.

The importance of this approach, however, cannot be overemphasized. There is no doubt that institutional care is our most costly and personally debilitating social service. Further, there is much evidence indicating that the longer a person is institutionalized the less likely he will be able to return to a productive life. Clearly, the long range solution to our dependency problems lies in our ability to establish safeguards to prevent the problems from assuming significant proportions.

In the second quarter of fiscal year 1971, Illinois began its effort to obtain federal support of its social service program. At that time, when Governor Ogilvie and his staff conducted their preview of state budget needs for 1972, the picture appeared as follows:

The major initiatives begun with the resources provided by the income tax in fiscal 1970 had grown substantially in fiscal 1971. In Children and Family Services, additional staff and other resources to cover growing caseloads and grants for care of children had forced the budget from $46 million to $62 million, new counseling and training programs in Corrections brought that budget up from $51 million to $61 million, and the thrust toward improved mental health and the development of preventive local services had produced an increase from $232 million to $259 million, a combined increase in the three agencies of $53 million. At that time, a combined increase in the three agencies of $53 million. At that time, the projection for these programs in fiscal 1972 pointed to another increase of more than $65 million. The State of Illinois had committed itself to developing and funding these programs. The downturn in the economy and the welfare crisis were making that impossible.

In the weakened economic situation, state revenue growth projected for fiscal year 1972 was small, estimated to be $148 million over 1971. At the same time, the most conservative estimates on welfare cost increases indicated new demands on unreimbursed state dollars of $124 million or 84% of the new revenues from the state's own sources. This left $24 million in state funds to cover the increasing program expenditures cited above and to provide for all other state programs.

There clearly was no way to do all of these things and to balance the budget. The options were:

(1) Cut back general state programs below the 1971 level including elementary and secondary education and higher education. This clearly was neither feasible nor desirable in terms of priority needs.

(2) Increase general state taxes. A request for new taxes less than two years following the enactment of the largest revenue program in the history of Illinois was not a realistic or viable option.

(3) Cut welfare grant allowances. This was a course of action adopted by a number of states during the crises period. Governor Ogilvie chose not to do so. While stringent circumstances forced a delay in cost of living increase for welfare recipients, the Governor refused to penalize children, the aged, disabled and blind by cutting their already meager allowances.

(4) Make better use of existing federal programs. At that time, the State of Illinois became fully aware of the commitment of the Congress in the 1967 Social Security amendments to support the development of comprehensive social services programs. Accordingly, it was decided to build the fiscal 1972 budget on the assumption that proper federal funding would be forthcoming for the remainder of fiscal 1971 and fiscal 1972 for programs in Children and Family Services, Corrections, and Mental Health which are clearly within the statutory authorization of the 1967 Social Security Amendments. It was also recognized that if federal funding did not materialize, then those programs would have to bear the brunt of cutbacks.

Thus in fiscal 1972, $75 million in not yet realized federal social services funds were budgeted to support the Illinois programs in the face of the economic recession and the welfare caseload crisis. These monies were necessary to carry out program development that was within the intent of the Federal social services legislation. The State of Illinois was similarly committed to the expansion of comprehensive social services as defined in this legislation.

Was this an attempt of Illinois merely to substitute federal dollars in order to decrease state dollar outlays? The answer is no. The State of Illinois had begun an aggressive program whose momentum was clearly endangered by the current fiscal crisis. The federal social services funds have permitted that momentum to continue: From the time that state plan amendments for services delivered in allied agencies were introduced (in the first quarter of fiscal 1971 for Corrections and Mental Health) through fiscal 1973, the increase in annual expenditures for those agencies supporting the social service programs outside of the Department of Public Aid itself is estimated as follows:

	Million
Children and Family Services	$60
Corrections	15
Mental Health	52
Total	127

Under the Ogilvie Administration, the total annual spending for these agencies has increased from 1969 to 1973 by $175 million. In comparison, the estimated federal social services funds to be received as reimbursement for those programs in 1972 is $112 million, an amount that is less than the total growth in annual spending since the plan changes were made.

Of considerable importance is that these federal funds have been used to expand the total social service program in the State. The human services program in Illinois is broader than the limited definition of former and potential welfare recipients, and priority has been attached to developing a comprehensive statewide program. This means that many social services are provided at 100% state funds for persons not eligible under criteria approved by HEW in the Illinois State Social Services Plan.

The ongoing services supported by this $112 million in 1973 include:

Department of Children and Family Services

Foster Care Services to Dependent and Neglected Children.—DCFS delineates foster care into three categories: adoption—providing children with a permanent home under new legal parentage, with the same mutual rights and responsibilities as exist in natural parent-child relationships: group home/foster home—providing an alternate living arrangement for a child, or group of children, faced with an unstable home environment; residential treatment facility—providing intensive treatment to individuals who are suffering from some emotional disturbance, are unable to live in their own homes, and need a controlled group living situation.

Protective Services for Abused Children.—Protective services include services provided in the home to protect children from further abuse, neglect or exploitation; removal of the child to a temporary alternate living situation in times of emergency; assisting families with planning for handicapped children to remain in their own homes.

Family Counseling Services.—Family counseling is a joint attempt by the family and the counselor to identify and alleviate problems which may have a detrimental effect on the maintenance of the family unit.

Services for the Visually Handicapped.—Services to visually handicapped persons are designed to alleviate the handicapping effects of blindness through such things as mobility training, counseling for caretakers of blind children and help in securing talking book machines. The Department of Children and Family Services provides these services both in centers such as the Illinois Visually Handicapped Institute, and in the community.

Day Care for Low Income Families.—Day Care service involves the provision of substitute personal care for children during some portion of a 24 hour day to allow the child's parent(s) to work. Included in the services are activities designed toward development of the child's skills.

Homemaker Services.—Homemaker services entail the use of a trained and supervised homemaker to help individuals in their own homes to overcome specific barriers to maintaining, strengthening and safeguarding their personal functioning.

Department of Mental Health

Day Treatment for Mentally Retarded Children and Adults, and Emotionally Disturbed Children.—This program was designed to provide community experiences which prevent the necessity of future institutionalization, family separation or dependency. Individuals are given intensive, individualized attention on an ongoing basis without separation from their families. Day care centers for the mentally retarded and emotionally disturbed child up to twenty years of age, and sheltered workshops for the mentally retarded adult aged twenty-one and over, are the operational core of these services.

Comprehensive Drug Abuse Services.—The goal of this program is the treatment and social rehabilitation of drug abusers. It stresses social adjustment through: counseling, legal, vocational and recreational services; and various work activities. These services are intended to help all compulsive narcotics users become law-abiding, productive, drug-free and emotionally mature members of society.

Included in the program are such services to the general public as drug-oriented information and education, emergency services and referral activities.

Comprehensive Alcoholism Services.—The services of this program are largely directed to the treatment and social rehabilitation of alcoholics.

Social adjustment is encouraged through counseling and various ancillary services including work activities. The objective of these services is to help all alcoholics become productive, alcohol free and emotionally mature members of society.

Included in this program are such services to the general public as drug-oriented information and education, emergency services and referral activities.

Community Mental Health Services for the Emotionally Disturbed and Mentally Retarded.—The Department of Mental Health delineates this service into three categories: services to the general public—information, general mental health education, community development and improvement, emergency services, diagnostic and evaluative services, and referral activities; outpatient services—delivery of psycho-social counseling and related services to clients and collaterals for the purpose of restoration or enhancement of social and vocational functioning and avoidance of the need for residentially-based services; intervention care—intensive but short term therapeutic and rehabilitative services to individuals in a community-based residential care facility. These services are provided on a 24 hour, highly structured basis, designed to return the individual to the community in less than two years.

Department of Corrections.

Vocational, Technical and Adult Basic Education for Inmates of Correctional Facilities.—The Department of Corrections provides both basic education classes and vocational and technical training, in order to equip adult inmates with the academic background and the job skills necessary to enable him to become an independent and productive member of society.

Delinquency Prevention Services in High Risk Communities.—This program is comprised of organized efforts designed to detect, control and prevent delinquent and/or criminal behavior. Information and education services to the community at-large are major components of this program.

Transitional Services for Individuals in the Correctional System Designed to Successfully Integrate the Individual Back Into the Community.—This program has several components. Among them are: pre-release activities—the use of community resources to provide potential parolees with information relative to employment, financial and medical assistance, legal aid and other available resources within the community; work release—a work oriented program at the pre-parole level assisting in the reintegration of the client into the community setting, with the emphasis on professional and supportive services; community centers—community facilities fostering return of former inmates to employment possibilities, and re-establishment of relationships with their families and other elements of society.

The increase in volume of services since the Illinois plan changes is shown by the following data. In 1972 in the Department of Mental Health, 13,879 persons were treated in the comprehensive alcoholism program, a 25 percent increase over 1971; 5,737 persons were treated in the drug abuse program, about 50 percent greater than the number in 1971; day treatment was provided to 14,654 persons, a 48 percent increase over 1971, and 189,643 persons received care in community mental health centers, an 18 percent increase over 1971. In the Department of Children and Family Services, certain types of day care (grant-in-aid facilities; contractual facilities, centers operated through local community effort) were expanded in the period June 30, 1971 to June 30, 1972, from 1,910 children to 6,102 children, more than a threefold increase; foster care services were provided to 2,257 more children in 1972 than in 1971; the number of families receiving homemaker services has increased by 63 percent between 1971 and 1972.

The ongoing service programs performed directly by the Department of Public Aid are estimated to be reimbursed at a level of $58 million. These include day care and family planning, services to the aged, blind, and disabled, services to members of families with children including employment services. Finally, continuing adult training programs funded through the Illinois Department of Labor are estimated to be reimbursed at a level of $10 million.

In addition, Illinois has submitted a plan modification to HEW for development in Fiscal Year 1973 special programs complementary to elementary and secondary education programs for current, former and potential welfare recipients. These program components would include for example, pre-employment counseling workshops, community liaison services to identify and promote resources for extended education, and special supportive services for educating socially handicapped children, and would raise Illinois' social services reimbursement estimate in 1973 by $25 million above the estimate for ongoing programs. Finally, a second new initiative planned for fiscal 1973 is a project undertaken with the Chicago Model Cities agency for additional welfare recipient training programs that will lead to a claim for federal reimbursement of $6 million, bringing the total estimate of federal funds for Illinois social services to $211 million in 1973.

It is not the intention of the State of Illinois to pour easy money into a bottomless well. Illinois has undertaken an intensive effort to establish program accountability. A total of $850,000 has been allocated in fiscal 1973 to the four major state agencies—Public Aid, Children and Family Services, Corrections and Mental Health—to set up effective cost accounting systems and to establish program effectiveness measures. To facilitate the State's and the Department of Public Aid's control over the operation and direction of the program, an Office of Social Service Planning has been established. Although this office is directed and is the responsibility of Public Aid as the single state agency, multi-agency participation has been built into the organization to assure unified planning and control. As a first order of business, the State's Bureau of the Budget is working with the Office of Social Services Planning to establish a program budget for all social services.

To date, a comprehensive documentation system has been implemented in each of the allied agencies which is not only providing the information necessary to insure compliance with Federal regulations but also a much needed base for planning and evaluation. Already, much of this information has been formatted into the program structure that is consistent with the accountability needs of HEW. Examples of the scope and nature of our documentation have been attached.

Social Services funds have been a critical element in enabling the State of Illinois to carry out important initiatives in combatting its dependency problem. Severe cutbacks in these funds in the coming year will have very serious consequences. Mothers unable to obtain day care services will have to remain on welfare. Children not able to be accommodated in state programs will be left in destructive home situations. Inability of the State to carry out its rehabilitation programs in Corrections will only lead to repeated offenders. An absence of effective screening in mental institutions will merely add to the wasted lives and costs tied to long term commitments to state hospitals.

The State of Illinois believes that prevention of dependency is a legitimate objective not only of State governments but also of the Federal government. You have heard us talk about the Illinois Plan for Social Services, what it has accomplished and what its long range expectations are. Interestingly, this plan implements the concepts of the recently introduced allied services act; that is, the provision of comprehensive services in a coordinated and rational manner. Federal funding remains an essential element in the provision of comprehensive services.

With regards to future federal funding, the present HEW reimbursement mechanism is a sound one if the proper administrative controls are instituted. It is a mechanism which has been designed to have neither the looseness of the Grant System nor the constriction of the Categorical Reimbursement System. It is a system that could, with some tailoring, come as close as any Federal program to establishing a cost effectiveness approach to funding, which from Congress' point of view is most desirous.

In contrast, if funding is to be incorporated into revenue sharing only, Illinois as well as other states that have extensive social service programs will have three options available for future program operations.

Use revenue sharing dollars to compensate for current federal social services funds and maintain services at their current level.

Use state dollars to compensate for current federal social service funds and maintain services at their level.

Decrease services to the degree dictated by the lack of state funds and non-availability of revenue sharing dollars for this purpose.

None of these options is very satisfactory and all place the state in the difficult position of attempting to maintain current *operational* programs with less support. The first option and probably the only viable one would mean that the so-called "non-specified' revenue sharing dollars would in fact not be much more than the current social service dollars. The second option would place additional strain on an already over-burdened state budget and the third option would predicate budget cuts in Mental Health, Public Aid, Children and Family, and Correctional services.

Assuming, however, that specific funds for social service programs were appropriated under the revenue sharing bill, the use of the revenue sharing funding mechanism (that is, where one-third of the amounts appropriated would go to the state government and two-thirds of the funds to local government units) would create immeasurable operating difficulties for our state. This formula does not take into consideration the current operating mode of the various states, and in fact, is feasible only for those states that have decentralized the administration of their social service programs, i.e., California with its county-based delivery system. For Illinois and those states that largely utilize a central or state-wide program structure, the direct pass-on of two-thirds of the Federal Revenue Sharing to local units of government would mean that new administrative and delivery systems would have to be designed and implemented. Such a task would not only be time-consuming and costly but also has questionable merit.

If, on the other hand, the appropriation for social services is maintained in HEW, any cutback of funds would be a real blow to the progressive programs initiated by the current administration in Illinois. And they would be the crowning final step of federal irresponsibility for welfare reform. There is much rhetoric on the importance of welfare reform in this city, but little action. The Congress enacted the 1967 Social Security amendments, and their intent was clear. Now this Congress stands ready to renege on that commitment and in particular to penalize those states that have taken initiative. This is indeed a far cry from LaFollette's laboratory of the states.

APPENDIX

This appendix contains an itemization of costs which the State of Illinois incurred in providing Social Services to its citizens durng the inclusive years 1971–1973. Additionally, it indicates the number or recipients to whom these services were provided. The population which received these services is divided into three broad age categories: "Children," "Adults and Familes," and "Aged."

The Department of Health, Education, and Welfare has established a goal structure containing four general programmatic goals. These goals indicate approximate levels of individual dependency. The State of Illinois program for delivering of Social Services to its citizens has been integrated into this HEW goal structure. The goals are listed here in order of increasing recipient dependence.

HEW Goal Structure

Self-Support.—Achieving this goal will allow an individual to reach and maintain a self-sustaining level of employment and economic self-sufficiency.

Self-Care.—Achieving this goal will allow an individual to achieve and maintain maximum personal independence, self-care determination, and security while remaining in his home. For youths this would include achieving their maximum potential for eventual independent living.

Community-Based Care.—Achievement of this goal level will allow an individual to secure and maintain community-based care which approximates a home environment when living at home is not feasible. This goal level includes those individuals who need not be placed in an institution but who require more care than is available at their home.

Institutional Care.—This goal level is intended for those individuals who require the level of complete care which can only be provided in an institution.

Table 1 indicates the costs of social service delivery itemized by HEW established goal.

Table 2 indicates the size of the population receiving the social services itemized by goal.

Table 3 indicates the costs of social service delivery itemized by State of Illinois strategy.

Table 4 indicates the size of the population itemized by strategy.

STATE OF ILLINOIS

TABLE 1.—COMPARATIVE SOCIAL SERVICES DELIVERED BY ALLIED AGENCIES—GENERAL REVENUE COSTS ITEMIZED BY GOAL

[In thousands of dollars]

Goal	Children			Adults and families			Aged			Total		
	1971	1972	1973	1971	1972	1973	1971	1972	1973	1971	1972	1973
Institutional care	19,719	20,831	21,166	123,191	147,291	143,673	20,814	32,937	43,064	163,721	201,057	207,903
Self-support	8,051	12,119	34,448	970	1,064	1,152				9,021	13,183	35,600
Community-based care	74,019	79,906	88,847	78,553	82,897	98,542				152,571	162,803	187,388
Self-care	20,092	22,894	24,991	33,290	42,259	50,346	709	1,675	1,416	54,091	66,828	76,762
Total	121,875	135,750	169,452	236,004	273,511	293,712	21,523	34,611	44,480	379,405	443,872	507,644

TABLE 2.—COMPARATIVE SOCIAL SERVICES DELIVERED BY ALLIED AGENCIES—POPULATIONS SERVED ITEMIZED BY GOAL

[In thousands of dollars]

Goal	Children			Adults and families			Aged			Total		
	1971	1972	1973	1971	1972	1973	1971	1972	1973	1971	1972	1973
Institutional care	2,463	2,522	2,537	41,515	41,854	38,406	6,193	9,332	9,980	50,171	53,708	50,923
Community-based care	40,821	42,531	40,708	39,170	45,695	49,671	4,568	5,007	7,448	84,559	93,233	97,827
Self-care	32,949	43,041	68,650	98,216	127,688	156,234	3,305	6,395	8,272	134,470	177,124	233,156
Self-support	5,430	9,906	18,016	3,296	3,562	3,594				8,726	13,468	21,610
Total	81,663	98,000	129,911	182,197	218,799	247,905	14,066	20,734	25,700	277,926	337,533	403,516

TABLE 3.—COMPARATIVE SOCIAL SERVICES DELIVERED BY ALLIED AGENCIES—GENERAL REVENUE COSTS ITEMIZED BY STRATEGY

[In thousands of dollars]

Strategy	Children			Adults and families			Aged			Total		
	1971	1972	1973	1971	1972	1973	1971	1972	1973	1971	1972	1973
Provision of services to the general public				11,754	13,735	15,019				11,754	13,735	15,019
Provision of services which strengthen the family unit	1,782	5,338	27,035	4,893	6,284	6,555				6,675	11,621	33,590
Provision of an alternate home or living arrangement	21,747	23,459	27,517	3,604	3,776	4,538				25,352	27,235	32,055
Prevention of mental illness	548	711	813	53,674	71,614	65,037	20,814	32,936	43,064	75,035	105,261	108,914
Rehabilitation of the mentally ill [1]	18,248	21,016	22,172	68,207	72,224	77,270	708	1,675	1,416	87,165	94,915	100,858
Rehabilitation of the mentally retarded	29,339	31,262	31,287	46,015	50,268	51,067				75,354	81,530	82,354
Rehabilitation of the drug abuser	173	120	143	2,518	6,415	9,507				2,691	6,534	9,650
Prevention of alcoholism				201	203	231				201	203	231
Rehabilitation of the alcoholic				9,539	8,819	19,326				9,539	8,819	19,326
Prevention of crime and delinquency	1,618	1,496	1,608							1,618	1,496	1,608
Rehabilitation of offenders	26,275	28,219	27,765	34,152	38,642	42,396				60,427	66,861	70,161
Correction of social dysfunction through special education services	22,148	24,130	31,112	1,447	1,531	2,766				23,595	25,660	33,878
Total	121,878	135,750	169,452	236,004	273,511	293,712	21,523	34,611	44,480	379,405	443,872	507,644

[1] Costs for "Adults and families" and "Aged" for 1971 does not include $19,644,916 (purchase of care by DPA). The figures for 1972 and 1973, however, include this line item.

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TABLE 4.—COMPARATIVE SOCIAL SERVICES DELIVERED BY ALLIED AGENCIES—POPULATIONS SERVED ITEMIZED BY STRATEGY

Strategy	Children			Adults and families			Aged			Total		
	1971	1972	1973	1971	1972	1973	1971	1972	1973	1971	1972	1973
Provision of services to the general public												
Provision of services which strengthen the family unit [1]	3,243	7,240	15,822	11,025	15,756	18,770				14,268	22,996	34,592
Provision of an alternate home or living arrangement	24,272	24,786	22,475	1,012	975	964				25,284	25,761	28,439
Prevention of mental illness												
Rehabilitation of the mentally ill [2]	26,690	33,802	44,749	106,613	135,107	152,102	14,066	20,734	25,700	147,369	189,643	22,551
Rehabilitation of the mentally retarded	12,198	15,611	29,663	11,934	13,537	15,555				24,132	29,148	45,218
Rehabilitation of the drug abuser	100	105	135	3,941	5,737	7,563				4,041	5,842	7,698
Prevention of alcoholism												
Rehabilitation of the alcoholic				10,442	13,879	19,592				10,442	13,879	19,592
Prevention of crime and delinquency												
Rehabilitation of offenders	8,285	7,793	8,308	31,684	27,820	27,318				39,969	35,613	35,626
Correction of social dysfunction through special education services	6,875	8,663	8,759	5,546	5,988	6,041				12,421	14,651	14,800
Total	81,663	98,000	129,911	182,197	218,799	247,905	14,066	20,734	25,700	277,926	337,533	403,516

[1] Populations for "Children" for 1971, 1972 and 1973 include day care spaces developed and maintained. Homemaker services were annualized by multiplying the average number of clients served monthly by 12.

[2] Populations for "Adults and families" and "Aged" for 1971 does not include 9,545 clients (purchase of care by DPA). The figures for 1972 and 1973, however, include this line item.

Note: Individuals who are involved in more than 1 program during a given year would be counted more than once in these summary statistics.

Chairman GRIFFITHS. Mr. Robinson, I can't wait to hear what you did in Mississippi. We will be anxious to hear your statement.

STATEMENT OF ROBERT L. ROBINSON, COMMISSIONER, MISSISSIPPI DEPARTMENT OF PUBLIC WELFARE, ACCOMPANIED BY SHELBY JEAN ROTEN, COORDINATOR FOR TITLE IV-A PROGRAMS

Mr. ROBINSON. Madam Chairman, I am also pleased to be able to appear before this committee. We do have a very unique situation in the State of Mississippi and we are trying to do something about this particular situation.

Generally, the type of programs that we are trying to enter into are programs for the aged, mentally retarded, law offenders—which include juveniles and the penal situation in general—public housing, information referral, day care, family planning, and the one that has received the most attention is what we call comprehensive children's program.

Now this program is being delivered through the mechanism of the school system. Let me make this point blatantly clear: We are not purchasing education; we are purchasing social services to enable children to stay in school as long as they possibly can and achieve their maximum potential. In the State of Mississippi, approximately 70 percent of the public school children are black and we have found through experience that if a child drops out of school he has an exceptionally high probability of either ending up underemployed, on welfare, or in trouble with the law.

Now, we have been dealing with school people in the State of Mississippi in setting up these programs. The thing that has made me jubliant and that has given me a tremendous amount of hope has been that we are dealing with school people who have been in this business for periods of 10 to 50 years; these people are tremendously excited; they do not excite easily because they have had all types of programs thrown at them in the past. But without any prompting they all say this is the first time we have really gotten at the heart of the issue. What we are attempting to do in these programs we are including children from 3 to 18 and we are trying to isolate out any child who has a physical or environmental difficulty and take corrective action to enable this youngster to go as far as possible in school, and once he has reached this point to direct him toward some vocation in which he can be self-supportive.

Madam Chairman, we are convinced that this would be the best possible means of breaking the welfare cycle and allowing these individuals to become self-supportive. Not only does the general public want these people self-supportive but they, more than anyone, want to be self-supportive.

Another couple of points I would like to make are: First, that we are not in any case replacing State funds with Federal funds. The accusation of this has been made about other States.

Second, we, in the State of Mississippi, who perhaps have the greatest need for social services, have simply not had the funds in the past to enter into such programs. This is why we are so excited about the possibility of this program. This is why we so badly need this program, to bring the socially deprived individual up to a norm where he or she may be self-supportive.

Another minor point is that some of the day care situations that we are setting up here will be helpful in implementation of WIN. It will provide day care for the children so that the mothers can be trained and can be employed later on.

Another minor point, we are being most careful not to duplicate any services that are now being rendered by any local unit or by any federally funded unit such as OEO. In all of our contracts we take into consideration—and we are very discrete about this—not duplicating services which are presently being rendered on the local level.

Could I summarize with a couple of points here by saying the big change in our request for funds was caused by the fact that we were prevented from entering into the use of social services internally in the State of Mississippi until recently. The first contract of any type we entered into was October of last year. When I took over, which was April 24 of this year, we had approximately $800,000 in contracts. We saw this opportunity not as the opportunity to obtain funds but as the opportunity to provide very badly needed services; so we attacked this problem with gusto. We realize, Madam Chairman, that at some point there must be a cap put on spending, especially spending for social services.

We have no compunction about a cap being placed. Our only request is that the cap be reasonable and that the allocation be based on need, and not on population. We feel that a poverty index of some type should be used in allocating these funds, whatever amount they happen to be, so that those who have the greatest need will be allowed to receive badly needed services.

One other point: They—by that I mean HEW—are asking us to do some long-range planning; they speak in terms of 5 years. Madam Chairman, it is impossible to do any type of planning when things are in a state of continuous flux. I request that the Congress make a decision as to what services will be allowable, put a reasonable ceiling on these services, allow this program, whatever the program is, to last long enough to see if it is effective.

If we continually and consistently change programs every 6 months, every year or two, we will not be able to determine whether a program is effective or not.

Madam Chairman, I am convinced that we have an excellent program in the State of Mississippi. If this were allowed to operate for a time period of 10 to 12 years, I am convinced we would raise the level of employment of a lot of underemployed people, we could reduce the number of people who go to our penal institutions, and we could substantially reduce the welfare rolls.

(The prepared statement of Mr. Robinson follows:)

PREPARED STATEMENT OF ROBERT L. ROBINSON

Although the amendments to the Social Security Act were approved in 1967 as a vehicle to help states in the provision of social services, Mississippi Department of Public Welfare was unable to take advantage of these provisions mainly because of internal problems. Requests began to come to the Agency to develop programs of social services. The State Agency had not prepared itself to move into this area prior to requests being made. Early in 1971 Communities had begun to find out about programs other states were initiating and were demanding to know why Mississippi was not taking advantage of these mechanisms. Community meetings were held in various parts of the state to determine what the communities saw as their greatest needs. Guidelines for developing proposals for funding under Title IV–A were developed. The Agency began to move in

July, 1971. Within a month three small day care programs were approved and funded under Title IV–A. All of these day care programs were proposed by private non-profit organizations.

This was Mississippi's small beginning. The state plan had taken on all the mandatory services as well as many optional services. The process then became one of going to the communities, the county welfare offices, and other state agencies to determine where the needs for social services were not being met by the agency and/or other agencies. The greatest needs were shown to be: (1) day car services for the culturally deprived and handicapped child in all communities in Mississippi; (2) specialized programs for the mentally ill or mentally retarded child and adults; (3) specialized programs in schools for the handicapped child; (4) abounding evidence of need for programs for juvenile offenders as well as adult offenders; (5) need for group homes for juveniles; (6) shelter homes for dependent and neglected children; (7) school drop-outs a soaring problem; (8) expanded health and diagnostic services in all communities; (9) phychological services for the children and parents was not accessible to the current, former or potential welfare assistance client. Case plans could not easily be formulated without the benefit of special diagnostic help. There are only two FSAA Agencies in the state offering family counseling to parents. Regional mental health centers were operating, but the client needing the most help seldom had access to the centers, and did not have the money to pay for the service if there was a charge. The burden of providing the needed services to the clients was left to the Welfare Department with a very limited service staff in the state on the local level to provide these services and follow-up. When money was available on the local level medical and psychological testing was obtained. Services to unmarried parents were provided if the expectant mother wanted confidential care and maternity homes were available to meet her needs. Very little counseling in the area of prevention of births out of wedlock could be done because the problem usually surfaced before the court, school officials, or health department at a time of crisis. Most of the Agency's service cases reflected problems with parent-child relationships with evidence of alcoholism and drug abuse with either one or both parents. Evidence pointed to the fact that programs of prevention of social problems had to be developed to ever break the cycle of poverty. These programs had to be geared to help small children of current, former and potential welfare assistance recipients in that order of priority. Resources in Mississippi were simply not available. Besides developing programs of prevention, programs to alleviate the current problems must, at the same time, be developed.

The key to implementation is dependent upon the State plan. The program plan is developed by the Division of Family and Children's Services of the State Welfare Department in consultation with appropriate agency staff in keeping with Federal guidelines. The plan is then submitted to the Commissioner of the State Welfare Department for his review and submission to the Regional SRS Office where it is either approved as submitted, or if negotiations are necessary, the Regional SRS Commissioner will notify the State Agency and an acceptable plan will be submitted for consideration and approval.

For a community to have purchase of service arrangements under the 1967 Social Security Amendments, provision for them must first be written into the State Plan, which the State Welfare Department has to submit and have approved by HEW to obtain Federal matching.

The State Plan must, with respect to services which are purchased:

1. include a description of the scope and type of services which may be purchased.

2. provide that the state or local public welfare department will retain continuing, basic responsibility for determination as to

   a) eligibility for services,

   b) the authorization, selection, quality, effectiveness and execution of a program of services suited to the needs of an individual or of a group of individuals,

3. provide that a state welfare department will work with both established and newly organized suppliers (including self-help groups) of purchased services and assist with consultation and technical assistance to assure that the services provided are satisfactory,

4. provide for the establishment of rates of payment for such services which

a) do not exceed that which is reasonable and necessary to assure quality of services, and

b) whenever possible are based on the full cost of the services.

All the usual requirements of a State plan apply to purchase of services such as:

administration by a single state agency

fair hearings on grievances

safeguarding or information

civil rights

financial control and reporting requirement

state-wideness (except that states may either request a waiver or commit itself to a plan for full coverage)

maximum utilization of other agencies providing services (without payment through purchase) to the extent feasible.

Please note attached copy of the (1) State Plan for Title I, X, and XIV of the Social Security Act, Service Programs for Aged, Blind, or Disabled Persons; and, (2) the State Plan for Services to Familes and Children Title IV–A and B, Social Security Act.

You will also note guidelines for Titles, I, X, and XIV and guidelines for Title IV–A that were developed as informational guides to be used with communities in developing purchase of service programs. The guidelines outline the types of services that are to be provided.

CONTRACTS FOR SERVICE

For private or public dollars to be matched by Federal dollars in terms of the 1967 Social Security Amendments, two contracts must be negotiated with the state or local welfare department. One by private or public donor transfers the donation to the welfare agency with no strings attached. Federal regulations require that "donated private funds may be considered as State funds in claiming Federal reimbursement" when such funds are (1) transferred to the State or local government and under its administrative control, and (2) donated on an unrestricted basis ("except that funds donated to support a particular kind of activity, e.g., day care—are acceptable"; also the donor may designate the community within which the services shall be provided.)

The other contract is the one the welfare department executes with an agency providing a service. The agency which seeks a service contract may have to face market-place competition and generally, demonstrate greater capability than any other bidder to deliver a specified service. (HEW is committed to assist self-help organizations within low-income groups. For these organizations, the criteria for capability may not be the same as required for established agencies.)

All the purchase of service arrangements are in the form of performance contracts and are based upon some kind of program classification which breaks down and defines service units. These systems are still in process of refinement, but what is involved basically is that service is so defined that it can be delivered in quantifiable units which represent results of some kind of impact, not just measures of time and effort. Voluntary agencies that enter into competition for these contracts will have to develop capability to deal in specifications, costing techniques, cost-benefit or productivity analysis.

Both private and public supported agencies that participate in purchase of service should learn all they can about evaluation methods and procedures, because these are receiving increasing attention from all levels of Federal, state and local government. Whether or not governmental purchase of service from private agencies, which is really now just beginning an experimental and tentative phase, fails or succeeds, will largely depend upon how much tolerance can be built up among private agency leadership for honest, hard-nosed evaluations of program results.

USE OF OTHER PUBLIC FUNDS FOR MATCHING PURPOSES AND CERTIFIED EXPENDITURES

Federal Regulations (Vol. 34, No. 18) permit the use of other state and local funds as well as specified Federal funds to be used for matching the Federal dollar under the public assistance Titles. For example: Supplemental Model Cities Funds and Appalachian Regional Commission Funds are specific examples where Federal funds can be used to match other Federal funds. State or local public funds that can be donated to the welfare department for service programs may also be used to match Federal funds under these Titles.

Certified expenditures made by other state or local public agency may be used under certain circumstances to meet the states' share.

Agencies and organizations providing services, other than the Welfare Department, under purchase of service contracts include:

Aging Programs: Board of Supervisors of Hancock, Harrison, and Jackson Counties provide for a homemaker program for aged who are home-bound. Planning and Development District sponsoring Public Housing Plans a program of consumer education and home management counseling. City of Meridian plans a Multipurpose Senior Citizen's Center with a comprehensive plan to provide community planning, information and referral, and counseling, homemaking physical and mental health; temporary day care, meals and in-home services, transportation, recreational program, and community education by use of volunteers.

Mental Retardation: Ellisville State School plans to utilize its resources for an expanded program for diagnosis and evaluation both on campus and at the Preventorium at Sanatorium, Mississippi, and surrounding counties to approximately 1,000 individuals at a cost of $760, 201.00. Region XIV Mental Retardation Commission is sponsoring a program to train 175 mentally retarded children and adults at a cost of $197.220.40. The North Mississippi Retardation Center, Oxford, Mississippi, proposes the same type program for mentally retarded in North Mississippi as does Ellisville State School for 128 individuals at a cost of $560,204.51.

Law Offenders: Mississippi State Penitenary plans to bring more rehabilitation to their inmates by providing social services to their inmates, familes of inmates, and outreach into the communities from which they come. Services will be provided to an estimated 1,700 individuals at a potential of local and Federal funds amounting to pproximately $1,000,000.00. Mississippi Training Schools plan to enlarge their social services by the addition of youth counselors to work in each county in the state to provide individual and group counseling to children on parole or probation and to work with the familes and communities toward reduction of deliquency and the causes of deliquency. They plan to serve 7,000 individuals at a cost of $1,104,579.00. The Jackson Youth Court plans to enlarge its counseling service to provide preventive counseling services to youths in five high risk target areas in the City of Jackson, Mississippi. The total estimated to be served is 2,200 at a cost of $300,000.00.

Description of Social Service Programs Proposed in Public Schools in Mississippi

Most schools see the need for day care for pre-schoolers for both the culturally deprived and the physically and/or mentally handicapped. Also included are programs for the deprived child who is in school and needs to be in classes that are individualized for that child's needs, i.e. learning disabilities classes, special or remedial education. if this is the need of the child; special tutoring for slow learners who may also need special services such as speech therapy; drop-outs will be reached, screened, and evaluated for their needs; counseling and vocational training possibly recommended; concentration on the potential and the unwed mother to return her to school, teach child care and counseling as well as casework or group work methods to help her understand dynamics of her behavior so as to reduce incidence of recidivism. Incidental to these broad services, support services such as psychological testing, medical diagnostic evaluations, nutrition counseling will be provided. The School Social Workers will receive referrals from teachers, parents, other agencies, etc. A determination will be made to have the child tested either or both medically, and psychologically with consent of the parents. An Interdisciplinary team approach will be used by the school to determine the individual plan for the child and his family. If he needs to be in learning disabilities class, he will be channeled there with the social worker, school nurse, and other team members feeding information to the teacher so she can teach the child in a way where he can achieve to his potential which will carry over to the home. Some schools have sophisticated educational programs, but none of the schools have school social workers to relieve the teachers or school nurses (who have been doing social work activities) in trying to understand behavior problems children are experiencing in school. The slow achievers, the child who does not get to school. are not being helped by the teachers and nurses because they are not qualified by training to evaluate the dynamics involved in family interaction. or transactions. and make a "social diagnosis" of the causes and project a social treatment plan the child, parents, school and community can live with; through these goal oriented programs specific activities can be planned to over come barriers that will effect the desired change needed to help the child, his family, and community.

Because many areas have no social agencies in the counties except the Welfare Department and Health Department, the only medium through which social services to the masses of disadvantaged could be served are the schools. Schools see and have more contact with more children and families than any other institution—yet they never developed a social service program to deal with the problems low income children and families face. These children are the future participants in the planning for our elderly, as well as those generations to come.

School proposals have to be comprehensive in their plan for delivery of social services to the children. The total program is one of social service delivery through the school with various enabling services under the social service system. It is not the Welfare Department's business to provide education per se, but it is the department's business to see to it the children of Mississippi have access to the school with the clear and certain knowledge that the school as a socializing institution meets its responsibilities to provide an individualized plan for the child and his family that is in keeping with acceptable philosophies of the family.

The poor and disadvantaged have seldom been understood. The poor family is not unlike most middle income families. If anyone ever showed they cared or understood the poor, one would find "motivation" would follow. With proper motivation, change can more easily occur. The poor are not devoid of thought and they have values and aspirations for their children. Their children's training a pre-school age, through elementary, junior high and high school, and perhaps further education is the only hope the poor have.

Long-range objectives of the Mississippi Department of Public Welfare

1. To expand the scope of social services to eligible low income people in the interest of preventing dependency and reducing the conditions which cause family and social breakdown.
2. To promote a diversity of providers of services and to give a greater choice of providers to those needing services; to have alternatives to the furnishing of services directly by staff of state and local welfare departments.
3. To broaden the role of state and local welfare departments in prevention of individual and community social problems; to encourage state and local welfare departments to participate in a variety of community services on behalf of their clients and to serve the advocate role in insuring that those eligible do, in fact, receive services of the kind and quality needed.
4. To coordinate existing services to prevent duplication of effort and then insure maximum utilization of all available resources.
5. To expand day care services to provide child care for WIN expansion.

The major goal of the Mississippi Department of Public Welfare is to break the welfare cycle by providing social services to enable current, former and potential recipients of public assistance, in that order of priority, to achieve their maximum potential for self-care, self-support, institutionalized care as needed, and community based services.

The Department of Public Welfare plans to monitor and evaluate programs by—

(1) Team of monitoring specialists will be responsible to a Program Coordinator in the Division of Family and Children's Services. Members of Team: Social Workers, Special Education Teacher, Home Economist, Social Group Worker, Finance Technicians, Child Development Specialists, etc.

(2) System of collecting data—computerized.

(3) Staff development training for Specialists is essential.

(4) On-site review by Federal and State.

(5) Use of recipients of service to evaluate service they are getting.

The Mississippi Department of Public Welfare, due to the small appropriations from the state to engage in social service programs, could not otherwise see that the low income people of this state get needed social services by any other means than through the funding mechanisms of Titles I, IV-A, X, and XIV. In order to remove social barriers which preclude these persons from realizing their fullest potential for economic and social self-sufficiency, the department had to commit itself to delivering services through other agencies, both public and private.

Mississippi has to catch up with the rest of the nation if she ever hopes to overcome the fact that over 10.5% of her population receives public assistance in one form or another. Preventive programs must be instituted and the services to the people of Mississippi must be given if hope for moving into the mainstream of normative living is ever achieved in this state.

Chairman GRIFFITHS. Thank you very much, Mr. Robinson. I understand you have submitted descriptive material for some of your programs which we will put in the record at this point.

(The material referred to follows:)

ABSTRACT OF THE AMENDED PROPOSAL FOR A DEPARTMENT OF SOCIAL AND COMMUNITY SERVICES

(By Dr. Paul D. Cotten, Director, Ellisville State School)

The services provided under the auspices of this program will be divided into two main categories: (1) The first category will consist of a contingent of social services to the mentally retarded individual, parents, and effected communities brought about by institutionalization. (2) The second category will consist of a contingent of social services to maintain an individual within his own community.

The program will be divided into three service areas to serve institutional males, institutional females and community services. In the institutional setting this program area will provide or compliment existing social services provided by Ellisville State School through the Patricia Locke Child Development Center, The Mississippi Jaycee Evaluation Center and Psychology Department, Special Education, Dormitory Life Department, Medical, Foster Grandparent Program, Public Service Careers and any future proposed program serving children at Ellisville State School. This cooperative effort will flow in both direction from and to the Department of Social and Community Services.

In the community setting the program will be coordinated with local health and welfare departments as well as schools, churches, civic organization and other concerned individuals who wish to assist in maintaining mentally retarded individuals within the community.

The Deparement of Social and Community Services will provide social services to four hundred and eleven (411) youthful residents, their approximate eight hundred and twenty-two (822) parents and approximately sixteen hundred and forty-four (1,644) siblings. In addition to the residental and residental related services approximately six hundred (600) family units (estimated at four (4) persons) will be served through community services.

A two fold philosophy of better residental life adjustment for children and their family as well as better community services to prevent institutionalization by means of alternative community services has led to the development of this program.

The categories of personnel and number of employees are as follows:

1 Project Director
2 Institutional Social Workers II (Master's Degree)
8 Institutional Social Workers I (Bachelor's Degree)
4 Clerk Typist

The total project cost is $147,634.00. The federal share (75%) is $110,725.00 and the local share (25%) is ($36,909.00. In addition the state is paying an administration charge (5% x 25%) of $1,845.00.

ABSTRACT OF THE AMENDED PROPOSAL FOR EXPANSION OF THE MISSISSIPPI JAYCEE EVALUATION CENTER AND PSYCHOLOGY DEPARTMENT OF ELLISVILLE STATE SCHOOL

(By Dr. Paul D. Cotten, Director, Ellisville State School)

The primary service of the Mississippi Jaycee Evaluation Center is to evaluate, to provide referral and to develop home training programs for developmentally disabled children within the home community. This will be done by the following means: (1) Evaluations (psychological, educational, social and medical) (2) Referral (day care centers, community programs. etc.) (3) Counseling with parents and community (4) Establishment of home training for individuals not served by public schools and (5) Follow along to assure maintenance of programs.

The Psychology Department of Ellisville State School has as its primary goal and objective the provision of evaluation services, indepth psychological services, and programming services for institutional residents in order to enable a greater number of residents to develop skills and behavior patterns needed to return them to their home—community environment. The Psychology Department shall provide the following services: (1) evaluation, (2) behavioral management, (3) individual and group psychotherapy, (4) consultation, (5) program development, (6) psychological staff training or research services.

These programs shall be coordinated with all Departments of Ellisville State School (Dormitory Life, In-Service Training, Special Education, Social and Community Services, Child Development, Medical, Resident Workers, etc.) It shall also be coordinated with the Foster Grandparent Program (personal companionship for children lacking home contact), Public Service Careers (training unemployed persons), Nurses Aide Training (training para-professionals) and any other federally funded projects for the betterment of residents or the community.

In the community setting the program will be coordinated with local health and welfare departments as well as schools, churches, civic organizations and other concerned individuals who wish to assist in maintaining mentally retarded individuals within the community.

This program will provide services to four hundred and eleven (411) residential children, eight hundred and twenty-two (822) parents and sixteen hundred and forty-four (1,644) siblings affected by institutionalization of a family member. In addition approximately four hundred and sixteen (416) family units will be involved in community programs. Also approximately five hundred (500) individuals within the community will receive incidental services.

The overall goal of this program is to assist in raising the level of functioning of developmentally disabled individuals to assure that maximum adjustment within the institution or within the community.

The categories of personnel and number of employees are as follows:

6 Psychologist I (Master's Degree)	1 Audiologist
6 Psychologist (Bachelor's Degree)	1 Dietician
2 Social Workers	1 Physical Therapist
3 Speech Therapists	2 Clerk I
3 Child Development Specialist	6 Clerk Typist
2 Special Education Teachers	1 Maintenance Man
2 Registered Nurses	

The total project cost is $368,051.00. The federal share (75%) is $276,038.00 and the local share (25%) is $91,161.00. In addition the state is paying an administration charge (5% x 25%) of $4,600.00.

Abstract of the Amended Proposal for Patricia Locke's Child Development Center of Ellisville and Satellite Centers

(By Dr. Paul D. Cotten, Director, Ellisville State School)

This program provides education, personal care, physical training and social services to developmentally disabled children and home training parent counseling and social services to the affected family units and communities.

The program is closely coordinated with all departments of Ellisville State School (social and community services, special education, psychology, dormitory life, dietary, evaluation center, medical, etc.) as well as with many local agencies (health department, public welfare department, etc,) and state agencies (Board of Mental Institutions, Department of Public Welfare, other institutions, etc.). In addition it is associated with other federally funded projects such as Public Service Careers (training unemployed persons); Foster Grandparents Program (personal companionship for children without home contact); Nurses Aide Training (training paraprofessional personnel); Mississippi Jaycee Evaluation and Psychology Department (evaluation and home training for home and institutional programming of children); Department of Social and Community Services (social services for parents, and children of residential and non-residential children).

This program will provide services to two hundred and ninety (290) children, approximately five hundred and eighty (580) parents and approximately eleven hundred and sixty (1,160) siblings which comprise the affected family units.

The overall goal for children attending the Child Development Centers will be to develop each individual to the maximum of his potential by providing personal care and educational opportunities not presently made available in public schools.

The overall goal for parents of the children being served is to lighten the burden on parents of exceptional children so that they can continue to care for their developmentally disabled children in the home, but to relieve them of their burdensom responsibility during the day so that they might have employment opportunities.

The categories of personnel and number of employees involved are as follows:

1 Project Director	1 Licensed Practical Nurse
3 Social Workers	29 Special Education Teachers
2 Psychoeducational Diagnosticians	29 Teachers Aides
2 Speech Therapists	2 Secretaries
1 Corrective Therapist	4 Maintenance—Bus Driver Personnel
1 Occupational Therapist	3 Laundry Personnel
1 Music Therapist	3 Dietary Personnel
5 Parent Educators	

The total project cost is $998,638.00. The federal shares (75%) is $772,483.00 and the local share (25%) is $276,155.00. In addition the state is paying an administrative charge (5% x 25%) of $12,482.98. It should be noted that altho only 25% is required by the local agencies, Ellisville State School is contributing twenty-nine per cent (29%) of the total cost of the program.

Mental Retardation Program—Region XIV

(Submitted by E. Allen Cruthirds, Chairman, Jackson County School District Board; prepared by Sue McClamrock, ACSW, program coordinator)

GENERAL PROGRAM DESCRIPTION

The Region 14 Mental Health/Mental Retardation Commission in conjunction with the Jackson County Board of Education is utilizing a Title IV–A grant (1) to coordinate existing services in behalf of the mentally retarded, (2) to expand and extend these services throughout the region to all eligible persons, and (3) to develop additional services needed for the optimal physical, emotional, and social functioning of retarded persons of all age and intellectual levels.

To achieve these goals staffs of the Jackson County Day Care Center, the Jackson County Training Center, and the Screening Evaluation and Social Services unit are being unified through a coordinated team effort. A Program Coordinator serves to assist the Commission in this endeavor. Funding and operation of the three service units are being unified. Services, equipment, personnel and programs are being utilized more cooperatively. Problems confronted in service delivery are being examined, evaluated and resolved as a team.

A comprehensive program of social services is being developed whereby the retarded person and his family may have recourse to a better comprehension of the problems they face, assistance in dealing with these problems effectively, and referral to other services as needed. Social Services will assist families in utilizing their capacities for problem solving thus enhancing the unity and increasing the emotional strength of the family.

To expand and extend mental retardation services, professional care givers, such as, the hospitals, schools, physicians, social service agencies and churches, are being visited to relate their services with the new services to retarded persons. Referrals of retarded persons are anticipated through these groups.

PROGRAM SPECIFICS

Included in this program are comprehensive social services, including medical and psychological evaluation and treatment, plus, services of the Day Care Center, the Training Center, and/or referral to other appropriate training or care services.

SOCIAL SERVICES

1. Invite psysicians to refer parents of the retarded infant for counseling focusing early on healthy attitudes toward the child's maximum physical, intellectual, and emotional potential.

2. Receive referrals of persons suspected of being retarded. Develop a comprehensive, social, physical, emotional and intellectual study of each person referred. Evaluate the results of this study for the optimal training or care of each individual with emphasis upon increasing individual capacity without undue stress.

3. Assist familes in securing appropriate medical help for the control of the hyperactive, destructive, abusive, withdrawn, and disturbed behavior of brain-damaged children. Provide behavior modification group therapy to assist these individuals.

4. Assist families through family or group therapy to accept, adjust to, and cope with their feelings toward their retarded family member, plus assist them in planning effectively for this individual.

5. Counsel with families or refer when other services are needed in order that family unity and strength may be continued.

6. Assist familes secure diagnosis and treatment of conditions such as, cretinism, hydrocephalus, phenylketonuria (PKU) or accidents where early medical intervention may reduce hazards of retardation.

7. Secure resources and refer couples for genetic counseling as a preventive service.

The Social Services staff includes a program coordinator, a physchologist, a social worker, a licensed practical nurse, a secretary-bookkeeper, and a clerk-typist.

The Jackson County Day Care Center provides care and training for retarded persons ages three through eighteen who are not qualified to attend special education classes. This center is expected to increase services to twenty-five persons in addition to the current enrollment of twenty-five. The staff consists of a director, five instructors, two aides and a clerk-typist. The overall goal is to provide a community sponsored program permitting trainable retarded children to remain in their homes for the maximum social, emotional, and educational growth as they utilize the Day Care Center's sequential program of psycho-educational training.

The Jackson County Training Center serves adult retarded persons ages twenty-one through fifty who are physically or mentally disabled to obtain public employment. This program currently averages twelve clients. With the program expansion and anticipated new facility, twenty to twenty-four clients may utilize this program. Five severely retarded persons, who cannot benefit from the work and training of the workshop but have outgrown the Day Care Center, are supervised in the most elementary of training within space provided in the Day Care Center. The current staff consists of an acting director and one instructor with additional staff anticipated. The goals are to develop social, personal, and intellectual development and adjustment, and social interaction among participants. The workshop provides training in work habits, extended employment for those unable to function in competitive work, and transit employment for those who work outside the workshop but return for occasional support or job re-placement.

Cost of Program

Local 25%—Cash	$44, 524. 10
In-kind	4, 781. 00
Subtotal	49, 305. 10
Administrative fee 5 percent to welfare	2, 467. 00
Local costs	51, 772. 10
Request from title IV–A	147, 915. 30
Total cost of Program, excluding 5 percent administrative fee	197, 220. 40

COMPREHENSIVE SOCIAL SERVICE PROGRAM, LOUISVILLE MUNICIPAL SEPARATE SCHOOL DISTRICT, LOUISVILLE, MISS.

(By J. T. Smith, Superintendent, Louisville Municipal Separate School District, Louisville, Miss.)

The Louisville Comprehensive Social Service Program will encompass three master services for the community. These services will be rendered through the operation of (1) eighteen child development centers to provide care and training for children between the ages of three and six years who are in need of such care while mothers are employed or training for employment, (2) four communication skills centers and four computation skills centers to provide experiences and learning in laboratory situations that will build basic skills for under-achieving students in the secondary schools (grades 7–12), and (3) a physical therapeutic program in each elementary school to develop positive self-images and personal physical fitness programs for students.

Each of the three master services will be interwoven with all programs already in existence in the school system. Where feasible and permissible, Title I programs in remedial areas will be extended, expanded and strengthened by services of Title IV–A.

Some 360 children and familes will be served through the child development centers. It is estimated that at least 1040 students will be directly affected by the communication/computation centers services and every family with children enrolled in the public elementary schools in Winston County will benefit from the therapeutic/physical program. This area alone covers some 1700 children and theii families.

With the fulfilling of these objectives, virtually every resident of the county with children between the ages of 3 and 18 will have been reached through the Title IV–A program. Through social workers, counselors and other personnel, every family should be more aware of children's educational, emotional and physical needs. Family awareness will most surely be activated to sources available for help in meeting these needs.

Employees of the program will be:

1 project director
1 bookkeeper/secretary
5 social workers
18 child development teachers
1 counselor-assessor
4 physical/health instructors
8 instructors for centers
1 registered nurse
30 aides
4 cafeteria workers
5 maintenance workers

The Louisville Title IV–A Program entails a total budget of $995,705.00 with the school system supplying $248,926.25 (25%) from local sources. The requested budget amount is $741.570.00. An Administrative charge of $12,446.31 (5%) is to be paid to the Department of Public Welfare.

Rolling Acres Day Care Center

(By Robert G. Geoffroy, executive director, the Housing Authority of the City of Vicksburg)

The Housing Authority of the City of Vicksburg, Mississippi, has received, since February 9, 1972, funds under Title 4–A from the State Department of Public Welfare, Child Care Division, for the operation of the Rolling Acres Day Care Center. At present, this agency does not operate a Comprehensive Social Services Program under Title 4–A but does provide a wide-range, but yet limited, program of such services on its own volition.

With an annual budget of $68,677, the Housing Authority, an agency of the City of Vicksburg, Mississippi, administering both low-income public housing and urban renewal through the U.S. Department of Housing and Urban Development (HUD), provides 25% of the cost of its Day Care program, or $17,167 in "in-kind" or equivalent contributions. The agency met Administrative Costs required, then in the amount of 6% or $412, with HUD-approved assistance through its housing budgets' social services provisions.

The Rolling Acres Day Care Center employs 1 director, 2 nursery workers, 1 teacher, 4 teacher's aides, and 2 cooks, and receives the part-time services of this agency's Executive Director, Social Services Director, Maintenance Division, and the Secretary-Bookkeeper.

The Center is housed in the Community Building of H.U.D. Project No. Miss. 86–2, constructed in October, 1971, with day care facilities including 3 classrooms, 1 nursery, 2 restrooms, 1 bath, an isolation room, office, cafeteria, kitchen, spacious storage, and a fenced play area.

In accordance with its license provisions, the Center cares for 43 children ages 3 months to 5 years, providing daily care from 7:30 A.M. to 6 P.M. year-round. The Center serves breakfast, lunch and two supplemental feedings.

The goals and objectives of the program are far too numerous to adequately describe, but could be basically set forth as:

1. To provide a safe place for A.D.C. and other low-income parents to leave their children, and make it possiblef or them to be employed in order to increase family resources.

2. To provide a setting in which the child is physically and emotionally safe to explore and experience the developmental tasks appropriate to his level of maturation in order that he can reach the height of his potential physically, mentally, emotionally and socially, and become both independent and creative, as well as aware and responsive.

3. To help parents to better understand and appreciate their children's strengths and problems, and to help the family unit in every way possible, including social case work and referrals, to enable them to deal constructively with their problems.

4. To secure community involvement in planning for and providing good day care using all possible and available resources.

5. To serve as a quality day care center encouraging a climate of concern and serving as a demonstration center from which other communities can discover the means through which they can provide similar services to meet the needs of their respective communities.

6. To involve volunteers in the day care program for the purpose of enriching the lives of the children enrolled and of increasing community interest and concern for the expansion of day care services to other parts of the community.

7. To create new job opportunities for a limited number of sub-professionals and non-professionals.

8. To provide a setting for training and staff development of center staff.

In seeking to achieve a well-rounded program of day care for the individual child, the Center's purpose is to see that each child receives individual attention in:

1. Health and nutrition.—The children are checked daily for symptoms of infection, and are required to have health certificates upon registration each fall. The children are provided adequate amounts of nourishing and palatable food through the Special Food Services Program, State Department of Education. The child receives a minimum of ⅔rds of his daily nutritional needs at the Center.

2. Emotional and intellectual.—The Center seeks to provide a setting in which the pre-schooler is physically and emotionally safe to explore and experience, to become independent, creative, aware, and responsive. Learning is informally staged and adapted to each child's ability.

3. Parent involvement.—The Center is provided to strengthen and not to supplement the family life. Teachers and parents work together toward shared goals for the children. Parents are welcome at the Center for both casual and planned conferences.

The Center is well-equipped with furnishings and equipment to stimulate the child's interest. The environment of the Center is one extremely conducive to the well-rounded growth of each child. The activities provide opportunities for each child to experience satisfaction and success. Virtually everything about the center is planned and carried out for the enrichment of each child.

Abstract of IV–A Program

(By E. L. Perritt, superintendent, Rankin County Schools, Brandon, Miss.)

The program for the Rankin County School District will be a comprehensive social service program which will provide the following services:

1. A comprehensive child care center for children who come from low-income families, who are between 3 and 5 years of age. This will include the children of working and non-working mothers, and handicapped children.

2. Social and psychological service to correct or bring about intervention in the damaging effects of culturally deprived children.

3. Remedial instruction to those school age children who are not mentally retarded, but who are very slow learners and classes in health and personal hygiene.

4. Social workers to go into the homes of parents and counsel with them in relation to problems and other social adjustment difficulties.

All of the services will be provided in the Rankin County School District, as we are not a member of a consortium.

GOALS AND OBJECTIVES

Our overall goals and objectives will be to gain interest, support and involvement of parents in the progress and welfare of their children, gain understandment of the environment and work toward improving the economically and educationally deprived people of Rankin County in a self-supporting direction.

COST OF PROGRAM

The total cost of the program is $1,071,314.00.
Rankin County's 25% matching fee is $271,314.00.
We are requesting from Title IV–A $800,000.00.
The 5% administrative charge is $13,391.00.

TITLE IV–A PERSONNEL

1 Program Director
1 Bookkeeper
1 Secretary
1 Director of Social Services
10 social workers
10 case aides
2 speech therapists
2 aides for speech therapist
5 guidance counselors
1 Day Care Center Director
1 secretary
1 nurse
1 nurse aide
6 instructors
6 assistant instructors
6 day care aides
3 cafeteria workers
1 janitor
18 teachers of low achievers
18 teacher aides
8 health teachers

The social services program will serve approximately 900 families.
The teachers of low achievers will serve 1,125 children.
The special education teachers will serve 45 children.
The day care center will serve 100 children.
The guidance counselors will serve 1,300 students.
The speech therapists will serve 50 children.

MOORE COMMUNITY HOUSE DAY CARE, BILOXI, MISS.

(A project related to the Board of Missions of the United Methodist Church)

GOALS AND OBJECTIVES

The objectives of the program are many. The more important being:

A. To provide a safe place for ADC and other low-income parents to leave their children, making it possible for them to be employed to increase family resources.

B. To provide a setting in which the child is physically and emotionally safe to explore and experience the developmental tasks appropriate to his level of maturation in order that he can reach the height of his potential physically, mentally, and emotionally, and become both independent and creative, socially and spiritually aware and responsive.

C. To help parents to better understand and appreciate their children's strengths and problems; to strengthen them in every way possible, including social case work and referral services, to enable them to deal creatively with their problems.

D. To secure community involvement in planning for and providing good day care using all available resources.

E. To serve as a quality day care center encouraging a climate of concern and serving as a demonstration center from which other communities can discover the means through which they can provide similar services to meet the needs of their respective communities.

F. To involve volunteers in the Day Care program for the purpose of enriching the program for the children enrolled and of increasing community interest and concern for the expansion of day care services to other parts of the community.

G. To create new job opportunities for a limited number of sub-professional and non-professional persons.

H. To provide a setting for training and staff development of center day care staff.

SERVICES RENDERED

Good physical care, emotional support and appropriate intellectual stimulation for pre-schoolers, ages 4 months to 6 years—September 6th enrollment—70 children; 49 families. Recently licensed to increase enrollment to 92 children as follows:

30—Infants and Toddlers, ages 4 months to 2 years
12—2's
15—3's
15—4's
20—5's and 6's

Social Services

Intake interviews
Supportive Case Work and Referral Services to families
Team work with other staff members on children's problems

Medical Services

Initial physical and dental examinations
Accident insurance for children while in center program
Transportation for children to and from center
Parent involvement through group meetings, specialized seminars and workshops.

STAFF

Agency Director—MA in Education plus study and experience in Social Work: 1.
Day Care Program Director and Social Worker—ACSW: 1.
Day Care Teachers: 6.
Day Care Assistant Teachers: 8.
Assistant Teacher-at-Large: 1.
Nurse (one of the Teachers): 1.
Cook: 1.
Part-time:
Secretary/Bookkeeper: 1.
Assistant Cook: 1.
Maintenance: 2.
Custodians: 2.

Total cost of program	$110,921.00
Special food program reimburement (estimate)	16,380.00
Total	94,541.00
25 percent	23,635.25
75 percent	70,905.75
6 percent administrative charge to State DPW	1,418.12

Plans for Coordination with New Programs

The Title IV–A program at Moore has been in operation since October 22, 1971. Present plans are for child care to become a part of the program of the Biloxi public schools for children ages 3, 4 and 5. Conferences have been held with Mr. Olon Ray, Assistant Superintendent of the Biloxi school system, who is responsible for this program, in an effort to determine how Moore Community House can cooperate in providing the best possible comprehensive pre-school child development program for low-income families of Biloxi. Tentative options are:

Contract arrangements with the public schools this year with the possibility of Moore becoming an infant-toddler center as the public schools develop room for the 3–5's in the future.

Continued service to children whose parents prefer to keep their preschool children in one center, especially since transportation is provided in the Moore center and tentative plans are for emergency transportation only in the school program.

ABSTRACT OF IV–A PROGRAM

(By John M. Davis, Sr., Chairman, Northeast Mental Health-Mental Retardation Commission, Tupelo, Miss.)

I. *Counties to be served.*Northeast Mental Health-Mental Retardation Commission Area. Benton, Chickasaw, Itawamba, Lee, Monroe, Pontotoc, and Union.

II. *Children to be served.*—Mentally retarded and multi-handicapped with behavior problems; primarily between the ages of 4 and 10.

III. *Agreement with parents.*—Parents must agree to participate in parent education program (one time period per week)

IV. *Fee.*—Ne fees.

V. *Number of children to be served.*—The Center has a capacity of 25 beds. Since one of the services is short term intensive residential evaluation and treatment services, then it may be expected that the Center may serve approximately 40 to 50 handcipalled per year when staffed and filled to capacity.

VI. *Services available.*—

A. Diagnostic and Evaluation Services.

B. Short Term Intensive Residential Program (approximately 3–6 months).

C. Behavior Modification (more emphasis to be placed in area).

D. Medical Treatment Services.

E. Individualized Prescriptive Education Program.

F. Extended Evaluation.

G. Crisis Assistance.

H. Parent, Community and Voluntary Training in working with the Mentally Retarded and Multi-handicapped.

I. Extensive Follow-up Services.

J. College Student Training in working with Mentally Retarded and Multi-handicapped.

K. Volunteer Program.

VII. *Comprehensive social services.*—

A. Intake, admissions, referral and information services.

B. Provides crisis assistance services to retarded, multi-handicapped, and their families.

C. Parent conuseling both individual and group.

D. Parent and community education in reference to the handicapped with behavior problems.

E. Follow-up social, school, family and medical services.

F. Recreational program.

VIII. *Coordination with existing programs.*—

A. Regional Child Development Clinic located within the facility provides initial diagnostic services.

B. Regional Rehabilitation Center will provide (for the initial capacity of 24 children) the following evaluations and therapies: speech, audiology, physical, and occupational.

C. Mental Health Complex provides consultation with staff and parents.

D. Colleges and universities are provided field placements of students in the Center.

IX. *Primary goals.*—

A. To provide short term intensive services to handicapped with behavior problems who cannot receive adequate services except on an impatient basis.

B. To provide individualized services to children for whom the prognosis for improvement is judged to be good.

C. To provide an intensive parent education program so that the efforts of the staff to change behavior or improve the child's functioning are not lost.

D. To keep these children near their homes and return them to their homes as soon as possible.

X. *Number of IV–A personnel.*—

Full time:

1—Director—Educator.
1—Asst. Director—Educator.
1—Educator.
1—Social Worker.
2—Office.
3—Teacher Aides.
1—Registered Nurse.
2—LPN.
4—Cooks.
5—Housekeeping & Maintenance.
1—Houseparents (couples—LPN's).
3—Aides to LPN.

Persons Under Contract for Services:

3—Pediatricians.
2—Clinical Psychologists.
2—Educational Psychologists.
1—Psychiatrist.

Part time:

1—Office.
3—LPN.
1—Recreational Therapist.
1—Nutritionist.
2—Cooks.
1—Housekeeper.
1—Dance instructor.
1—Swimming instructor.
3—Aides to LPN.

XI. *Funding.*—Total Cost of Program: $245,896 per year.

25 percent—Funded through Appalachia Demonstration Health Program: $56,432.

75 percent—Requested through IV–A: $181,921.

5 percent administrative charge plus 20% of equipment: $7,948.

(The 5% and 20% comes from a tax levy on the seven countries served by the program through the Northeast Mental Health-Mental Retardation Commission.)

Comprehensive Social Services Program for Children Ages 3–18

(By J. D. Prince, superintendent, McComb Public Schools)

The McComb Schools IV–A enabling services effort will attempt to integrate varied child development efforts in the community with the educational efforts of the local schools. For the past several years the McComb School District has conducted or instigated a number of isolated school related welfare activities for the disadvantaged children in this school district funded by volunteer contributions, local tax monies and assorted federal monies. This IV–A program is intended to consolidate these activities into a coordinated and enlarged effort.

The services proposed for this district depend heavily upon the concept that specifically planned child development activities are a necessary aspect of the educative process for some children.

The majority of service of this program are: (1) Three well-staffed day care centers to serve a total of 150 eligible children from approximately 60 families, (2) the establishment of a comprehensive tracking record on each client to determine if the school district is actually meeting the needs of the identified clients—to serve approximately 1400 children and 560 families, (3) to place every child eligible for a trainable mentally retarded program (EMR) in a certified TMR program—this program should serve approximtely 20 children from the same number of families, (4) to provide the proper type of training for every eligible educable mentally retarded (EMR) child in this school district—approximately 215 children from approximately 155 families, (5) to operate a comprehensive learning disabilities program for approximately 90 handicapped children from approximately 80 families, (6) to operate speech and hearing therapy programs for all handicapped children with such defects in the school district for approximately 260 children representing about 215 families, (7) to establish a program for the emotionally disturbed child in our school district—there are approximately 12 such children representing 12 families, (8) to provide tutorial services to accompany an existing specialized reading program, (9) to assist project eligible children through a number of services both in school and at home which hopefully, will help these children experience academic success—to serve approximately 420 children from approximately 280 families, (10) to establish a tutorial program whereby older youths will work cooperatively with school staff members in giving individual assistance to youngsters involved in the special programs, (11) to expand certain types of vocational offerings to care for the unique needs of the drop-out-prone older project eligible child, (12) to establish specialized social service assistance for parents of program eligible children of all ages in order to assist parents to understand their role and responsibilities in the proper development of their child, and (13) to utilize schools social service workers in combination with school counselors, school teachers and social service workers of other agencies to bring the most effective measures to bear upon the identified needs of project eligible children.

Personnel to be employed by this project are: 5 social workers, 1 psychometrist; 1 day care coordinator, 3 day care head teachers, 13 day care teachers, 14 day care assistant teachers, 1 nurse, 1 secretary, 3 housekeepers; 1 special education supervisor, 2 TMR instructors, 11 EMR instructors, 2 instructors of the emotionally disturbed, 3 speech therapists, 1 hearing instructor, 1 special education music instructor, 1 special physical therapist, 1 librarian and 11 aides; 1 learning disabilities supervisor, 7 learning disabilities instructors, 8 aides for learning disabilites programs; 1 supervisor of vocational education, 6 school counselors, 14 vocational instructors; 1 academic reenforcement supervisor, 5 reading specialists, and 32 adult tutors; 1 supervisor of tutorial activities, 4 tutorial trainers, 25 evening study center tutors, 100 tutor trainees, 15 after school tutors, and 80 student trainees. Other support personnel are: 1 executive project director, 1 assistant project director, 1 bookkeeper, 2 secretaries, and 5 clerk-typists.

Total estimated project cost is $1,441,705.00. The local contribution to this program is $400,012.00 and the requested federal funds are $1,041,693.00. The 5% administrative cost to be supplied by the school district is $17,361.55.

Chairman GRIFFITHS. Mr. Saucier, I would like to tell you once again how much I enjoyed visiting Atlanta and how really able the people were who testified.

STATEMENT OF HERSCHEL SAUCIER, DIRECTOR, DIVISION OF FAMILY AND CHILDREN SERVICES, GEORGIA DEPARTMENT OF HUMAN RESOURCES

Mr. SAUCIER. Thank you, Madam Chairman, I am pleased with the testimony my staff gave. I am sorry I could not be there. I was in Washington at the time, I believe, working with HEW in trying to get some guidelines for the WIN program.

Chairman GRIFFITHS. I see.

Mr. SAUCIER. I appreciate also the opportunity to be here to bring a written statement which I believe gives the details of what we are doing in Georgia.

Chairman GRIFFITHS. Yes. It will be inserted in the record of these hearings.

Mr. SAUCIER. I would like to make a few comments, though, about how Georgia fits into the total picture in regard to social services expenditures and a few comments about using the revenue-sharing measure as a means of funding social services.

Georgia is one of those States that got started late in really developing and implementing a quality social service program. State leadership was not interested in this until January of 1971 when we had a change in State administration, a change in the administrator of our welfare program, and had a leadership that was interested in trying to do a good job of meeting human needs.

We made rather dramatic progress in getting what we believe are sound programs underway.

I am very much concerned, as Mr. Weaver has so well stated, about the lack of direction on the part of HEW. We have yet to have any specific policies about purchase of service. In Georgia we spend about as many Federal dollars in the purchase of services as we do in providing services. We think this is a wholesome balance.

I worked closely with members of the staff of the Community Services Administration back in December and January developing guidelines. Several of the States participated in this. We reviewed a final draft 2 or 3 months later. Why these guidelines have not been released, I cannot imagine. States had to move along with whatever consultation they could get from their regional offices. We happen to have had one of the most concerned regional offices, where they have been very helpful to us and I would like to reiterate the fact that Georgia has, as I think most States have, diligently and conscientiously tried to carry out the very general policies that have been issued by HEW. In fact, we have been audited—a portion of our social service program has already been audited—one of the first States if not the first. We have been given a clean bill in what we are doing. Admittedly, the auditors had difficulty knowing what policies to apply because they didn't have any. Really, the biggest controversy at the preliminary report was between our regional office program staff and fiscal staff who tried to inform the auditors verbally as to what they understood the policies were, because they got no direction from the central office.

So there has been a real lack of clarity as to what the States can legitimately and appropriately do in providing social services.

In Georgia we moved ahead doing those things which we thought would do more to prevent dependency and help people to manage their own lives a little better, to be more productive, to achieve some degree of economic independence, as well as to manage their own affairs. Some of the emphasis has been on the children and youth program, to try to deal with those youngsters, the welfare recipients, and a few former recipients, who are vulnerable to dropping out of the mainstream.

We feel we have brought about some basic institutional change in Georgia through our social service program. I have been delighted with the way that the educational systems have been willing to modify their thinking about responsibility for education. We are serving well over 120,000 youth in extended day care programs where schools are using the facilities that had not been used after 3 in the afternoon for children of poor families and working mothers so that they can have a constructive experience until the parents get home.

We use this opportunity for special help to these disadvantaged youngsters in the way of tutoring, counseling, assisting them in getting part-time jobs and this kind of thing.

I think this cannot be underrated, the fact that we have been able to bring about basic institutional change and especially as it relates to education.

Another emphasis is that of trying to divert persons from institutional care of all varieties—youth development centers for deliquents, mental hospitals, institutions for mentally retarded—by providing community-based programs. We are trying to come up with some alternatives to what has proven to be one of the most expensive kinds of care and probably the least productive; that is, placing people in large institutions. We have been quite successful in this, even over a short period of time.

We are finding family homes in small group homes for persons to leave institutions so they will be closer to family and have some relationship with the community. For example, we have been finding many people who have been in mentally retarded institutions for years have been able to function with many of the support services these community institutions can give. We have had one man who had been in an institution for the mentally retarded for some 30 years and now he is earning over $6,000 a year as a result of counseling programs. The community-based programs have helped him take a step at a time back to the community.

During the last year we have been able to divert 265 youths who had been delinquents and had been committed to our Department of Institutional Care away from institutions through serving them with incentive treatment at the community level, day-care institutions with counseling where they go home at night, where we then inject them into the community rather than taking them away from the community. We think that is a significant thing in the lives of these people and we are doing it at relatively small expense.

I am very concerned that the provisions of funding—I should say failure to fund social services through revenue sharing—in a sense invalidates many of the important guidelines that had been established over the years, with which we have had more experience, and as provided in the Social Security Act.

I am very concerned that we not change the funding of social services from the basic provisions of the Social Security Act. I think this whole business of providing services has to be a close partnership between the States and the Federal Government. I think the States are in a better position to provide services.

I think the Congress and the Federal agencies ought to help States to develop the capacity to provide leadership and the administrative ability to do a good job and try to serve everybody within the State no matter where they live.

The revenue-sharing mechanism will fragment funding and services. Right now Georgia is trying to undo many of the problems in our welfare programs that grew out of local participation in funding over the years. There is so much inequity from county to county and if you think of administering programs in 159 counties you can imagine the monstrosity we have to work with. We are moving toward 14 regional centers as a means of trying to do a quality job and assure that everybody within the State will have a fair chance to receive the services they need.

I think the standards, the overall goals and guidelines set by the Congress and the Federal agency, are crucial to equity through the States. But I think this is the most appropriate role of the Federal agency—that is, to set broad goals, broad policies, but help States to develop the capacity to actually provide those services that the citizens in that State need.

States are different. I can appreciate the problems of Mississippi. I worked there for some 13 years; they have some of the greatest needs of any State in the country. Georgia has great needs but our needs are different from theirs. We have a head start on Mississippi; so whatever final method of funding Congress comes up with, I hope it will be a plan that will not only give some incentive to States which have not had the leadership or the interest or the incentive to develop service programs, but also that will not penalize those States that have the leadership, who have taken the initiatve and have moved ahead with few directions and at considerable risk to try to provide social services to poor people.

I think it can be done; I think it must be done through a dollar ceiling and a plan of allocating money that will be as fair as possible to all the States in the United States.

We have done a good job, we feel, in accounting for the money we have spent for social services. We have a monitoring staff that makes regular on-site visits to providers of services with whom we contract. We supervise the programs we operate. We make a monthly report to our regional office. We can account for every dollar and we can tell you whom we have served, who they are, and the kinds of services we are providing.

Some of the rather reckless charges about no one knowing what we are spending social service money for and the results we are getting are a misrepresentation.

Chairman GRIFFITHS. It is HEW that does not know.

Mr. SAUCIER. Our regional office knows what we are doing.

Now we are in the process of developing what we feel will be a very good information and evaluation system on social services. We are out ahead of HEW; they are concerned about it and working on a plan but we can't wait for them. We need to know in Georgia because we need more information as the basis for program planning and management.

We hope to have a system in place by January. Field testing thus far is encouraging and I agree that having a sound plan of fiscal responsibility in administering these funds and knowing the results of what we are doing is vital and we do need some national leadership in achieving these things.

(The prepared statement of Mr. Saucier follows:)

PREPARED STATEMENT OF HERSCHEL SAUCIER

I greatly appreciate the opportunity to testify before this Committee on the plan for funding social services through the revenue sharing bill as introduced by the Senate Finance Committee in which one billion dollars has been added for social services (in lieu of funding social services under Titles IV–A and XVI of the Social Security Act).

The Senate Finance Committee's revenue sharing bill only provides the State of Georgia with 5.2 million dollars to support our many preventive and rehabilitative services for poor and disabled Georgians. This drastic reduction in social service funds from those provided under Titles IV–A and XVI of the Social Security Act will wipe out Georgia's very progressive and dynamic program designed to prevent permanent destitution and misery on the part of thousands of Georgia citizens. I recognize that the rapidly expanding cost of social service programs to the Federal Treasury must and should be controlled. We have, however, carefully planned and implemented a comprehensive social service program for Georgia people. Passage of the Senate version of revenue sharing will destroy these programs and plans. This statement will clearly present our position in regard to the social service issue and provide alternatives to those made in the Senate Finance Committee's version of the revenue sharing bill .

On June 30, 1972, the Georgia Department of Human Resources had operating programs and specific program plans designed to serve 586,346 poor Georgians at a cost of $220,325,051 in Federal social service funds. On August 31, 1972, our program commitments had expanded to a total of $226,522,205 Federal dollars serving 622,291 individuals.

These social service programs which I will describe later in some detail, are designed to prevent economic dependency upon the government and to assist them in achieving a greater degree of self support and self care. Programs are designed to:

(1) Remove persons from the welfare rolls or reduce welfare grants through training and job placement.

(2) Help other low-income persons with problems that may, without services, result in their becoming welfare recipients.

(3) Provide protective services to children and adults who are abused, exploited or neglected.

(4) Provide community services and placement alternatives to institutionalization.

I need not remind you that the factors that contribute to poverty and economic dependency are many. If we are to make progress in combating poverty we must provide those services which will not only prevent to the maximum degree possible the conditions that lead to poverty, but also to provide those rehabilitative services that will help poor people move toward self support and self care.

Georgia's programs are designed to help parents who are neglectful in their role as parents to give more adequate care to their children so that they may develop into adults who are more self sufficient; to assist those youth and adults with adjustment problems that may result in their needing institutionalization in mental institutions or state and federal penal institutions; to provide community-based social services that will enable families to continue partial responsibility for dependent children and adults while our service programs work toward helping them to be more independent of state welfare assistance; and to enable the handicapped and elderly adults remain in their homes as long as possible and avoid placing them in expensive nursing homes and twenty-four hour institutions.

I would like to describe some of the services that are funded through Titles IV–A and XVI of the Social Security Act through staff of the Department of Human Resources and, when more feasible, through purchase of service from local public and voluntary providers.

SOCIAL SERVICE PROGRAMS FOR CHILDREN AND FAMILIES

1. *Day care for economically and socially deprived children.*—At the end of August, Georgia was providing quality day care services to 16,070 children. Day care is provided for children of mothers in training and working mothers who do not earn enough to provide adequate child care for their children. We are serving thousands of poor and socially deprived pre-school children in an effort to provide them with a better chance of succeeding in public school when they enter the first grade. Many of these children, without these pre-school services, are school dropouts before they enter school.

2. *Extended day care before and after school.*—We are providing day care and other services such as counseling tutoring, family life education and job information and referral to more than 200,000 children and youth of working mothers. In addition to providing a constructive experience for these children who are vulnerable, we are preventing delinquency and improving the chances of these children and youth making it through the public school system.

3. *Community child care and training centers for retarded children and youth.*—We are serving over 2,500 retarded children and youth in community-based facilities whose training programs are designed to help them to be less dependent upon public care. By providing community programs of care and training during the daytime hours, parents are willing and able to continue primary responsibility for their care at home and, in many instances, prevent the placement of these severely retarded individuals in expensive institutions. In addition to providing a valuable service to the retarded individual, we provide a valuable service to the family.

4. *Counseling Services for Children and Youth with Severe Adjustment Problems and Crisis Intervention to Deal with Emergencies.*—We are providing emergency services to more than 2,000 individuals each month.

5. *Voluntary Family Planning to Prevent Unwanted Pregancies.*—Comprehenhive family planning services are being made available to all welfare recipients and potential recipients throughout the State of Georgia. We are finding welfare clients interested in participating in family planning services made available.

6. *Planning, Evaluation, Information and Referral Services.*—We are using service funds to develop, on a regional basis, a planned, rational and scientific approach to social service planning. Regional planning commissions are now providing planning services in 73 counties and by the end of FY-1973, will be serving all 159 counties.

7. *Legal Services to Welfare Recipients.*—Georgia has a statewide plan for making available to welfare applicants and recipients legal services that are

designed to help them manage their own affairs more adequately. Legal services are available to assist with consumer problems, housing problems and domestic problems, as well as in areas relating to welfare eligibility.

8. *Services to Youth with Adjustment Problems Who, Without Appropriate Services, Might Become Dependent.*—Social service funds are being used to provide local community-based counseling and treatment programs for youth with adjustment problems designed to prevent their placement in institutions and to help them make a better adjustment to the community in which they live. Over 265 youth committed to the State for institutional placement have been served in communiy-based programs through intensive counseling, day programs of counseling and training and group homes which, in addition to saving many dollars, have done a more effective job of helping these youth live in the community without offending further.

9. *Consumer services.*—We are providing a statewide consumer service program designed to protect the low-income consumer and to provide counseling services on consumer problems that will assist them in getting the most from their limited welfare dollar. We have trained 9,197 consumer counselors to provide consumer counseling at the community level. They have provided counseling services to 222,727 people. Poor people are alerted to schemes designed to exploit the poor.

10. *Counseling services to children and families in every county within the State.*—Social services through local Departments include information referral services, protective services to parents who are neglecting, abusing or exploiting their children who, without service, will result in more severe dependency; employment services for youth and parents, assistance in money management, and counseling in family living.

11. *Diagnostic evaluation and treatment services for children and youth with adjustment problems.*—Service funds are being used to develop and expand community programs accessible to children and families, to assist them in dealing with complex adjustment problems that may result in institutional placement or hospitalization.

SERVICES TO THE BLIND, ELDERLY AND DISABLED

1. *Vocational evaluation and training of retarded and handicapped individuals designed to help them to be more self supporting.*

2. *Services to enable elderly and disabled persons remain in their own homes.*—We are providing home-delivered meals, homemaker service and chore services to those elderly and disabled in their own homes that make it possible for them to remain at home when otherwise they may require nursing home care or placement in some other kind of facility. Day programs are provided for the elderly, where they receive health education, employment counseling, consumer education, credit counseling and other constructive activities that help them to be more active and responsible for their own care and well being.

3. *Drug and alcohol treatment programs.*—We are providing individual and group therapy, training for employment, job placement and referral, for alcoholics and drug addicts. Our methadone maintenance program has dramatically reduced the crime rate in Metro Atlanta. Over 24,000 individuals are receiving drug and alcohol treatment services.

4. *Alternatives to institutional care.*—Service funds are being used to develop family homes and group home resources for retarded and emotionally disturbed individuals who may be able to leave institutions with some community resource available to them. The average cost for community care plans for these individuals is about $7.00 per day as compared to an average cost of $25.00 per day in hospitals and nursing homes. Since the cost of nursing home care for welfare recipients under Medicaid is one of the most costly programs available to the poor, it is vital that we find alternatives to nursing home care.

5. *Community-based services to the aged, blind and disabled.*—We are serving over 58,000 welfare recipients and potential recipients through 159 County Departments of Family and Children Services and community-based mental health facilities. The whole range of services, ranging from protective services to placement services are being made available through local welfare agencies.

The above is not a complete list of social services being provided under Titles IV–A and XVI, but should serve to point out the nature and importance of these services.

FUNDING OF SOCIAL SERVICES THROUGH REVENUE SHARING WILL CONTRIBUTE TO FRAGMENTATION OF SERVICES AND UNEQUAL SERVICES THROUGHOUT THE STATE

Federal funding of social services through revenue sharing rather than under provisions of the Social Security Act will allocate two-thirds of these funds to county and city governments and only one-third to the State. This will greatly limit comprehensive State planning and service delivery to provide human services. A history of local funding of social service programs has resulted in a wide disparity in services available throughout the State. Statewide leadership and direction is vital to assuring that comparable services are made available to all persons in need throughout the State.

Georgia is making progress toward providing services to every citizen in need, regardless of where he may live. Social service money made available to county government, rather than to State, will undermine State leadership and equal delivery of social services. Social service money made available to cities will not be spent for these purposes as cities within Georgia are not in the business of providing social services.

RURAL TO URBAN MIGRATION

I am well aware of the many complex problems of our cities, many of which are complicated by the migration of unskilled persons from rural to urban areas. In my judgment, we must deal with economic and social problems in rural areas more effectively if we are to reverse the migration of the rural population to urban centers. To effectively deal with the statewide economic and social problems, a great deal of direction and leadership must come from State government. Methods of funding through revenue sharing do not strengthen the State's role in this kind of statewide planning and service delivery.

THE ECONOMY OF PREVENTIVE SERVICES

For many years we have given lip service to the "ounce of prevention" theory, but only recently, since January 1971, have we seen able to develop sound programs to prevent increased economic dependency. We are convinced that our social service programs are sound and productive even though, as yet, we have not developed an adequate system of evaluating effectiveness of service delivery. Just as we are well underway toward providing sound preventive services, the foundation of our plan for funding—federal funding under the Social Security Act—is about to be withdrawn.

EVALUATION OF GOAL ACHIEVEMENT IN SOCIAL SERVICES

We are well on our way toward developing a rather sophisticated system of service reporting and evaluation of service delivery based on achievement of established goals for individuals who are being served. We are now in the process of field testing preliminary instruments for an automated service reporting and evaluation system. Initial findings in the field test are encouraging and we are hopeful of having a good system of service evaluation in place by January 1, 1973. Only recently has HEW given any assistance to states in designing a service reporting and evaluation system. Most of what we have done thus far has been done with awareness of HEW but without very much assistance from them.

LEADERSHIP AND DIRECTION FROM HEW ON SOCIAL SERVICE DELIVERY

The Social Service Amendments to the Social Security Act were passed in 1967, but the Department of Health, Education and Welfare has not yet published policies and guidelines for the purchase of social services. All states have as directives the general policy statements released describing broad areas of social services that may be provided by states. Recently HEW leadership has strongly criticized the states for rapidly expanding their social service programs, accusing us of robbing the Federal Treasury, calling social services "revenue sharing through the back door." Even though some states have exploited the open-ended funding of social services to refinance state government, most states have acted quite responsibly, using federal social service funds to improve and expand social service programs.

SOUND FISCAL POLICY IN SOCIAL SERVICE FUNDING

Congress has cause for concern about the increasing cost of social service programs. Georgia believes that the open-ended funding should be closed with a specific dollar ceiling that is adequate to continue funding proven social service programs. The lack of direction on the part of the Department of Health, Education and Welfare has resulted in inequitable use of social service funds on the part of the several states. We have had appropriate assistance from Region IV of HEW in developing service delivery plans, but they have often moved without direction from the national office.

Other regional offices have given varied interpretations of what is possible under present law and policy resulting in some states not making use of social service funds. The maldistribution of social service funds has resulted in the creation of three classes of states with respect to the use of these funds:

(1) States which were able to plan and implement social service programs fully.

(2) States which have recently begun to make use of the social service funds but do not have fully operational programs.

(3) States which have not completed plans for an adequate social service program for their citizens.

Georgia falls into the second category of having planned and contracted for programs which are not fully operational. Our expenditures for FY–1972 do not reflect programs that were operational during the last quarter of FY–1972 and the first quarter of FY–1973.

For the past two years we have asked for and received the support of our Congressional delegation for an open-ended funding plan on social services in order to plan and implement a comprehensive social service system. This system is now being vigorously implemented. We feel that it is now time to set a reasonable and realistic ceiling on social service expenditures and develop a plan for fair allocation of these funds to the several states.

Even though we do not have a going system for getting information and evaluating service delivery on all services rendered, we have established an effective and efficient monitoring system where agency staff make on-site visits of providers of services and make sure that contracts are being implemented appropriately. We have recently had an audit by the Federal auditors of portions of our social service-purchase of service programs and preliminary reports of the auditors give us a "clean bill". Admittedly, the auditors did have some difficulty understanding what was proper and what was improper since HEW has yet to publish guidelines for purchase of services.

The State of Georgia agrees with the Senate Finance Committee's position that fiscal restraint and accountability are imperative and stands ready to cooperate with Congress to establish these requirements. We do not agree, however, that this objective can be best achieved by imposing an arbitrary level on spending without regard for needs or commitments. In an attempt to only curb the rapid growth and expenditure of these funds, the Senate Finance Committee has closed off the open-ended social service program at a one billion dollar level, an amount completely inadequate to continue good programs in operation.

It is quite clear that the Senate Finance Committee's one billion dollars in revenue sharing (in lieu of the Senate Appropriations Committee's $2.5 billion) will even more drastically affect existing Georgia programs and plans which our Congressional delegation helped us to achieve.

ALTERNATIVE TO ONE BILLION DOLLARS FOR SOCIAL SERVICES AS A PART OF REVENUE SHARING

During recent weeks, I have worked closely with a Governor's Committee appointed by the Governor's Conference to study the social service issue and with the Executive Committee of the Association of State Welfare Administrators.

Both groups, after very critical study of the matter of funding social services, have reached agreement on what they believe is the soundest approach to funding social services. I embrace their proposal and recommend it to the Congress.

The one billion dollar supplemental provision in Title III of the revenue sharing bill should be deleted. In the event that some limitation in federal funding for social services expenditures is to be included in this legislation, it is recommended that the present authorization in the Social Security Act be retained with an authorization of three billion to be allocated among the states on the basis of population, with additional amounts estimate at 600 million dollars be utilized to permit a state to receive no more than 1.85 times the amount allocated under such formula as required for approvable state plans submitted prior to July 1, 1972. or Fiscal Year 1972 expenditures, whichever is greater.

This plan will challenge states who have not developed social service plans designed to prevent economic dependency to do so and will recognize the efforts and sound programs already underway in states that have taken initiative and provided leadership necessary to get sound programs to people in need.

In conclusion, I would like to express my strong conviction that states are in the best position to administer social service programs. There should be a shared responsibility for funding such programs between the Federal and State governments with the Federal Government setting broad goals and policies for the provision of social services and challenging states to develop the leadership and administrative ability to deliver quality social services to their citizens.

Chairman GRIFFITHS. Thank you very much. I appreciate all of your statements.

Now, I would like to ask each of you the same question, and I am particularly happy that the gentleman from Illinois is here because it is one of the first two States that used several of the provisions of the law.

Two of you have indicated, I thought, in your statements, that one of the reasons that title IV–A was not used extensively earlier was because of political reasons within the State, a change of administration, perhaps.

I would like to know, was each State given the exact same opportunity to use it? Did you all know about it? Were you all informed, so that you had an equal chance to use this provision of the law? Were differences due to local leadership or was it because it was never made clear that you could use it?

Would you like to answer first, Mr. Weaver? How did you come to use it first?

Mr. WEAVER. Certainly. Illinois came to use this particular provision of the 1967 amendment because we were in the process earlier of developing a comprehensive service delivery system in Illinois that would relate to all the needs of people and not fragment them.

Chairman GRIFFITHS. Not fragmenting them into counties, as Mr. Saucier has pointed out?

Mr. WEAVER. Not fragmenting them in terms of type of need and type of service to be responsive to that need.

Chairman GRIFFITHS. I see.

Mr. WEAVER. In Illinois we have had State-administered social services programs for many years. We do not have county-administered programs.

Chairman GRIFFITHS. And the counties do not have to match any money?

Mr. WEAVER. That is correct. It is State administered and, therefore, the revenue sharing bill which is on everyone's mind now constitutes a considerable disservice to Illinois because a substantial part of those moneys are passed along to local units of government that would not, of course, come into social services at all.

But the way we came to use the provisions of the 1967 amendment was that we were in process of developing a comprehensive social services system very much along the lines that Mr. Saucier has related to in terms of deinstitutionalization of people who really do not need custodial care in an institution but can be much more able to care for themselves and support themselves in the local community, and also to link up the needed services to decrease dependency, to try to get a handle on the decrease of the dependent population.

As a result of doing that, when Governor Ogilvie came into office, one of his first actions was to pass a desperately needed State income tax to finance the needed services in Illinois. The majority of that income tax money, new money, went to two things: Education and social services, the human services area.

In making that kind of commitment—and that was followed rather quickly by a significant economic recession, as well as burgeoning public welfare rolls—it became clear that Illinois could not, with its own State resources, maintain its effort to provide services, to reduce dependency, and to deinstitutionalize people unless it could secure those funds that were made available in the social services portions of the 1957 amendment. So we started out as early as we could seeking regulations and guidelines from HEW in order to implement the provisions of the 1967 amendment.

Chairman GRIFFITHS. Did you get them?

Mr. WEAVER. Well, in 1969, some 18 months or more after the passage of the 1967 amendments, we did finally get some regulations from HEW. It was on the basis of those regulations, which were not at all precise and we helped to try to bring some definition to them as we developed our State plan—that Illinois filed its plan in the fall of 1969. It was almost 1 year to the day later when that plan received final consideration by HEW after extensive negotiations through the regional office, which tried to be as helpful as Mr. Saucier has indicated his regional office was, and tried to be as helpful as they could within the vagueness of the guidance and the regulations that they had. But it was in September of 1970 then, or 1971, rather, that the plan was finally approved.

Chairman GRIFFITHS. Why do you negotiate? If there is a law, what is there to negotiate about? Isn't the law clear? But everybody has said that they negotiated these deals with the Federal Government. What were you negotiating?

Mr. WEAVER. All right, there are two or three things that brought about negotiations for Illinois: One, and I am sure you have heard this one already, is the vagueness of definition in the law and regulations; it is not clear. For example, what was long-term service? Short term? It was not abundantly clear what is social service vis-a-vis medical services—these kinds of technical negotiations.

Chairman GRIFFITHS. Do you have to take each one of these services up to the office and have the office make that determination?

Mr. WEAVER. That is correct.

Chairman GRIFFITHS. And you argue about the interpretation?

Mr. WEAVER. That is correct.

Chairman GRIFFITHS. All right.

Mr. WEAVER. Now, additionally, and a very significant factor in the case of Illinois, is that in Illinois we operate in a multiagency environment for delivery of social services.

I am director of the Illinois Department of Public Aid, but I am here today speaking on behalf of the State of Illinois with respect to its total social service program which, for purposes of our State plan on file with the Federal Government, encompasses some services delivered by four or more departments of the State government. We think that it is inappropriate that social services be defined simply along organizational lines, that is, according to which particular department provides the service.

Social services should be defined in terms of the character and nature of the particular program set that is put together to deliver some service to a needy individual. Therefore, we have created a multiagency environment for social service delivery which includes: the department of public aid, which I currently direct; the department of children and family services, which I formerly directed for some 4 years; the department of mental health; the department of corrections; and to a more limited extent, the department of labor.

Now, in creating that multiagency environment it became a very sticky issue as to how the social service titles could be applied in Illinois because of the single State agency concept which is traditional in funding of social services.

The department of public aid is designated as the single State agency to receive these Federal funds; but under provisions of the Intergovernmental Cooperation Act passed by the Congress it is possible for us to request and to receive waivers of the single State agencies.

Chairman GRIFFITHS. You did that?

Mr. WEAVER. Yes, we did that. This was in order to create within this multiagency environment a comprehensiveness of service delivery. This is an issue that has been discussed, I know, across the country for many years: the fact that services are so fragmented that an individual in a local community has to go shopping, as it were, to receive the services he needs; and we are endeavoring to create a comprehensive system in Illinois that puts things together in some kind of rational manner.

Chairman GRIFFITHS. But is not the real reason for the fact that you were first that you were already operating through a State agency, not from county to county and city to city, and that you came in and tried to help work out the guidelines under which you could get money?

Mr. WEAVER. We exercised early initiative in the matter.

Chairman GRIFFITHS. I see.

Mr. WEAVER. Because we had started to move in social services and we wanted to be able to continue that movement.

Chairman GRIFFITHS. The original guidelines came 18 months after the bill had been passed or signed you finally got your plan in and waited a year before it was approved; is that right?

Mr. WEAVER. That is correct.

Chairman GRIFFITHS. So it was 1971 before you had a final plan?

Mr. WEAVER. It was approved, at about the last day of September 1971. It was one of my first responsibilities.

Chairman GRIFFITHS. I see.

Mr. Robinson, now you may have come late to the affair but you are doing mighty well and we are proud of it.

Mr. ROBINSON. Thank you, ma'am.

Chairman GRIFFITHS. Let us hear what you did. What was your real problem?

Mr. ROBINSON. Madam Chairman, may I qualify my statements first by saying this: I have not had the vast experience that these two gentlemen have had. I am a complete neophyte. I have only been in this business since April of this year.

Chairman GRIFFITHS. Well, you should have gotten a bigger and better job right away because you are doing well.

Mr. ROBINSON. But I can back up what these gentlemen are saying relative to regulations from another area. We are all in the process of separation, dates are being set up for the States to accomplish separation and we are having to anticipate in some areas of separation what HEW expects.

Chairman GRIFFITHS. Part of the time the Congress cannot even recognize the law when they read the regulations.

Mr. ROBINSON. That is right, they put out a draft and we must start taking some action on this and they will put out another draft and so forth and as the gentleman from Georgia said, you just have got to go out on your own. Like in separation, we are just having to step out ahead and try to anticipate what they are going to want in the end because they have deadlines set for us and to make those deadlines we have to take our actions prior to getting regulations in final draft form.

Chairman GRIFFITHS. Did they give you a deadline on letting contracts?

Mr. ROBINSON. Yes. Let me back up and answer a question and then I will explain this to you.

Now, to address myself specifically to your question, the answer is that we had both situations. It has been my experience with the regional offices, and let me emphasize in our region we have had tremendous cooperation and tremendous help out of regional HEW, but by talking to other persons around the country I found that different regions get a little different interpretation of HEW regulations at different periods of time, so there is some confusion.

Now, our primary problem was a State problem in that the public welfare department was not allowed to utilize social service legislation. With a new administration, with a different attitude, however, we are now able to deliver social services.

Now, I would like to clear up one other point also, that is, there have been all types of figures floating around relative to Mississippi in the utilization of social services.

Now, $600 million has been mentioned.

Chairman GRIFFITHS. Yes.

Mr. ROBINSON. $463 million has been mentioned. What we did was, we looked at our potential under the HEW regulations. We have a potential as legislation now stands of social services to the extent of approximately $463 million. This is, let us say, our maximum potential.

Now, to be realistic, and we are realistic people, we realize that we can in no way in a short period of time, say in a year, enter into that many contracts or get tooled up to deliver that many services. Realistically, if we could get from a hundred to $150 million in the State of Mississippi during the 1973 fiscal year this is about all we could handle from a sound fiscal point of view and from a sound delivery of services point of view.

Chairman GRIFFITHS. I see.

Mr. Saucier.

Mr. SAUCIER. In regard to your question about some of the constraints on getting started it was not as much political as it was administrative. The administrators of the department as a whole and the service decision of the department were not interested in taking some of these steps in order to take advantage of the social service funds prior to January 1971. At that time, we had a separate agency providing services to children and youth and a separate agency providing services to welfare families and adults. So, one of the first things that Jim Parham, our new director in 1971, and I as deputy director, had to tackle was this business of getting reorganized to meet the requirement for single service unit for service delivery. I can appreciate some of the reluctance of the previous administration in getting into this because restructuring is painful.

There was also some lack of clarity about what was possible under the 1967 amendments. I am not really sure what interpretation the administration received from 1969 until January 1, 1971. I and other program staff were aware that the funds were available and we were prodding and trying to get some movement, so we were sitting on edge in January. In fact, after the new director was appointed in December I got the first contract signed before the end of December for a child development program because the handwriting was on the wall. The new administration said, "We want to try to provide services that will meet the human problems we have." So it was a combination both of lack of clear direction from HEW and the lack of interest on the part of the administration at that time.

Chairman GRIFFITHS. I see.

I would like to ask one other question. Were you——

Senator PERCY. Madam Chairman, would you yield for a question at this point? Did you have a feeling that there were political implications involved in how States get social service money? In other words, do you need political clout to get the money out of the administration?

Mr. SAUCIER. No, this has not been my experience.

Senator PERCY. It has not been your experience?

Mr. SAUCIER. No, it has not. I think it does depend on the interpretation and understanding that the regional office of HEW has. I think this probably has a more profound effect on what States do.

Senator PERCY. Mr. Robinson, in your brief experience have you had any feeling that with a Republican administration you had to be a Republican to get social service money?

Mr. ROBINSON. No, sir, I have not.

Now, I have been very fearful that once a ceiling is placed on social services, the allocation formula will be the efforts of political clout.

Senator PERCY. Well, the reason I ask is that yesterday on the floor of the Senate, Senator Long made a statement whose implication was that you have to be a Republican Governor to get social services money. And again this morning, a Washington Post story made the same implication—the States that have gotten most of the money are California with Reagan, New York with Rockefeller, and Illinois with Ogilvie.

Yesterday on the Senate floor, Senator Long went so far as to say that the State of Illinois had hired Tommy the Cork as a lobbyist in order to get social services money. Now, Tom Corcoran who works for the State of Illinois is a 30-year-old executive director of Illinois' Washington bureau; he is not a 70-some-year-old Washington lawyer and lobbyist.

Again, I ask this because we have three fine States here and three State representatives. I personally have never had the feeling that States have to have political clout to get funding, that only Democratic States are considered in a Democratic administration and Republican States in a Republican administration. I am glad to have your testimonies to clarify this point. Thank you.

Chairman GRIFFITHS. I would like to ask you if you were given a cutoff day by HEW for the next fiscal year. Were you told at any time you had to have contracts signed by the end of June this year to get them in for next year?

Mr. ROBINSON. We were.

Chairman GRIFFITHS. You were?

Mr. ROBINSON. Yes.

Chairman GRIFFITHS. HEW itself told you that?

Mr. ROBINSON. Yes. Here is what they told us, and they had good intentions. They were going to protect those of us who had not participated in this program before.

Chairman GRIFFITHS. I see.

Mr. ROBINSON. Now, somewhere along the line I suppose it was an HEW administrative decision. In an effort to control the ceiling on expenditures for social services, they decided that they would only match new moneys after July 1, 1972. So what they were saying is that any matchable funds you had from a previous year could not be matched. As an example, if you were spending $100,000 for a given service in 1972, and then in 1973 you continued to spend $100,000 it could not be matched. You would have to spend, say $110,000 and the $10,000 alone would be matchable. This is the information we received. So we took steps to try to do something about this. We tried to sign as many contracts as possible before the end of the last fiscal year, and we saw we were not going to get very far, so we worked out an agreement with Atlanta to allow us to enter into agreements to contracts with the effect of locking in the 1972 dollars so that they would be matchable in 1973.

Chairman GRIFFITHS. I see. Were you informed of that?

Mr. SAUCIER. Nothing official in regard to that. We had some encouragement to firm up as many contracts with public agencies as possible. I had an idea they were operating from this draft purchase of service policies somewhere, knowing more than we knew that there would be some change in administrative policy, possibly after July 1. We were encouraged to firm up as many service agreements and contracts with public agencies as possible, and again I think it was out of their concern for trying to help us improve our service delivery.

Chairman GRIFFITHS. What were you told, Mr. Weaver?

Mr. WEAVER. Actually, we were not told there was a deadline on signing contracts, to answer your question specifically, but I think that needs a little bit of background.

I believe that HEW did discuss this with the various States or State administrators, for the purposes of attacking the concept of retroactivity of reimbursement. Because, you see, when you file a plan, amendment or change in your State plan with the Federal Government, if that is ultimately an approvable State plan, you are qualified for Federal reimbursement from the beginning of the quarter in which the plan was filed. All right. There are a number of State plans that have been filed during the last number of months that as yet had not received HEW approval. Therefore, unless there were some administrative restraint placed on this, if they ultimately approved a State plan that was filed last January, then theoretically at least, the State would be entitled to collect Federal matching against any contracts that were open and being utilized during that period of time. So this was an attack on retroactivity.

Illinois' situation is a bit different in that we do not do that much contracting in the first place. Probably a maximum of 20 percent of our Federal reimbursement goes into contracts with outside agencies, private and voluntary agencies, for the provision of social services. We do quite a bit of contracting for persons not covered by the Federal programs. By no means do the Federal moneys that we receive in reimbursement for current or potential recipients, in no way do those funds cover the programs covered. We provide social services in Illinois based on the need of the individual for the service, based on the current level of the services, and we only provide them in those cases where the persons are eligible as current and potential recipients.

Chairman GRIFFITHS. It was probably good advice to get the contracts in because they probably saw the closing of the appropriation end coming.

Mr. WEAVER. We did, Madam Chairman.

Chairman GRIFFITHS. In my opinion, as I a legal matter they had no right to tell you on an open-ended contract, that you had to have any contract signed by the end of June to get it honored. Any contracts at any time would have been honored under an open appropriation. One of the things that disturbs me is that HEW worried greatly that they had no power to cut off the funds, and yet, in fact, they were cutting them off. HEW told you that you could not enter a contract after June 30 for next year, but, of course, you could have. I will take this matter up with Mr. Veneman.

Senator Percy.

Senator PERCY. Thank you very much, Madam Chairman.

Mr. Robinson, an article appeared on August 7 in the Washington Post that alarmed a great many Members of Congress and, I think, caused some of the consternation, in these last few days, on the necessity of putting a ceiling on social services. The article stated that in 1971 Mississippi spent a million dollars; in 1972 expenditures went up 88 percent to $1.8 million; in 1973, it intends to spend, or proposes to spend, $450 million, which is a 45,000-percent increase.

I am delighted to see you come down to the modest figure of $150 million, but I still feel that $150 million is a horrendous increase. Knowing what it takes to build momentum in any kind of a program, do you really feel that you can justify such an increase? What gives you the feeling that this is a sound investment and there will be a good return for the taxpayers' money on this expanded budget?

Mr. ROBINSON. Senator, I made a couple of points relative to this earlier.

Senator PERCY. I am sorry I was not here.

Mr. ROBINSON. I would be more than happy to repeat them.

Senator PERCY. If you could condense it, I will go back over the record.

Mr. ROBINSON. Yes, sir; this is fine.

First, of all, we are purchasing most of our services, and most of our services will be rendered through the school system. We are not buying education. We are providing social services as a means to enable children to stay in school as long as possible, and to become self-supportive. That is, we are trying to uncover any physical, mental, or environmental problem a child may have, to get the family involved, and help him solve his problem. Not only would this help the 3- to 18-year-old child, but the family will pick up some information which they will take home which will help the child from age 1 month up. So we do feel, and we feel this very strongly, that we have the capacity to deliver these services and we are setting up a very tight fiscal mechanism to account for these funds.

Senator PERCY. In other words, you feel there was a great lack before, that you were not getting to the root of some of these problems. You still feel, coming from a conservative State, with conservative representation, that you can justify every penny of our social services budget and get a return on investment in human betterment in eventually rehabilitating people from poverty, and return its investment to society?

Mr. ROBINSON. Senator, I am firmly convinced if we were able to enter into this program and operate a program similar to this for 10 to 12 years, give it a fair chance to have some effect, that we could substantially increase the employment potential of these people, we could reduce the welfare rolls substantially, and we could keep a lot of people out of penal institutions.

You see, these educators have had all kinds of programs thrown at them before, and they do not get excited easily. They all say without reservation this is the first time that we have gotten at the heart of the matter. In other words, we are going to have an influence on the 3-year-old until he is 6, which gives us a better 6-year-old input. If we have any effect on the family enuvironment whatsoever we are going to get a better 3-year-old input too, when the family goes back home and can deal better with problems that arise in the home.

So I am sincerely convinced that society would reap tremendous dividends.

Senator PERCY. Do you think that the State of Illinois, which has been the target of a good deal of migration from Mississippi through the years, has incurred enormous added expenses because services were not adequately provided in Mississippi?

Mr. ROBINSON. I firmly believe that.

Senator PERCY. The people who migrated to Illinois were ill-equipped to live in their own States, much less live a more highly industrialized and urbanized setting. States like Illinois have incurred the cost of the lack of investment in social services by States like Mississippi. Social services is a national problem and cannot be looked upon just as a State problem, for States like Illinois have often inherited the burdens of other States who were less willing to invest in social services. Now is this a fair assumption on my part and not just a parochial point of view?

Mr. ROBINSON. It could not have been better said, Senator.

Senator PERCY. Mr. Saucier, I wonder if you could comment from your own experience on the question of social services as a return on investment. First, put it in strictly businessman's terms, are we getting a return on investment; then broaden your response to put it in humanitarian terms. To justify it to me, as a former businessman: How is this money coming back eventually—will it come back eventually; and what will the money do to the human lives that you touch; and will it enrich their lives and give them some of that opportunity that this country is supposed to afford all citizens?

Mr. SAUCIER. I would like to be able to give you a ledger to show returns on what we are doing. At this point we do not have an adequate information and evaluation system to make a strict accounting of cost-benefit in these programs. I am not the least bit apprehensive about our being able to establish this as we gear up for it.

So many things that we are doing cannot be measured only in dollars and cents. For example, there was a little 5-year-old, almost 6, that we brought from the fringes of a small town in Alam, Ga., into a child development program that we had begun there. The first day this youngster would not participate. In fact, the second day he went out to play he took off like a wild rabbit in the woods. Well, the outreach worker we were funding through services was an indigenous person who knew the community, who knew how these people lived, and how they thought. She went to find out where he lived and found that there was a grandmother looking after him, a 14-year-old sister, who had a child of her own, unmarried, and that this youngster was just left to run wild.

Well, they got this youngster back. The outreach worker says, "You know, if I will come and stay with him for a couple of hours at a time and help the staff with him, will you try?" I visited that center about 2 months later, had lunch with the children, and you could not distinguish this youngster from the others. He had learned some of the give and take that comes with being with others. He would be 6 years old and eligible for school, first grade, next year but they wanted to keep him in the preschool program. This was a human being who would have been completely lost. It will take a lot to salvage him still. It is hard to put a dollar-and-cents value on this. You can point to results here, but when we move a mentally retarded child or youth or adult from an institution that costs about $25 or $30 a day into a family home that costs no more than $7 a day, we can show cost-benefit. You can calculate what it costs to have a counselor for children with severe behavior problems handle 10 youths and see them every day and deal with them in the community. You can figure what it costs, and it will cose around $3,000 per youngster a year, and you know it costs $6,000 and up to have that child in an institution with similar services rendered. So you know there are some dollars and cents savings.

Senator PERCY. May I ask, what is the adequacy of the program in Georgia today on a spectrum of 100, where does Georgia stand, 95, 15, or 50?

Mr. SAUCIER. We probably are touching 25 percent of the people who need the services.

Senator PERCY. Twenty-five percent.

May I ask you, Mr. Saucier, the same question that I asked Mr. Robinson. People from Georgia have migrated to Illinois, Minnesota, and Michigan because of the lack of social services in their own State. Most of these people come from the lowest end of the economic spectrum—lowest in education, lowest in skills, and lowest in economic leverage or power. Would you say that this phenomenon has added enormous costs to States like Illinois and the Federal Government because problems are usually compounded when people are thrown into an environment unfamiliar and far removed from where they had lived in the past?

Mr. SAUCIER. There is no doubt that we have. Not only have we added to the problems of other States, but the rural areas of Georgia are contributing to the problems of Savannah and Atlanta and other urban centers.

All the more reason to try to plan both to develop the economic life of an area around a population center and, at the same time, provide those human services that are so vital to economic development. You cannot separate the two.

Now Georgia is moving to regional planning both for economic development and in providing human services. We must stabilize people. I think most people would rather live where they are if they will have a decent chance to make a living and get the services they need. So I think it is not only a national problem but the problem of migration from rural to urban areas within the States is very similar.

Senator PERCY. I would like to ask one last question before yielding to my colleagues. I will then come back to Mr. Weaver, who I certainly welcome along with Mr. Benson, from my own State. Those of us from cities, I think, have done a reasonably good job in trying to see that we have an investment in rural America, to revitalize rural life and make it more exciting and interesting. My distinguished colleague from Minnesota has been a leader in this field, and we have passed a magnificent half-billion-dollar rural redevelopment bill in the Senate this year. Senators and Congressmen from the cities have led in the fight to accomplish this. But when the coin is turned on the other side, Senators and Congressmen from smaller States, rural States, simply do not recognize and acknowledge the kind of problems we face in urban America. Would you feel that human services are national problems—not just one State parochially fighting for its own self-interest? If our job is to make a better America, a stronger America, do we not really have to get at the source of our problems, any kind of problems whether they affect urban areas or rural? Coming from a Southern State, would you feel that this is the kind of attitude we ought to try to take here to solve these problems?

Mr. SAUCIER. Most definitely, because with the mobility of people today, you cannot isolate problems because you cannot isolate people.

All the more reason that States have got to take more responsibility for not only protecting their vested interest in trying to do a good job throughout the State, not only should we try to meet the needs of people wherever they live within a given State, we must do it throughout the country.

Senator PERCY. I thank you very much. I commend our chairman for the balance we have in this panel. If we just had Representatives from the large populous northern urban States, it would be much less than a total picture. I am delighted that the highly knowledgeable testimony from our distinguished panel confirms every intuition and feeling that I have. I look forward to coming back to Mr. Weaver, and I apologize for having ignored you so far.

Chairman GRIFFITHS. I must say I think your testimony should have been presented originally to Ways and Means when we considered revenue sharing because you are making clear a point that was never made before. You are saying that it is really necessary to put the money into a single unit and let it go out into these services, in place of considering it from the State, city, and county level. You have showed us quite clearly what is going to happen to social services if that takes place.

Senator Humphrey, would you like to inquire?

Senator HUMPHREY. I regret I have just come in to get a little feel of your testimony. I have been hurriedly looking over some of the statements which you filed with the subcommittee. Let me just ask this question. On page 3 of your testimony, I find the starting of the social service programs for children and families. Are all of these programs that follow, from page 3 in your prepared testimony over to page 9, programs which are wholly funded by the social service funds?

Mr. SAUCIER. Yes. A combination of local, State, and Federal social service funds; yes.

Senator HUMPHREY. Yes. But I mean so far as Federal funds are concerned, it is out of what we call this social service funding.

Mr. SAUCIER. Yes, sir. Of course, this is not an exhaustive list of services. These are merely some examples of some of the things we are trying to do.

Senator HUMPHREY. Are any of these programs outlined here, such as extended day care before and after school for economically and socially deprived children, eligible for other funding under other appropriations or other departments of Federal Government?

Mr. SAUCIER. There are several sources of funding, Senator. Back in this last legislative session our Governor tried to pull together, through an interagency task force representatives from key departments, a plan for coordinating and administering all the programs for child development, using title I of the Elementary and Secondary Education Act for preschool services for poor children, Headstart funds that are administered by the Office of Child Development and, by the way, these ought to be better coordinated with the other HEW programs; OEO funded programs; and in Georgia we have 35 counties in Appalachia, and we have roughly $2 million coming in for Appalachia, and we are matching these funds with IV-A funds for a concerted effort to meet the child development needs in that area. So there are four or five basic sources of funding but the title IV-A funds under the Social Security Act are the primary source for funding child development programs.

Senator HUMPHREY. The reason I ask this question is I was just back in my home State and I visited what we call Pilot City in north Minneapolis, which has had a stormy lifespan but has finally received community acceptance and is doing a very, very good job. I was amazed when I was talking to the director and the administrator of the Pilot City area by the number of Federal programs from which they draw their funds. You have to have a computerized mind to keep track of these things. Madam Chairman, it just seems to me that one of the things we ought to really get at as we go ino the discussion of the social service funds under the Social Security Act is whether or not we cannot pull together a picture of how these programs are financed and get some coordination here. Every one of these programs has an administrative structure.

You mentioned, for example, Headstart, you go into OEO, and you go over into an appropriation from the Labor Department, and another appropriation under the Appalachian Commission over here, and every one of them has an administrative structure. One of the complaints that I get, as I go around looking at these programs, is that so much of the money is used in administration and relatively smaller proportions year after year seems to be getting down to the recipients or what you might call the consumers of the program, and it is very disturbing to me.

I frankly cannot keep up with them and I go out to visit these programs because I have been interested in them and I have helped legislation in a number of these fields over the years and I keep finding people talking a foreign language.

I have talked to the Director and he says, "Well, this is under 17B, and this is under IV–A," and you know what does that mean to people? People just lose track of what it is all about.

So I would hope that maybe one of you from either Illinois, Mississippi, or Georgia could one of these days just give us a composite picture of how a program operates, how it is funded, where you get the money. I really believe we are going to have to do something about it up here. You are in here now on the social service problem that we dealt with in revenue sharing. That is your main purpose here, I gather, but even if we should correct that one, which I hope we shall——

Mr. SAUCIER. Let us hope so.

Senator HUMPHREY (continuing). The point still remains that you are dipping off over here, you are grabbing a little OEO money over here and you are going over here and getting a little money from the Justice Department over here and another little batch over here. Is there any way to have, could you not come up with, a program of what we could do for child development and care, just one fund where we could come in with one ladle. Would that not be helpful?

Mr. SAUCIER. It certainly would. We developed, under the leadership of the Governor last fall, a comprehensive child development plan for the State of Georgia in which we identified all the sources of funding for child development programs and we would be glad to send you a copy of this.

Senator HUMPHREY. I would like that because I intend to do something about it.

I am on the Committee on Government Operations as is the Senator from Illinois, and he does not know it but we are going to team up on this [laughter] because something has got to be done to get this house in order.

Senator PERCY. You have got yourself a teammate.

Senator HUMPHREY. We have made some progress here. [Laughter.]

I will make one other comment, I want to ask one other question. What do you think would be a reasonable approach to the subject here of social services as compared to what was done in the revenue-sharing bill? In other words, what funding do you think we ought to have under title IV–A and title XVI of the Social Security Act?

Mr. SAUCIER. May I respond to that, Senator?

Senator HUMPHREY. Yes.

Mr. SAUCIER. I have worked with two groups that have been very much concerned about this. One is a Governors' committee appointed by the Conference of Governors, and the executive committee of the

State public welfare administrators, and rarely do these people have any unanimity in how you approach a problem of this magnitude. But both groups have had unanimous agreement that a $3.6 billion ceiling on social service expenditures would be a realistic approach to funding social services, with a formula allocating money considering both the population and State commitment. In other words, operating programs.

Now, other factors may be considered such as welfare recipients and poor people in the given States in order to show a little more equity. This would mean that some States would not have the resources that are now available, but we appreciate the fact that there must be some plan of acting responsibly with regard to this open-ended funding and there was an agreement that these groups agreed to, and my printed document reflects the details of this understanding.

Mr. ROBINSON. Senator Humphrey, could I make a comment or two on the subject? I generally agree with what this gentleman is saying relative to the $3.6 billion ceiling. This is a good, sound figure. However, I would like to make two points. One is that I disagree with his formula for allocation because it is going to leave out the people with the most need. If you allocate funds on the basis of population and if you allocate funds on the basis of what people already have in-house, then you are allocating funds to California, New York, Illinois, et cetera, and you are leaving out the people with the most need; that is, the State of Mississippi. We have very few programs in-house for reasons which we discussed earlier. The allocation formula should be based on a poverty index which would allocate the fund to the greatest need.

Secondly, I am fearful that this revenue sharing is not going to turn out to be such a good thing because in my State I doubt if any of these funds on a local level are going to be used for social services.

Senator HUMPHREY. Well, I personally think that we need revenue sharing but I thoroughly agree with you that there is another category and that is called social services. We have had this problem continuously and one of the reasons we put in the OEO the maximum participation of the poor and one of the reasons we established community action councils was to be able to get down to the people, get the programs down to the people who needed it. The real truth is in some areas the local government and State government officials and Federal Government officials just were not taking care of the people that really needed the assistance.

I think the point has been made here today by Senator Percy and Mr. Saucier from Georgia of the mobility of our people. I wish we could get that point stressed as we contemplate these problems. The people keep moving from State to State and from area to area. The purpose of the State in this is to be the administrative structure to take care of the people wherever they are, because a citizen of the State of Georgia in 1972 may very well be living in Wright County, where I live in Minnesota, in 1973.

One of the things that is just alarming when you really get out is to see what happens in your own area. I have made a study of my own county, and I have got to admit as a man who has been in public life for 25 years, I never had the slightest comprehension of the degree of poverty that existed in my own county, the hidden poverty in rural areas of America. We have counties in Minnesota that have even more poverty than in Mississippi. It is a fact in the northern part of our State and it is shocking. It is rural poverty, much of this, and with all due deference to the cities, in the cities poverty is focused upon by the media and also at times by the sheer fact of demonstration and community disturbance. But that poverty that is hidden back in the hills or out in the prairies, the kind of poverty that I have seen in rural areas in my own State which on the national index is supposed to be quite well to do, is appaling, and this is where these services go. I am deeply concerned that we do not cut off these services.

This question, one of the staff members here indicated to me that maybe you could give us some idea of the tradeoff between more services under the programs we are talking about now, under the IV–A program, and higher welfare grants for the very poor. What would you think about that? You know we are going to have to face up to this welfare mess one of these days around here. We have been ducking it, but they are going to trap us after a while. Even a fleet-footed Congressman and Senator who can, you know, dash around and hide behind the bushes for a while, the leaves fall off finally and there you are, caught in your political nudity. If you are going to have to, we are going to have to, face up to this, what do you think?

Mr. SAUCIER. Well, nothing is as vital as adequate money to meet the basic needs of people. You know, this is just plain basic. There are a lot of people who need only money. There are a lot of people who need assistance in managing not only their money but their lives a little better. I think we will always have a need for quality social services in the foreseeable future. I think if welfare grants were adequate, especially for families, if H.R. 1 as it passed the House could be improved and we could implement true welfare reform, this would prevent a lot of the social problems that we have today, no doubt about it. Now just what kind of tradeoff we would have here I would not hazard a guess on, but there will always be a need for a good system to help people with adjustment problems that stand in the way of their benefiting from other services offered—like education or being able to hold a job. It is not just a job skill that enables a person to make a living. He has got to be able to relate to his fellow man. He has got to be able to adjust or else, you know, his skill is of no value. So there will always be a need for services.

Mr. ROBINSON. Senator, I agree there should be a correct balance between payments and social services but there is no dignity in a chowline. We need social services, we need social services in a manner that will allow us to move these people from the chowline to being self-supportive. They themselves want to be self-supportive. In the State of Mississippi we need some of both, but we probably need services more now.

Mr. WEAVER. Senator, I think that it is very difficult to draw a direct line between the amount of money that goes into a welfare grant and a person's need for social services, because basically we are talking about two different levels of attack on the same kind of problem. If a person has no money for basic costs of living, food, clothing, and shelter, then there is no substitute for money. There just simply is none and you cannot talk him into feeling better if he is hungry.

On the other hand, if a person is disadvantaged by a lack of opportunity in life, if he has no job, if a person is handicapped, or if a person is in a correctional facility, no amount of money really in terms of a monthly welfare check will find a job for that person. Nor will it rehabilitate him if he needs some kind of social, emotional, or physical rehabilitation. Nor will it prepare him for return to the community if he is being released from a correctional facility, so that he can compete in the mainstream of life and so that he can get a job to become a productvie member of our society.

I think one of the beauties, I suppose, of the American way of life is that we are terribly optimistic people. But sometimes it gets us into trouble.

Senator HUMPHREY. I know. I experienced that quite recently. It has been one of my problems. [Laughter.]

Mr. WEAVER. There is no problem on the face of the earth that cannot be solved by American ingenuity of mind in 24 hours or less, and this has been the approach we have taken on the welfare problem for some 30 years. It is not a short range cure. It is not that kind of approach and we ought to have learned by this time that it is not responsive to short-range cures.

One of the hopes—it is not the only hope, but one of the hopes—for some kind of long-range impact is the provision for targeted services of the type that have been mentioned here today: to decrease institutionalization, to increase the functional capability of children so that when they grow up they can compete. In other words, to take a bit of a long view at this problem in terms of prevention of dependency in the degree that we have it now in the next generation. Until we are willing to take that long view, while at the same time responding to the critical needs of people today for basic living expenses, I think we will still be fighting with these very short-range problems in the years to come.

Senator PERCY. May I interject an observation on the sheer hyprocrisy of society I have noted. Some of my wonderful friends on the north shore of Chicago will sit around over a scotch and soda and just literally tear apart this welfare program. They will say: "All these deadbeats sitting on their butts who do not want to work." The observation made by Mr. Robinson from Mississippi is true. People want a job. They want to work. That holds true for 95 percent of the cases I have ever looked at. But then there is this observation made by people who live out of the core of the city, that these are just a bunch of deadbeats. "Why do they have so many problems and why does it cost all this money?" Yet I happen to know that the same person who is saying it might have a psychiatric problem with a child who has had the finest education, the finest upbringing. That young man or woman may be on drugs and the father willingly is paying $100 or $150 a week for psychiatric care for that same child who has been under it for maybe 2 years. Yet he will not put a dime in to rehabilitate a prisoner who has had a life of crime and grew up in a neighborhood that caused crime and caused him to live that way. He will not realize that the crime committed in that suburb or a murder came about because they would not put a nickel into rehabilitation. I hope your testimony is going to get that across to people and I intend to put in the record much of the testimony this morning because I think it ought to be read by everyone in the Congress and by the hundred thousand people that I hope get up every morning and read the Congressional Record that gets mailed out.

Senator HUMPHREY. Oh, yes, it is a very exciting publication. It is so exciting that my present psychic makeup will not take it each morning. [Laughter.]

Let me just get down to the practicalities. You sensed here that Senator Percy and myself and Chairman Griffiths are all on the same wavelength. Although we may have modest differences of opinion in some of them.

You have welfare officers' associations, a national group, and the conference of Governors and other different groups. Are you getting to the Congressmen and the Senators the message you are putting here?

I have been around here a long time, I get a lot of testimony around here and you get out of here all jazzed up and ready to fight but nobody knows about it. You come out just beating the air, waving your arms thinking we have got to do these things and your message does not get to the right people.

Do you know how to lobby?

Mr. WEAVER. Yes. We are not allowed to do that.

Senator PERCY. That is what they are doing now.

Senator HUMPHREY. This is like a temperance meeting with people who do not drink. [Laughter.]

You do not have to do too much convincing here, but the things that I have heard here this morning obviously would touch the hearts and the minds of people in public life. We have got a real problem here. I must say that unless we do something about what we did in the Senate on the social services there is going to be a major catastrophe for hundreds of thousands of people across the country.

Mr. SAUCIER. It surely will.

Senator HUMPHREY. And I am hopeful that in conference it will be much better, but even that will not solve the problem. When you come out of conference on the revenue sharing bill you are not going to have an answer to this problem, and I would hope that somebody in your respective organizations is orchestrating an information program for the Congressmen and the Senators.

Let me point out what you have got here. Now the Washington Post, as one newspaper, and other papers have pointed out that this open-end business we have had on social services is bad administrative practice, bad legislation, improper, et cetera, et cetera. Obviously, I think there ought to be some ceilings on these things. In fact, I offered an amendment here to try to stem the tide on a HEW bill we might have re-committed at the time. But I believe that the figure such as has been offered, \$3.6 or 3.5 billion, I do not know whether that is adequate. There has to be some kind of a ceiling of 3 plus billion dollars or more, but none of this will happen, none of this will happen, unless we get the message to the right people, and there are a 100 Senators and 435 Members of the House. Now, these are services that go to their people, and I cannot imagine what is going to happen in this country if we cut off all these services.

In my State a lot of this money goes for drug rehabilitation or alcoholic clinics, for things that are tearing this country apart, to deal with all kinds of psychiatric problems and aid to our elderly. In the State of Minnesota, under the program, we are really giving services to our elderly that they never had before, and we are getting it out into the rural areas that never had it before, and if we cut this program back to, what is the figure we had there, Charlie, a billion——

Mr. WEAVER. Six-hundred million.

Senator PERCY. Illinois is cut from $181 million to $61 million, we have a $120 million cut.

Senator HUMPHREY. This is actually going to be a catastrophe.

Senator PERCY. I want to have a chance after our leader has had a chance. You get between two Senators and you are in real trouble.

Chairman GRIFFITHS. I am going to take over the meeting and point out how badly the Senate operates. The real truth is that the real error is in the Senate rules. The Senate attached a nongermane amendment to the bill. There was no testimony on the amendment they attached. There never had been any testimony in the House.

Senator HUMPHREY. You do not want me to walk out. [Laughter.]

Chairman GRIFFITHS. If the two gentlemen sitting beside me would join forces to correct the rules of the Senate to stop the addition of nongermane amendments to bills we would not have this problem.

Senator HUMPHREY. Some of my best legislation is nongermane.

Senator PERCY. Some of my best friends support that legislation. [Laughter.]

Chairman GRIFFITHS. I would like to point out also that the administration is guilty of exactly the same type of error. When they attempted to stem the flow of money they never went once to the proper committee. They should not have gone to the Appropriations Committee. They should have come back to the Ways and Means Committee and have attempted to correct the error. They did not do that. That is the real error of this whole thing. When the conference committee finally meets, there is not going to be anybody there except me, if I am on it, who has listened to any of the testimony on the effect a ceiling is going to have upon social services in this country. But the error was in the way in which it was handled. The administration dealt with it improperly, and so did the Senate, and now the conference committee is going to deal with it improperly. That is the real problem.

I would like to ask you some questions that apply to the way you do business in your field. I think you will probably have to supply the answers for the record. I would like to ask each of you the way in which Federal service dollars are being used for refinancing current State expenditures. In many cases the State matching money is not coming from the welfare department. I would like each of you to supply now or for the record the amount of and the source of the State matching money for the projects under your fiscal year 1973 estimated plans, in terms of the following:

How much is existing funds and how much will be new expenditures, from the State and local welfare departments, other State and local governmental agencies, nongovernmental agencies such as sororities and United Givers funds, and Federal funds such as Model Cities?

You can use that money. You don't have to use all State money as you are aware, and it certainly does not have to be new money. Under their own guidelines it doesn't have to be. But please supply these figures when you get the record.

(The following was submitted for the record:)

Mississippi

$34,988,346 is certified matching funds as specified as acceptable in Office of Management and Budgeting Circular A87 and $2,175,105 is cash match from the above sources.

Illinois

State of Illinois Projections of Federal Reimbursement by Program/Category for fiscal year 1973:

Summary of Federal reimbursement by service area

[Fiscal year 1973 total projected Federal reimbursements]

Service areas:	
Public aid provided services	$58, 100, 000
Department of Labor provided services	9, 716, 000
Allied agency services	112, 187, 000
New programs	31, 600, 000

PROJECTED FEDERAL REIMBURSEMENT FOR FISCAL YEAR 1973, DEPARTMENT OF PUBLIC AID

[In thousands of dollars]

	1973 projected expenditures	Projected Federal reimbursement at 50 percent	Projected Federal reimbursement at 75 percent	1973 projected Federal reimbursement
Administrative costs for staff performing eligibility determinations, social service delivery, and income maintenance delivery	52, 158	26, 079		26, 079
Administrative costs attributable to eligibility determinations and income maintenance delivery	2, 360	1, 180		1, 180
Personal service and administrative costs attributable to social services delivery	10, 514		7, 886	
Direct charges—Adult training appropriation	3, 950		2, 962	2, 962
Direct charges—Experimental project for social policy	1, 780		1, 335	1, 335
Direct charges—Family planning (MAP fund)	1, 200		900	900
Direct charges—WIN medical examinations (MAP fund)	60		45	45
Non-WIN child care (AFDC appropriation)	12, 934		9, 700	9, 700
Special social service needs (AABD and AFDC appropriations)	10, 684		8, 013	8, 013

Projected Federal reimbursement for fiscal year 1973, Department of Labor

	Amount
Expenditures:	
Source:	
Total estimated expenditure for fiscal year 1973	$12, 954, 000
Estimated retroactive expenditure for adult education and training center for fiscal year 1972	6, 436, 000
Estimated welfare rehabilitation service-industrial training center (WRS–ITC) expenditures for fiscal year 1973	2, 483, 000
Estimated adult education and training center expenditures for fiscal year 1972	4, 035, 000
Reimbursements:	
Source:	
Total projected Federal reimbursement for fiscal year 1973	9, 716, 000
Projected retroactive reimbursement for adult education and training centers for fiscal year 1972	4, 825, 000
Projected WRS–ITC reimbursements for fiscal year 1973	1, 862, 000
Projected adult education and training center reimbursements for fiscal year 1973	3, 029, 000

PROJECTED FEDERAL REIMBURSEMENTS FOR FISCAL YEAR 1973, ALLIED AGENCY SERVICES, BY GOAL STRUCTURE

	Fiscal year 1973 estimated State expenditures	Fiscal year 1973 estimated other expenditures	Fiscal year 1973 estimated Federal reimbursements
GOAL: SELF-SUPPORT			
Children and family services:			
Foster care-group home/foster home	$531,336		$149,993
Foster care, other	1,036,401		299,987
Services to the blind	916,350		295,878
Day care	26,536,350	[1] $5,250,000	20,209,208
Community development	285,700		204,529
GOAL: SELF-CARE			
Mental health social services:			
Emergency services	1,709,941		714,250
Day treatment	20,873,663	[2] 1,811,000	9,379,390
Community care services	35,630,168	[3] 4,094,000	13,929,190
Information and referral	5,029,792		2,030,680
Sheltered workshop	1,170,814		524,490
Community development	201,012		43,119
Children and family services:			
Family planning	11,175		7,599
Services to the blind	1,610,900		526,004
Day care	498,500		409,059
Homemaker	974,054		452,035
Protective services for children	5,106,078		431,488
Services to unmarried parents	474,509		246,565
Correctional social services: Community development prevention	1,608,015		1,045,209

[1] Expenditures include $3,500,000 from Model Cities Federal funding and $1,750,000 from local governmental agencies.
[2] Local governmental expenditures for day treatment.
[3] Local governmental expenditures include $3,849,000 for community care clinics and $245,000 for alcoholism.

PROJECTED FEDERAL REIMBURSEMENTS FOR FISCAL YEAR 1973, ALLIED AGENCY SERVICES, BY GOAL STRUCTURE

	Fiscal year 1973 estimated State expenditures	Fiscal year 1973 estimated other expenditures	Fiscal year 1973 estimated Federal reimbursements
GOAL: COMMUNITY-BASED CARE			
Mental health services:			
Follow-up in licensed facilities	$1,398,263		$619,016
Foster care-residential facility	10,537,788		4,431,966
Transition home for adults	5,881,591		2,254,112
Intervention care	81,689,499		30,333,786
Children and family services:			
Foster care-adoption	1,503,635		449,980
Foster care-group foster home	23,678,034		7,001,700
Foster Care-residential facility	23,920,511		7,097,686
Information and referral	1,667,474		821,8[illegible]2
Licensing and regulating	2,185,551		184,923
Other community services	4,577,065		2,177,987
Correctional services:			
Primary and secondary education services	2,706,885		1,432,0[illegible]
Special vocational education services	1,104,807		594,440
Counseling	11,966,310		2,898,034
GOAL: INSTITUTIONAL CARE			
Correctional services:			
Counseling	1,516,157		349,777
Primary and Secondary education services	575,334		297,220
Special vocational education services	685,005		378,280

Projected Federal reimbursements for fiscal year 1973 new programs

[Fiscal year 1973 estimated Federal reimbursement]

Model cities employment:	
Potentially reimbursable areas:	
Administration	$660,000
Salaries	5,940,000
Office of Superintendent of Public Instruction:	
Potentially reimbursable areas:	
Vocational education	8,125,000
Adult education	2,375,000
Pupil personnel services	2,150,000
Special education	1,125,000
Lunch room	11,225,000

Mr. SAUCIER. Madam Chairman, a year ago we made an appeal to HEW to consider a policy requiring maintenance of effort on the part of States because we had a firm belief that any Federal money that came in there ought to improve and expand service programs. Occasionally, a State might have trouble with its budget officer. If he gets Federal money in, he may want to substitute those for State dollars and those of us who are trying to get more resources to meet human needs would certainly like to have additional protection. Certainly the Congress has a right to expect this. I believe the material I have brought here will give some specifics in regard to source of money.

Chairman GRIFFITHS. Fine.

(The following information was supplied for the record:)

PURCHASE OF CARE—OTHER CONTRACTUAL ARRANGEMENTS—PUBLIC ASSISTANCE TITLES

Source of non-Federal funds	Amount	Services provided	Number	Title used	Source and location of non-Federal funds	Non-Federal share, 25 percent	Federal share, 75 percent	Total	Number individuals served	Date contract begins
William H. Donnor Foundation, Inc.	$75,000	Day care	50.3	IV-A	Family Learning Center, Inc. (Donnor Foundation).	$75,000	$225,000	$300,000	40	30 months Jan. 1, 1974.
Do	16,500	Day care and implementation.	50.2	IV-A	Southern Regional Education Board (Donnor Foundation).	16,500	49,500	66,000	50	39 months Apr. 1, 1970.
Alma-Bacon County Model Cities.	52,615	Social services and day care.	53.0	IV-A	Alma-Bacon County Model Cities Project No. 2 (Model Cities).	52,615	157,845	210,460	6,175	Sept. 1, 1971.
Charles E. Merrill	1,874				Wonder World Child Development (private).					
Lincolnton County Chapter	10,000	Day care	53.8	IV-A		11,874	35,623	47,497	30	Do.
Pulaski County Commissioners.	5,000				Heart of Georgia—Pulaski County (public).	[1] 5,000				
Pulaski Board of Education	9,650	do	55.5	IV-A		[2] 9,650	43,950	58,600	40	Do.
Carrollton 1st Methodist	3,926				Carroll Service Council (public-private).	[1] 3,926				
Carroll County Board of Education.	1,596	do	55.4	IV-A		[2] 1,596	16,566	22,038	22	Do.
Appalachian Regional Commission.	47,996	Technical assistance and monitoring.	70.0	IV-A	Appalachian Regional Commission (NIH—Appalachian).	[3] 47,996	143,990	191,986		Do.
ARC	24,178				Whitfield-Dalton Day Care Center (NIH—Appalachian) (private).	[3] 24,178				
Citizens Concern for	1,572	Day care	70.1	IV-A		[1] 1,572	77,249	102,999	50	Do.
ARC	68,227				Forsyth County Day Care Center (NIH—Appalachian) (private).	[3] 68,227				
Forsyth County Commission R.D.	5,554	do	70.2	IV-A		[1] 5,554	221,342	295,123	100	Do.
Gainesville Model Cities	25,000				Gainesville Model Cities Board of Education (Model Cities) (public).	[1] 25,000				
Gainesville Board of Education.	1,107	do	55.0	IV-A		1,107	78,323	104,430	80	Oct. 1, 1971.
City of Savannah Model Cities.	30,599	Homemakers	58.1	XVI	Chatham County D.F.C.S. Model Cities.	30,599	91,797	122,396	2,000	Do.
Do	178,255	Day care	57.0	IV-A	Economic Opportunity, Savannah—Chatham County (M.C.).	178,255	534,765	713,020	460	Do.
United Way of Atlanta	36,000	Counseling and tutoring	55.9	IV-A	Boy's Club of Macon (Community Chest).	36,000	108,000	144,000	1,500	Nov. 19, 1971.
Laurens County Board of Education	8,786				Heart of Georgia—Laurens County (public):	[1] 8,786				
	44,285	Day care	56.8	IV-A		[2] 44,285	159,214	212,285	120	Dec. 1, 1971.
Alliance for Labor Action	20,750	Drug treatment program	56.9	XVI	Georgia Narcotics Treatment Program Renewal House (State).	29,950	89,850	119,800	105	Do.
Bureau of State Planning	9,200									
Cummings Elementary PTA	13,845	Day care	57.8	IV-A	Forsyth County Community Res. Development (private).	13,845	41,537	55,382	30	Do.

United Way of Atlanta	32,787	Improved housing and living conditions.	57.9	IV-1	The Atlanta Urban League De-Kalb Outreach (Community Chest).	32,787	98,361	131,148	7,488	Jan. 1, 1972.
Gainesville National Bank	49,894	Supportive services to boys and families.	58.2	IV-A	Gainesville-Hall County Boys Club (private).	49,894	149,782	199,576	2,000	Do.
Civitan of Cuthbert	5,846	Day care	50.7	IV-A	Randolph County Day Care Center (private).	5,846	17,538	23,384	50	Do.
United Way of Atlanta	329,045	Plan and coordinate child care.	51.5	IV-A	Atlanta Community Coordinated Child Care Agency (Community Chest).	329,045	987,135	1,316,180	783	Do.
Do	42,574	Specialized foster care	54.5	IV-A	Child Service and Family Counseling (Community Chest).	42,574	127,722	170,296	[4] 36	Do.
Do	50,511	Family life education	54.4	IV-A	do	50,511	151,534	202,045	1,400	Do.
Do	48,669	Family rehabilitation	54.3	IV-A	do	48,669	146,008	194,677	[4] 100	Do.
Do	114,943	Nursing and homemaker services.	53.4	XVI	Visiting Nurse Association of Atlanta (Community Chest).	114,943	344,830	459,773	[4] 3,000	Do.
Do	31,600	Information and referral	53.1	IV-A	Community Council of Atlanta (Community Chest).	31,600	94,799	126,399	7,500	Revised Apr. 1, 1972.
Do	1,032	Youth employment	53.5	IV-A	Decatur-DeKalb YMCA (Community Chest).	1,032	3,096	4,128	60	Jan. 1, 1972.
Do	27,383	Test taking and training	54.7	IV-A	Atlanta Urban League (Community Chest).	27,383	82,150	109,533	850	Do.
Do	38,560	After-school tutoring	55.1	IV-A	Atlanta Girls' Club (Community Chest).	38,560	115,678	154,238	400	Do.
Do	22,550	Literacy training service	54.2	IV-A	Atlanta Literacy Action (Community Council).	22,550	67,648	90,198	800	Do.
Do	17,425	Counseling, tutoring after-school services.	55.6	IV-A	YWCA of Cobb County, Inc. (Community Chest).	17,425	52,275	69,700	200	Do.
Do	8,633	Volunteer services	55.3	IV-A	Volunteer Atlanta (Community Chest).	8,633	25,899	34,532	6,000	Do.
Do	7,090	Counseling and tutoring	55.2	IV-A	Southwest Branch YMCA (Community Chest).	7,090	21,268	28,358	500	Do.
Do	27,304	Counseling service	56.1	IV-A	Atlanta Urban League (Community Chest).	27,304	81,911	109,215	[4] 100	Do.
Do	9,099	Group home	54.6	IV-A	Child service and family counseling (Community Chest).	9,099	27,297	36,396	6	Revised Jan. 1, 1972.
Do	9,625	Tutoring and counseling	57.4	IV-A	Metro Atlanta YMCA (Community Chest).	9,625	28,875	38,500	200	Jan. 1, 1972.
Do	10,679	Crisis intervention and counseling.	56.0	IV-A	Cobb County Emergency Aid Association (Community Chest).	10,679	32,035	42,714	1,000	Do.
Do	118,788	Family life education	56.4	XVI	Butler Street YMCA (Community Chest).	118,788	356,364	475,152	600	Do.
Do	10,225	Rehabilitation services	56.3	XVI	Metro Association for Blind (Community Chest).	10,225	30,675	40,900	75	Jan. 1, 1972. Cancelled July 15.
Do	55,101	do	56.7	IV-A	Grady Girls Club, Inc., (Community Chest).	55,101	165,301	220,402	700	Jan. 1, 1972.

See footnotes at end of table.

PURCHASE OF CARE—OTHER CONTRACTUAL ARRANGEMENTS—PUBLIC ASSISTANCE TITLES—Continued

Source of non-Federal funds	Amount	Services provided	Number	Title used	Source and location of non-Federal funds	Non-Federal share, 25 percent	Federal share, 75 percent	Total	Number individuals served	Date contract begins
United Way of Atlanta	6,992	Tutoring and counseling services.	56.5	IV-A	Atlanta Council Campfire Girls (Community Chest).	$6,992	$20,977	$27,969	400	Jan. 1, 1972.
Do	24,512	Evaluation and research	57.1	IV-A	Research and Evaluation Center (Community Chest).	24,512	73,534	98,046		Do.
Community Council of the Atlanta Area.	3,268	Information and referral to elderly.	57.2	XVI	National Council Jewish Women, Atlanta (private).	3,268	9,802	13,070	2,400	Jan. 1, 1972, revised Aug. 1, 1972.
Trebor Foundation	34,245	Staff training, family life, child care.	57.3	IV-A	Girls Club of America, Southern Region (private).	34,245	102,735	136,980	65	Jan. 1, 1972.
United Way of Atlanta	3,170	After-school tutoring mentally retarded.	58.6	IV-A	Marietta-Cobb YMCA (Community Chest).	3,170	9,512	12,682	20	Do.
Appalachian Regional Commission.	23,155	Day care	70.4	IV-A	Polk School District day care (NIH-Appalachian).	[3] 23,155	69,466	92,621	46	Do.
Bibb County Commissioners	47,000	Drug treatment program	58.4	XVI	Georgia narcotics treatment program, Macon (public).	47,000	141,000	188,000	100	Do.
Economic Opportunity of Atlanta.	23,500	Family counseling	59.1	IV-A	Child Service and Family Counseling (Model Cities).	23,500	70,500	94,000	[4] 300	Do.
First Bank of Savannah—United Community Service, Inc.	19,575	Day care	50.6	IV-A	Greenbrier Children's Center (private).	19,575	58,725	78,300	62	Jan. 1, 1972, revised Aug. 1, 1972.
City Demo Agency	1,126,062 124,594	Day care	51.3	IV-A XVI	Atlanta City Demo Agency (Model Cities).	1,126,062 124,594	3,378,186 373,782	5,002,624	36,000	Jan. 1, 1972.
United Way of Atlanta	21,776	Social service and counseling.	58.7	IV-A	Big Brothers Association of Atlanta (Community Chest).	21,776	65,328	87,104	150	Do.
Do	75,977	Legal service program	56.2	IV-A	Metro Atlanta Legal Aid (Community Chest).	75,977	227,931	303,908		Do.
Governor's Emergency Fund	5,000	Family planning	59.0	IV-A	Planned Parenthood Association of Atlanta Area (State).	5,000	15,000	20,000	500	Feb. 1, 1972.
Gainesville Model Cities	13,139	Planning social services	58.0	IV-A	Gainesville, Ga., Model Cities (Model Cities).	13,139	39,419	52,558		Jan. 1, 1972.
University of Georgia	25,635	Teaching grant	59.3	IV-A	Armstrong State College Formula Teaching Grant (public).	[2] 25,635	76,907	102,542		Do.
Slatin, Berman, Mozo, and Ehrenrich.	49,518	Day care	58.3	IV-A	Learning Tree Academy of Brunsiwck (private).	49,518	148,554	198,072	126	Feb. 1, 1972.
United Way of Athens	26,625	Counseling and tutoring	58.5	IV-A	Athens Boy's Club (Community Chest).	26,625	79,875	106,500	180	Do.
Athens First Baptist	11,240	Day care	58.8	IV-A	Parkview Play School (private)	11,240	33,720	44,960	30	Do.
Columbus Health Department	20,273	Drug treatment program	59.7	XVI	Georgia Narcotics Treatment Program, Columbus (Columbus Health).	20,273	60,819	81,092	[5] 100	Mar. 1, 1972.

Alma-Bacon County	33,358				Alma-Bacon City Demo Agency	[1] 33,358				6 months, Mar. 1, 1972.
Bacon County Board of Education.	13,176	Day care	50.9	IV-A	No. 1 Board of Education (MC and public).	[2] 13,176	139,602	186,136	215	
Atlanta public school	651,968	Day care and homemaker services.	51.1	IV-A	Atlanta comprehensive child care program-Kennedy (public).	[2] 651,968	1,955,904	2,607,872	2,484	Mar. 1, 1972.
Bureau of State Planning	55,400	Drug treatment program	59.6	XVI	Georgia narcotics treatment program (State planning).	55,400	166,200	221,600	[5] 200	Do.
Metropolitan Foundation of Atlanta.	6,000	Survey statewide programs	59.5	IV-A	Georgia Committee on Children and Youth (private).	6,000	18,000	24,000	[6] 5	Apr. 1, 1972.
United Way of Atlanta	9,398	Services to families and children.	59.8	IV-A	24-hour child care (Community Chest).	9,398	28,195	37,593	[7] 5	Do.
Atlanta public school	309,938	Day care and family living	59.9	IV-A	Atlanta Comprehensive Child Care Program (Bankhead) (public).	309,938	929,814	1,239,752	1,250	Do.
Semon Town Club	5,762				Concheta A. Carter Center	[1] 5,762				
City of Palmetto	2,230	Day care	80.1	IV-A	(private, public).	[2] 2,230	23,976	31,968	17	Do.
United Way of Atlanta	22,133	Research and evaluation service.	80.2	IV-A	Systems Research Corp. (Community Chest).	22,133	66,399	88,532		6 months, Apr. 1, 1972.
Atlanta public school	126,806	Day care—Staff Training Demo. Center.	80.3	IV-A	Atlanta comprehensive child care program, Cook School (public).	126,806	380,419	507,225	510	Apr. 1, 1972.
Georgia Commission of the Arts.	1,887	Drug treatment program	81.0	XVI	GNTP—Creative theater project (Private Georgia Commission of Arts).	1,887	5,661	7,548	[5] 50	Do.
City of Decatur Housing Authority.	47,607	Social Service referral counsel, parent-child.		IV-A	Housing Authority, Decatur (public).	42,846	220,548			
	34,078		81.3	XVI		4,761	24,506	326,739	[4] 470	Do.
Citizens Interested in Camden	7,124				Camden County Community	[1] 7,124				
County Board of Education.	3,695	Day care	51.6	IV-A	Day Care Center (private, public).	[2] 3,695	32,460	43,279	60	Do.
Rome Junior Chamber of Commerce.	8,814	do	51.4	IV-A	Reynolds-Miller Day Care Center (private).	8,814	26,442	35,256	32	Do.
Catholic Social Services Office of Drug Abuse.	12,373	do	51.9	IV-A	St. Vincent dePaul Society Inc. (private).	12,373	37,119	49,492	43	Do.
	61,433	Drug treatment program	81.4	XVI	GNTP, Computer data system (State).	61,433	184,299	245,732	13,000	Revised July 1972. Apr. 1, 1972.
United Way of Atlanta	12,950	Day care	80.5	IV-A	Research and evaluation center (Community Chest).	12,950	38,850	51,800		Apr. 1, 1972.
University of Georgia	11,142	Teaching grant	80.4	IV-A	Albany State College (public)	[2] 11,142	33,426	44,568		Mar. 15, 1972.
United Way of Atlanta	20,425	Research and evaluation	81.2	IV-A	Research and Evaluation Center No. 30 (Community Chest).	20,425	61,275	81,700		Apr. 1, 1972.
Fulton-DeKalb Hospital Authority.	47,697	Children of outpatients—day care.	59.2	IV-A	Fulton-DeKalb (Grady) Hospital Authority (public).	[2] 47,697	143,091	190,788	120	May 1, 1972.
Commissioners	500	Mothers training program	81.6	IV-A	Pulaski County DFCS (public)	500	1,500	2,000	[4] 10	Do.
United Way of Atlanta	30,000	Drug abuse—Prevention education service.	81.8	XVI	Metropolitan Atlanta Council on Alcohol and Drugs (Community Chest).	30,000	90,000	120,000	([8])	Do.
United Givers of Bibb County	4,281				CCCC, Bibb County (United	[1] 4,281				
	1,776	Day care planning	52.0	IV-A	Givers, public).	[2] 1,776	18,170	24,227	2,000	Do.

See footnotes at end of table.

PURCHASE OF CARE—OTHER CONTRACTUAL ARRANGEMENTS—PUBLIC ASSISTANCE TITLES—Continued

Source of non-Federal funds	Amount	Services provided	Number	Title used	Source and location of non-Federal funds	Non-Federal share, 25 percent	Federal share, 75 percent	Total	Number individuals served	Date contract begins
United Givers Lowndes, Office of Drug Abuse.	8,139	Day care	51.8	IV-A	Valdosta Community Day Care Center (Community Chest).	$8,139	$24,417	$32,556	25	May 1, 1972.
	37,123	Drug treatment program	82.1	XVI	GNTP (drug information center) (public).	37,123	111,367	148,490	13,000	Do.
Gainesville Model Cities,	43,293	Outreach, social referral and counseling.			City Demo Agency, SOS (Model Cities, public).	[1] 43,293				
Gainesville Housing Authority.	13,142		82.0	XVI		[2] 13,142	169,305	225,740	750	Do.
Atlanta public school	614,515	Day care, comprehensive service, families.	81.9	IV-A	Atlanta Public Schools Area I-Brown-O'Keefe (public).	[2] 614,515	1,843,546	2,458,061	4,714	Do.
Model Cities Demonstration Agency.	44,340	Drug treatment program	80.6	XVI	GNTP, Southside (Model Cities).	44,340	133,020	177,360	150	Do.
Institute of Black World	12,000	Day care	52.3	IV-A	Martin Luther King Community School (private).	22,000	66,000	88,000	51	June 1, 1972.
Southern Education	10,000									
Citizens for Support	8,814	Social services and counseling.			Gainesville-Hall County Girls Club (Community Chest, public).	[1] 8,814				
University of Georgia systems	7,894		84.6	IV-A		[2] 7,894	50,124	66,832	500	Do.
Bibb County Board of Commissioners.	32,468	Drug treatment program	83.0	XVI	GNTP-Middle Georgia Council on Drugs (public).	32,468	97,404	129,872	[7] 7	Do.
United Way of Atlanta	18,284	Group and vocational counseling.	83.8	IV-A	Salvation Army (Community Chest).	18,284	54,850	73,134	2,000	Do.
Do	128,715	After-school program tutoring-counseling.	82.9	IV-A	Metropolitan Atlanta Boys Clubs Inc. (Community Chest).	128,715	386,145	514,860		Do.
Atlanta public school	540,406	Comp. day care services	83.1	IV-A	Atlanta public schools—Carver, Price and Blair—(public).	[2] 540,406	1,621,218	2,161,624,	4,281	Do.
United Fund of Lowndes	3,000	Child care program			Wesley Child Care Center, Inc. (private-public).	[1] 3,000				
Valdosta State College	3,965	Component	82.4	IV-A		[2] 3,965	20,895	27,860	25	Do.
Rome City Government	6,476				Georgia Department of Labor—Rome Office (public).	[1] 6,476				3 months
Do	2,901	Referral	82.2	IV-A		[2] 2,901	28,131	37,508	50	June 1, 1972.
Atlanta public school	332,658	Day care, services, counseling.	83.2	IV-A	Atlanta public school—Area V Smith High (public).	[2] 332,658	997,974	1,330,632		June 1, 1972.
Athens Model Cities	69,021	Youth employment	84.5	IV-A	Athens Model Cities—Youth Employment Opportunity (Model Cities).	69,021	207,060	276,081	250	Do.
North Georgia College Foundation.	400	Activity program with counseling and referral.			North Georgia College (public)	[1] 400				3 months.
North Georgia College	4,350		82.7	IV-A		[2] 4,350	14,250	19,000	100	June 1, 1972.
City of Gainesville	9,995	Summer employment, counseling and training.			Gainesville Youth Employment Opportunity (public).	[1] 9,995				3 months.
Do	8,636		82.6	IV-A		[2] 8,636	55,893	74,524	45	June 1, 1972.
Athens Model Cities	93,660	Personal care and auxiliary home service.			Athens Community Council on Aging (public-Model Cities).	[1] 93,660				

University of Georgia	12,000		55.7	IVI		[2] 12,000	316,980	422,640	6,974	July 1, 1972.
Do	65,203	Teaching grant	52.2	IV–A	University of Georgia Project No. 1 (public).	[2] 65,203	195,611	260,814		Do.
Do	60,237	do	53.3	IV–A	University of Georgia Project No. 2 (public).	[2] 60,237	180,712	240,949		Do.
Do	41,992	do	53.9	IV–A	University of Georgia Project No. 3 (public.)	[2] 41,992	125,976	167,968		Do.
State public health department.	10,710	Specialized foster care		IV–A	Georgia Department of Public Health (public).	9,639	21,451			
	60,792		81.1	XVI		54,713	193,056	286,009	200	Do.
Middle Georgia APDC	15,217	Research and planning	80.8	IV–A	Middle Georgia Area Planning Commission (public).	[2] 15,217	45,651	60,868	[7] 7	Do.
McIntosh Trail APDC	20,420	do	80.7	IV–A	McIntosh Trail Area Planning and Development Commission (public).	[2] 20,420	61,260	81,680	[7] 8	Do.
Rural Development Center	79,414	Social needs and resources	59.4	IV–A	Rural Development Center (public).	[2] 79,414	238,242	317,656	[7] 6	Do.
State health department	230,300	Family planning	54.1	IV–A	Georgia Division of Physical Health (public).	230,300	690,900	921,200	14,858	Do.
Peach County Chamber of Commerce.	11,077	Day care	52.8	IV–A	Peach Area Child Care Center Inc (private).	11,007	33,021	44,028	29	Do.
Wheeler County Board of Education.	49,293	do	52.5	IV–A	Wheeler County Board of Education (public).	[2] 149,293	147,879	197,172	150	Do.
Athens Model Cities	248,292				Athens Model Cities	[1] 248,292				
Athens Housing Authority	11,934	do	52.1	IV–A	(private—public).	[2] 111,934	780,648	1,040,874	525	Do.
Georgia Department of Offender Rehabilitation.	987,379	Presentencing services	82.8	XVI	Georgia Department of Offender Rehabilitation-PSS (public).	[2] 987,379	2,962,137	3,949,516	4,640	Do.
State public health	100,350				Clayton Mental Health Center	[1] 100,350				
Clayton County health	111,209	Alcoholism program	83.3	XVI	Alcoholism Program (Public).	[2] 111,209	634,677	846,236	1,100	Do.
Housing authority of city	2,942	Analysis of incoming			Housing Authority of City of	[1] 2,942				
Housing Authority Waynesboro.	2,214	tenants.	83.4	XVI	Waynesboro (public).	[2] 2,214	15,468	20,624	2,000	Do.
State health		Therapy, evaluation,			Clayton Mental Health Center	[1] 43,122				
Clayton County	70,000	counseling and testing.	83.5	IV–A	Children's Service (public).	[2] 144,465	562,761	750,348	1,000	Do.
County of Cobb	8,333	Counseling, diagnosis, and evaluation.	83.6	IV–A	Cobb County Juvenile Court (public).	[2] 8,333	24,999	33,332	80	Do.
Division of vocational rehabilitation.	152,598	Medical, psychological, vocational evaluation.	83.7	XVI	Division of Vocational Rehabilitation (State).	152,598	457,792	610,390	750	Do.
University of Georgia	9,188	Evaluation of human resources planning.	83.9	IV–A	University of Georgia School of Social Work Evaluation and Monitoring (public).	[2] 9,188	27,564	36,752	([9])	Do.
Atlanta public school	681,046	Day care	84.0	IV–A	Atlanta public schools, Atlanta-Dekalb (public).	[2] 681,046	2,043,140	2,724,186	5,700	Do.
Southwest Georgia APDC	17,663	Comprehensive and project planning.	84.1	IV–A	Southwest Georgia Planning and Development Commission (public).	[2] 17,663	52,989	70,652	14	Do.
State board of education	398,934	Special education for			State Board of Education	[1] 398,934				
State of Georgia	87,457	mentally disturbed.	84.2	IV–A	State of Georgia (public).	[2] 87,457	1,459,173	1,945,564	1,793	Do.
Atlanta Housing Authority	189,936	Social and health service to elderly.	84.3	XVI	Atlanta Housing Authority (public).	[2] 189,936	569,808	759,744	4,650	Do.

See footnotes at end of table.

PURCHASE OF CARE—OTHER CONTRACTUAL ARRANGEMENTS—PUBLIC ASSISTANCE TITLES—Continued

Source of non-Federal funds	Amount	Services provided	Number	Title used	Source and location of non-Federal funds	Non-Federal share, 25 percent	Federal share, 75 percent	Total	Number individuals served	Date contract begins
Laurens County Health Department.	15,953	Crisis intervention and suicide prevention.		IV-A	South Central Health District Mental Health Center (public).	$6,382	$19,146			
State health department	47,859		84.4	XVI		57,430	172,290	$255,248	1,000	July 1, 1972.
United appeal	8,250	Guidance and referral	84.7	IV-A	Big Brothers-Big Sisters Association (private).	8,250	24,750	33,000	300	Do.
Division of mental health	44,973	Mental retardation		IV-A	Columbus Department of Public Health (public-State).	29,994	89,982			
Consolidated government	45,009	Day care	60.1	XVI		59,988	179,964	359,928	150	Do.
Division of mental health	22,444	Mental retardation		IV-A	Glynn County Health Department (private-State).	27,111	81,333			
Glenn Paton Foundation	25,036	Day care	60.2	XVI		20,369	61,107	189,920	70	Do.
Division of mental health	28,116	Mental retardation		IV-A	Hope Haven School (public-State).	37,167	111,501			
Clark County Board of Commissioners.	26,514	Day care	60.3	XVI		17,490	52,470	218,628	54	Do.
Division of Mental Health	66,070	Mental retardation		IV-A	Chatham Association for Retarded Children (State-public).	64,172	192,516			
Chatham County Commissioners.	65,430	Day care	60.4	XVI		67,328	201,984	526,000	210	Do.
Division of Mental Health	9,291	Mental retardation		IV-A	United Cerebral Palsy Center of Macon (private-State).	8,960	26,880			
United Givers, Bibb County	7,000	Day care	60.5	XVI		7,331	21,993	65,164	30	Do.
Division of Mental Health	32,942	Mental retardation		IV-A	Lynndale School and Training Center (State-private).	41,150	123,450			
UnitedtFund'of Augusta	28,782	Day care	60.6	XVI		20,574	61,722	246,896	142	Do.
Division of Mental Health	7,678	Mental retardation			Atlanta Association for Retarded Children (private-public-State).	[1] 18,759	----------------			
Florence C. and Harry English	11,081	Day care	60.7	XVI		[2] 6,240	74,997	99,996	32	Do.
Division'of Mental Health	37,600	Mental retardation		IV-A	Macon Association for Retarded Children (private-State).	45,913	137,739			
United Givers Fund	31,965	Daycare	60.8			23,652	70,956	278,260	122	Do.
Division of Mental Health	7,438	Mental retardation		IV-A	Madison County Training Center (public-State).	8,676	26,028			
Madison County Commissioners.	7,022	Day care	60.9	XVI		5,784	17,352	57,840	20	Do.
Division of Mental Health	42,276	Mental retardation		IV-A	Dougherty County Health Department (public-State).	48,575	145,725			
Dougherty County Commission.	38,682	Day care	61.0	XVI		32,383	97,149	323,832	130	Do.
Division of Mental Health	14,250	Mental retardation		IV-A	Baldwin County Area Association for Retarded Children (public-State).	19,774	59,322			
Baldwin County Commissioners.	12,115	Day care	61.1	XVI		6,591	19,773	105,460	40	Do.
Division of Mental Health	16,518	Mental retardation		IV-A	Elbert County Board of Health (public-State).	20,070	60,210			
Elbert County Board of Commissioners.	15,594	Day care	61.2	XVI		12,041	36,126	128,447	40	Do.
Division of Mental Health	24,956	Mental retardation		IV-A	Hall County Health Department (Model Cities-State).	34,355	103,065			
Gainesville Model Cities	20,851	Day care	61.3	XVI		11,452	34,356	183,228	80	Do.
Division of Mental Health	13,135	Mental retardation		IV-A	Gainesville-Hall Economic Opportunity Organization (State-public).	8,427	25,281			
Jackson County Commission	12,400	Day care	61.4	XVI		17,108	51,324	102,140	40	Do.
Division of Mental Health	20,229	Mental retardation		IV-A	Griffin Association Training Center (public-State).	17,103	51,309			

Spalding County Commissioners.	16,161	Day care	61.5	XVI		19,287	57,861	145,560	75	Do.
Division of Mental Health	29,880	Mental retardation		IV-A	Gwinnett County Chapter for Retarded Children (private-State-public).	29,962	89,886			
United Appeal—Gwinnett County Commissioners.	33,465	Day care	61.6	XVI		33,383	100,149	253,380	110	Do.
Division of Mental Health	9,490	Mental retardation		IV-A	Habersham County Board of Health (public-State).	10,451	31,355			
Habersham County Commissioners.	7,929	Day care	61.7	XVI		6,968	20,902	69,676	30	Do.
Division of Mental Health	9,320	Mental retardation		IV-A	Hart County Health Department (State-public).	10,265	30,794			
Hart County Board of Finance	7,788	Day care	61.8	XVI		6,843	20,430	68,432	30	Do.
State Health, UGF	6,523	Mental retardation		IV-A	Hickory Log Vocational School (private-State).	24,885	74,655			
Regional Health Council	29,409	Day care	61.9	XVKI		16,590	49,770	165,900	50	Do.
Division of Mental Health	11,070	Mental retardation		IV-A	Laurens County Health Department (State-private).	12,043	36,129			
Laurens County Commission	8,354	Day care	62.0	XVI		7,381	22,143	77,696	32	Do.
Division of Mental Health	16,203	Mental retardation		IV-A	Lowndes County Board of Health (public-State).	15,655	46,965			
Lowndes County Board of Health.	15,108	Day care	62.1	XVI		15,656	46,968	125,244	50	Do.
Division of Mental Health	11,519	Mental retardation		IV-A	Elbert County Board of Health (public-State).	----------	----------			
Morgan County Commission	10,739	Day care	62.2	XVI		22,258	66,774	89,032	40	Do.
Division of Mental Health	6,464	Mental retardation		IV-A	Morgan County Health Department (State-public).	5,026	15,588			
Morgan County Commission	6,526	Day care	62.3	XVI		7,540	23,382	51,960	20	Do.
Division of Mental Health	9,701	Mental retardation		IV-A	Peach County Association for Retarded Children (State-public).	10,769	32,307			
Peach Co. Board of Commissioners.	8,247	Day care	62.4	XVI		7,179	21,537	71,792	30	Do.
Division of Mental Health	15,292	Mental retardation		IV-A	Sumter County Department of Public Health (State-private).	12,850	38,552			
Americus Jaycees	15,305	Day care	62.5	XVI		17,747	53,239	122,388	50	Do.
Division of Mental Health	8,588	Mental retardation		V-A	Sunny Dale Training Center (private-State).	12,115	36,345			
Rotary Club	8,008	Day care	62.6	XVI		4,481	13,443	66,384	30	Do.
Division of Mental Health	18,033	Mental retardation		IV-A	Thomas County Department of Public Health (State-public).	12,087	36,261			
Thomas Co. Board of Commis ioners.	16,500	Day care	62.7	XVI		22,446	67,338	138,132	58	Do.
Division of Mental Health	6,968	Mental retardation		IV-A	Tift County Board of Health (State-private).	9,022	27,066			
United Givers Fund	6,497	Day care	62.8	XVI		4,443	13,329	53,860	30	Do.
Division of Mental Health	14,078	Mental retardation		IV-A	Walton County Health Department (State-public).	17,105	51,313			
Walton County Commission	13,289	Day care	62.9	XVI		10,262	30,788	109,468	40	Do.
Division of Mental Health	9,454	Mental retardation		IV-A	Wayne County Foundation School Exceptional Child (public-State).	12,400	37,200			
Wayne County Commissioners.	10,546	Day care	63.0	XVI		7,600	22,800	80,000	40	Do.
Division of Mental Health	10,472	Mental retardation		IV-A	Ware County Health Department (State-public).	15,950	47,850			
Ware County Health Department.	11,681	Day care	63.1	XVI		6,203	18,609	88,612	40	Do.
Division of Mental Health	9,072	Mental retardation		IV-A	Wee Care Center, Inc. (State-private).	14,109	42,327			
Rotary Club of Sylvania	7,927	Day care	63.2	XVI		2,890	8,670	67,996	24	Do.
Division of Mental Health	14,882	Mental retardation		IV-A	Douglas County Retardation Association (public-State).	17,564	52,692			
Douglas County Commissioners.	14,391	Day care	63.3	XVI		11,709	35,127	117,092	40	Do.
Division of Mental Health	15,920	Mental retardation		IV-A	Elaine Clark Center for Exceptional Children (private-State).	46,487	139,461			
Fdt. Acute & Multiple	17,830	Day care	63.4	XVI		1,438	4,314	191,700	71	Do.

See footnotes at end of table.

PURCHASE OF CARE—OTHER CONTRACTUAL ARRANGEMENTS—PUBLIC ASSISTANCE TITLES—Continued

Source of non-Federal funds	Amount	Services provided	Number	Title used	Source and location of non-Federal funds	Non-Federal share, 25 percent	Federal share, 75 percent	Total	Number individuals served	Date contract begins
Division of Mental Health	33,916	Mental retardation		IV-A	Houston County Association for Exceptional Children (private-State).	$37,650	$112,950			
Warner Robins Jaycees	28,834	Day care	63.6	XVI		25,100	75,300	$251,000	101	July 1, 1972.
Division of Mental Health	4,519	Mental retardation		IV-A	Bacon County Health Department (public-State).	7,170	21,510			
Bacon County Health Department.	5,041	Day care	63.7	XVI		2,390	7,170	38,240	20	Do.
Division of Mental Health	20,625	Mental retardation		IV-A	Newnan-Coweta Association for Retarded Children (private-State).	18,551	55,653			
United Fund	16,477	Day care	63.8	XVI		18,551	55,653	148,408	54	Do.
Division of Mental Health	21,578	Mental retardation		IV-A	Happiness Hill School (public-State).	26,314	78,942			
Cobb County Commission	20,864	Day care	63.9	XVI		16,128	48,384	169,768	60	Do.
Division of Mental Health	14,812	Mental retardation		IV-A	United Cerebral Palsy of Rome and Northwest Georgia (private-State).	19,680	59,040			
Rome Federated Club	11,428	Day care	64.0	XVI		6,560	19,680	104,960	40	Do.
Division of Mental Health	11,541	Mental retardation		IV-A	Colquitt County Mental Health Council (State-public).	13,260	39,780			
Colquitt County Board of Commissioners.	10,559	Day care	64.1	XVI		8,840	26,520	88,400	40	Do.
Division of Mental Health	11,661	Mental retardation		IV-A	Toombs County Day Care Training Center (public-State.	13,641	40,923			
Toombs County Commissioners.	8,801	Day care	64.2	XVI		6,821	20,463	81,848	30	Do.
Division of Mental Health	54,446	Mental retardation		IV-A	De Kalb County Board of Health (public-State).	58,073	174,219			
De Kalb County Commissioners.	60,979	Day care	64.3	XVI		70,977	212,931	516,200	178	Do.
Division of Mental Health	22,552	Mental retardation		IV-A	Floyd Training Center for the Mentally Retarded (private-State).	17,978	53,934			
Rome Jaycees, Inc	17,399	Day care	64.4	XVI		21,973	65,919	159,804	70	Do.
Division of Mental Health	15,054	Mental retardation		IV-A	Cherokee County Day Care and Training Center (private-State).	16,534	49,602			
Donor Inc	11,614	Day care	64.5	XVI		10,134	30,402	106,672	50	Do.
Division of Mental Health	14,239	Mental retardation		IV-A	Gordon Day Care and Training Center for Mentally Retarded (private-State).	15,134	45,402			
Calhoun Kawanis Club	10,985	Day care	64.7	XVI		10,090	30,270	100,896	50	Do.
Division of Mental Health	54,438	Mental retardation		IV-A	Cerebral Palsy Center of Atlanta (private-State).	94,948	284,844			
United Way of Atlanta	135,459	Day care	64.8	XVI		94,949	284,847	759,588	138	Do.
Marietta Housing Authority	8,500	do		IV-A	Marietta Housing Authority (private-public).	8,500	25,500			
Do	46,683	do	84.8	XVI		46,683	140,049	220,732	4,000	Do.
University of Georgia	28,634	Teaching grant	84.9	IV-A	University of Georgia—Human resource planning—certified.	28,634	85,902	114,536		Do.
Do	39,924	do	85.0	IV-A	University of Georgia—Learning Service Center, Atlanta—certified.	39,924	119,771	159,695		Do.

Do	32,200	do	85.1	IV-A	University of Georgia—Learning Service Center, Milledgeville—certified.	32,200	96,600	128,800		Do.
Do	8,652	do	85.2	IV-A	University of Georgia—Learning Service Center, Tifton—certified.	8,652	25,957	34,609		Do.
City of West Point, Ga	2,132				West Point Child Development	[1] 2,132				6 months.
Do	3,324	Day care	85.3	IV-A	Center (private-public).	[2] 3,324	16,368	21,824	23	Do.
Division of Mental Health	48,192				Clayton Mental Health Center	[1] 48,192				
Clayton County Health Department.	151,888	Drug prevention	85.4	XVI	Drug Abuse (State-public).	[2] 151,888	600,240	800,320	1,200	Do.
United Way of Augusta	11,982	Social service—casework referral.	85.5	IV-A	Bethlehem Community Center (private).	11,983	35,949	47,932	230	Do.
Oconee APDC	16,955	Research and planning	85.6	IV-A	Oconee Area and Planning Development Commission (public).	16,955	50,865	67,820	[7] 7	Do.
Atlanta Catholic Archdiocese	3,300	Provide outreach service to elderly.	85.7	XVI	Catholic Social Services Inc. (private).	3,300	9,900	13,200	175	Do.
United Way of Atlanta	17,843	Service to counseling		IV-A	Travelers Aid of Metro	12,490	37,469			6 months.
		crisis intervention.	85.8	XVI	Atlanta (Community Chest).	5,353	16,058	71,370	3,350	Do.
City of Toccoa, Stephens County.	3,688	Day care	70.5	IV-A	Toccoa-Stephens child development program (NIH-Appalachian).	[1] 7,376 [3] 53,414	182,370	243,160		May 1, 1972.
Chatham County Trust Fund	6,393				Chattooga County child development program	[1] 6,395				
Appalachian Regulation Commission.	106,097	do	70.6	IV-A	(NIH-Appalachian).	[3] 106,097	337,478	449,970		June 1, 1972.
United Way of Atlanta	12,211	Guidance, tutorial counseling.	85.9	IV-A	Northwest Georgia Girl Scout Council, Inc. (private).	12,211	36,633	48,844	580	6 months. July 1, 1972.
Altamaha APDC	10,354	Social services planning	86.0	IV-A	Altamaha Area Planning and Development Commission (public).	10,354	31,062	41,416		Do.
Chatham County Department of Health.	39,263	Drug treatment program	86.1	XVI	GNTP—Chatham County (private).	39,263	117,789	157,052	150	Do.
United Community Services	10,000	Day care	86.2	IV-A	Savannah Children's Center (private).	10,000	30,000	40,000	60	Do.
Do	11,381	Comprehensive day care			Housing Authority of Columbus,	[1] 11,381				
Housing Authority of Columbus.	22,007		87.1	IV-A	Ga. (private-public.)	[2] 22,007	100,164	133,552	75	Do.
East Point Presbyterian Child Care Fund.	11,505	Day care	53.2	IV-A	East Point Child Care Foundation Inc. (public-private.)	[1] 11,505 [2] 1,040	37,635	50,180	54	Aug. 1, 1972.
Atlanta Housing Authority	658,560	Family services	53.6	IV-A	Atlanta Housing Authority (certified).	[2] 658,560	1,975,680	2,634,240		Do.
Telfair County Commissioners	15,000				Telfair County Board of Educa-	[1] 15,000				
Telfair County Board of Education.	8,400	Day care	52.9	IV-A	tion (public).	[2] 8,400	70,200	93,600	60	Do.
Coosa Valley APDC	9,963	Assessment of regional social needs.	86.3	IV-A	Coosa Valley Area Planning and Development Commission (public).	[2] 19,963	29,889	39,852	[7] 10	Do.
Athens Model Cities	75,969				Athens Model Cities—SS (public).	[1] 75,969				

See footnotes at end of table.

PURCHASE OF CARE—OTHER CONTRACTUAL ARRANGEMENTS—PUBLIC ASSISTANCE TITLES—Continued

Source of non-Federal funds	Amount	Services provided	Number	Title used	Source and location of non-Federal funds	Non-Federal share, 25 percent	Federal share, 75 percent	Total	Number individuals served	Date contract begins
Athens Housing Authority	971	Administrative support		IV-A		[2] $971	$230,820	$307,760		July 1, 1972.
Central Savannah APDC	11,860	Social services planning	87.3	IV-A	Central Savannah Area Planning and Development Commission (public).	11,860	35,579	47,439		Do.
Coastal Plain APDC	21,083	Social services planning	81.5	IV-A	Coastal Plain Area Planning and Development Commission (public).	[2] 121,083	63,249	84.332	[7] 10	Aug. 1, 1972.
Dooly County Board of Education.	113,498	Education, nutrition health services.	86.9	-V-A	Dooly County Board of Education (public).	[2] 113,498	340,494	453,992	230	Do.
Habersham County Hospital Auxiliary.	9,322	Participation in discharge planning.	86.4	XVI	Stephens County Hospital (public).	[1] 826 [2] 9,322	30,444	40,592	80	Do.
Social Service League	31,153	Day care	54.9	IV-A	We care of Emanual County Inc. (private).	31,153	93,459	124,612	96	Do.
Innovations, Inc.	12,915.00	In-service training and staff training.	87.0	IV-A	Innovations, Inc. (private)	12,915	38,745	51,660	119	Do.
Sickle Cell Fund Committee	11,820	Information and referral	58.9	IV-A	Sickle Cell Foundation, Inc. (private).	11,820	35,460	47,280		6 months, Aug. 1, 1972.
Georgia Department of Offender Rehabilitation.	400,000	Vocational and educational services.	86.6	XIV	Georgia Department of Offender Rehabilitation PTC (public).	[2] 400,000	1,200,000	1,600,000	400	Aug. 1, 1972.
Atlanta public schools	353,143	Preschool comp. day care—Family.	86.7	IV-A	Atlanta public schools (East Atlanta District) (public).	[2] 353,143	1,059,428	1,412,571	10,116	Do.
Atlanta public schools	276,577	Comm. skills lab for schoolchild and adults.	86.8	IV-A	Atlanta public schools Archer District (public).	[2] 276,577	829,732	1,106,309	3,455	Do.
Dodge County Board of Education.	123,414	Child development day care.	86.5	IV-A	Dodge County Board of Education (public).	[2] 123,414	370,243	493,657	283	Do.
Division of Mental Health	13,941	Mental retardation		IV-A	Bulloch County Health Department (DM H-public).	15,447	46,341			Do.
Bulloch County Commissioners.	13,643	Day care	65.2	XVI		12,137	36,411	110,336	50	Do.
Division of Mental Health	8,698	Mental retardation		IV-A	Mitchell County Day Care and Training Center (DMH-public).	12,162	36,486			
Mitchell County MH Association.	7,962	Day care	66.8	XVI		4,498	13,494	66,640	30	Do.
Division of Mental Health	8,693	Mental retardation		IV-A	Schley County Department of Public Health (DMH-private).	10,306	30,918			
Ellaville Jaycees	8,484	Day care	67.3	XVI		6,871	20,613	68,708	30	Do.
Division of Mental Health	6,345	Mental retardation		IV-A	Lanier County Board of Health (DMH-public).	6,686	20,058			
Lanier County Commissioners.	5,812	Day care	66.7	XVI		5,471	16,413	48,628	20	Do.
Division of Mental Health	6,590	Mental retardation		IV-A	Butts County Health Department (DMH-public).	9,102	27,306			
Butts County Commissioners	5,546	Day care	65.4	XVI		3,034	9,102	48,544	20	Do.
Division of Mental Health	11,604	Mental retardation		IV-A	Upson County Association for Retarded Children (DMH-private).	12,823	38,469			

Upson County Unifund	9,767	Day care	68.0	XVI		8,548	25,644	85,484	40	Do.
Division of Mental Health	5,914	Mental retardation		IV-A	Brooks County Board of Health	8,499	25,497			
Brooks County Commissioners.	5,418	Day care	65.1	XVI	(DMH-public).	2,833	8,499	45,328	20	Do.
Division of Mental Health	6,659	Mental retardation		IV-A	Treutlen County Health De-	8,822	26,466			
Treutlen County Commissioners.	5,104	Day care	67.8	XVI	partment (DMH-public).	2,941	8,823	47,052	20	Do.
Division of Mental Health	9,641	Mental retardation		IV-A	Coffee County Health Depart-	11,445	34,335			
Coffee County Health Department.	9,434	Day care	65.8	XVI	ment (DMH-private).	7,630	22,890	76,300	40	Do.
Division of Mental Health	6,288	Mental retardation		IV-A	Lamar County Association for	8,686	26,058			
Lamar County Jaycees	5,293	Day care	66.6	XVI	Retarded Children (DMH-private).	2,895	8,685	46,324	20	Do.
Division of Mental Health	6,819	Mental retardation		IV-A	Hancock County Association for	7,564	22,692			
Hancock County Board of Commissioners.	5,787	Day care	66.2	XVI	Retarded Children (DMH-public).	5,042	15,126	50,424	20	Do.
Division of Mental Health	6,659	Mental retardation		IV-A	Dodge County Health Depart-	8,822	26,466			
Dodge County Commissioners	5,104	Day care	66.0	XVI	ment (DMH-public).	2,941	8,823	47,052	20	Do.
Division of Mental Health	5,924	Mental retardation		IV-A	Ben Hill County Health Depart-	8,513	25,539			
Ben Hill County Commissioners.	5,427	Day care	65.0	XVI	ment (DMH-public).	2,838	8,514	45,404	20	Do.
Division of Mental Health	5,363	Mental retardation		IV-A	Clinch County Health Depart-	7,959	23,877			
Clinch County Health Department.	5,249	Day care	65.7	XVI	ment (DMH-public).	2,653	7,959	42,448	20	Do.
Division of Mental Health	5,328	Mental retardation		IV-A	Charlton County Health De-	7,908	23,724			
Charlton County Health Department.	5,215	Day care	65.6	XVI	ment (DMH-public).	2,635	7,90[illegible]	42,172	20	Do.
Division of Mental Health	11,824	Mental retardation		IV-A	Randolph Co. Dept. of Public	14,018	42,054			
Randolph Development Corp	11,593	Day care	67.2	XVI	Health (DMH—Private).	9,345	28,035	93,452	40	Do.
Division of Mental Health	9,151	Mental retardation		IV-A	Burke Co. Health Dept. (DMH-	11,439	34,317			
Burke County Health Department.	7,922	Day care	65.3	XVI	Public).	5,634	16,902	68,292	30	Do.
Division of Mental Health	6,533	Mental retardation		IV-A	Wilkes Co. Health Department	7,314	23,205			
Wilkes County Board of Health.	5,656	Day care	68.2	XVI	(DMH-Private-Public).	421	15,468	51,564	20	Do.
Division of Mental Health	14,289	Mental retardation		IV-A	Henry County Board of Health	15,789	47,367			
Henry County Commissioners	12,026	Day care	66.4	XVI	(Public-DMH).	10,526	31,578	105,260	40	Do.
Division of Mental Health	11,134	Mental retardation		IV-A	Crisp County Department of	13,200	39,600			
Cordele Lions Club	10,866	Day care	65.9	XVI	Public Health (DMH-Private).	8,800	26,400	88,000	40	Do.
Haralson County Economic Development, Inc.	2,000	Day care	52.7	IV-A	Haralson County Day Care Center (Private).	2,000	6,000	8,000	50	1 month Aug. 1, 1972.
Division of Mental Health	5,245	Mental retardation		IV-A	Harris County Department of	6,218	18,654			
American Legion Post 109	5,118	Day care	66.3	XVI	Public Healt (DMH-Private).	4,145	12,435	41,452	20	Aug. 1, 1972.

See footnotes at end of table.

PURCHASE OF CARE—OTHER CONTRACTUAL ARRANGEMENTS—PUBLIC ASSISTANCE TITLES—Continued

Source of non-Federal funds	Amount	Services provided	Number	Title used	Source and location of non-Federal funds	Non-Federal share, 25 percent	Federal share, 75 percent	Total	Number individuals served	Date contract begins
Division of Mental Health	6,893	Mental retardation		IV-A	Wilkinson Co. Retarded Child Assn., Inc. (DMH-Public).	$7,647	$22,941			
Wilkinson County	5,851	Day care	68.3	XVI		5,097	15,291	$50,976	20	Aug. 1, 1972
Division of Mental Health	5,249	Mental retardation		IV-A	Dooly County Department of Public Health (DMH-Private.)	6,223	18,669			
Unadilla Jaycees	5,249	Day care	66.1	XVI		4,148	12,444	41,484	20	Do.
Division of Mental Health	5,210	Mental retardation		IV-A	Taylor County Department of Public Health (DMH-Private).	6,177	18,531			
Taylor County Jaycees	5,084	Day care	67.6	VXI		4,117	12,351	41,176	20	Do.
Division of Mental Health	4,825	Mental retardation		IV-A	Atkinson County Health Department (DMH-Public).	7,159	21,477			
Atkinson County Health Department.	4,721	Day care	64.9	XVI		2,387	7,161	38,184	20	Do.
Appalachian-NIH	451,216	Administer and coordinate complete day care service.		IV-A	Coosa Valley APCD—Child Development (NIH-Appalachian).	451,216	1,353,643	1,804,859	[7] 10	Do.
Total						16,531,059	49,593,148	66,124,207		
Division of Mental Health (for agreement only).	50,670,000	Social services to the mentally ill.		IV-A	Division of Mental Health (Division of Mental Health).	12,667,500	38,002,500			
				XVI		38,002,500	114,007,500	203,509,403		

[1] Cash.
[2] Certified.
[3] Appalachian Regional Commission.
[4] Families.
[5] Addicts.
[6] Percent populat.on.
[7] Counties.
[8] Statewide.
[9] All APDC's.

Fiscal Impact Report of Social Services, Community Services Administration, SRS, FY 1973—Initial Submission

Requiring Office: Community Services Administration.
Part I—State Social Service Cost Estimates.
State: Georgia.
Date: September 1972.

	Fiscal year 1972		Fiscal year 1973	
	Total	Federal share	Total	Federal share
A. Estimates based on approved plans (through submittal date of this report):				
1. Direct agency operations		$18,733,308		$24,825,000
2. Purchase of service agreements:				
(a) From other Government agencies	$14,261,235	10,695,926	$183,960,000	137,970,000
(b) From other sources	9,507,489	7,130,617	20,440,000	15,330,000
3. Charges from other agencies by single State agency waiver (by department and types of service)	(1)			
B. Estimates based on pending plan changes (if applicable)	(2)			
1. Direct agency operations	(2)			
2. Purchase of service agreements:				
(a) From other Government agencies	(2)			
(b) From other sources	(2)			
3. Charges from other agencies by single State agency waiver (by department and types of service)	(1)			
C. Estimates based on anticipated submission of plan changes (if applicable)	(2)			
1. Direct agency operations	(2)			
2. Purchase of service agreements:				
(a) From other Government agencies	(2)			
(b) From other sources	(2)			
3. Charges from other agencies by single State agency waiver (by department and types of service)	(1)			

[1] None.
[2] Not applicable.

PART II.—PURCHASE OF SERVICES AGREEMENTS (OVER $100,000) A. AGREEMENTS CURRENTLY IN EFFECT

Provider of service	Agreement dates	Services to be provided	Estimated fiscal year 1973 Total	Estimated fiscal year 1973 Federal share	Original source of State share
Family Learning Center, Inc	From Jan. 1, 1971 to June 30, 1972	Day care	$300,000	$225,000	Donner Foundation.
We Care of Emanuel County, Inc	From Aug. 1, 1972 to Sept. 31, 1973	do	124,612	93,459	Social Service League.
Macon Nursery Schools, Inc	From Aug. 1, 1971 to Aug. 1, 1972	do	141,836	106,377	United Givers Fund, Macon and Bibb Counties
Atlanta Housing Authority	From Aug. 1, 1972 to July 31, 1973	Family services counseling	2,634,240	1,975,680	Atlanta Housing Authority.
Alma-Bacon County Model Cities	From Sept. 1, 1971 to Aug. 31, 1972	Social services, day care	210,460	157,845	Bacon County Board of Commissioners and Alma-Bacon County Model Cities Commission.
Appalachian Regional Commission	From Sept. 1, 1971 to Aug. 31, 1972	Technical assistance and monitoring	191,986	143,990	Appalachian Regional Commission.
Whitfield-Dalton Day Care Center	From Nov. 1, 1971 to Oct. 31, 1972	Day care	100,961	75,273	Do.
Forsyth County Day Care Center	From Oct. 1, 1971 to Sept. 30, 1972	do	295,123	221,342	Do.
Gainesville Model Cities Board of Education.	From Oct. 1, 1971 to Sept. 1, 1972	do	104,430	78,323	Gainesville Model Cities.
Chatham County DFCS	From Oct. 1, 1971 to Aug. 31, 1972	Homemaker services	122,396	91,797	Savannah Model Cities.
Economic Opportunity, Savannah, Chatham County.	From Oct. 1, 1971 to Sept.	Day care	713,020	534,765	Mayor and Aldermen of Savanna.
Boys Club of Macon	From Nov. 1, 1971 to Oct. 31, 1972	Tutoring, counseling	144,000	108,000	United Givers Fund, Macon and Bibb Counties.
Department of Offender Rehabilitation	do	Casework, inmates and family counseling	1,635,360	1,226,520	Department of Offender Rehabilitation.
Heart of Georgia, Laurens County	From Dec. 1, 1971 to Nov. 30, 1972	Day care	212,285	159,214	Laurens County Board of Education.
Georgia Narcotics Treatment Program (Renewal House).	do	Drug treatment	119,800	89,850	Alliance for Labor Action, Bureau of State Planning and Community Affairs.
Atlanta Urban League (Dekalb Outreach)	From Jan. 1, 1972 to Dec. 31, 1972	Better housing, improve living conditions, day care, etc.	131,148	98,361	Community Chest of Metro Atlanta.
Gainesville-Hall County Boys Club	From Jan. 1 to Dec. 31, 1972	Recreational, educational, vocational, social and health.	199,576	149,782	Gainesville National Bank.
Atlanta Community Coordinated Child Care Agency.	do	Day care, intensive staff training	1,316,180	987,135	Community Chest.
Child Service and Family Counseling Center.	do	Outreach services to families	202,045	151,534	Community Chest of Metro Atlanta.
Do	do	Specialized foster care	170,296	127,722	Do.
Do	do	Family counseling	194,677	146,008	Do.
Visiting Nurse Association of Atlanta	do	Homemaker services	459,773	344,830	Do.
Community Council of Atlanta Area	From Apr. 1 to Dec. 31, 1972	Information and referral	126,399	94,799	Do.
Atlanta Urban League	From Jan. 1 to Dec. 31, 1972	Test taking, counseling, tutoring	109,533	82,150	Do.
Atlanta Girls Club	do	Homemaker skills, tutoring, counseling, after school program for girls of working mothers.	154,238	115,678	Do.
Atlanta Urban League	do	Counseling in money management and homeownership.	109,215	81,911	Do.
Butler Street YMCA	do	Family counseling, child care, self-improvement education.	475,152	356,364	Do.
Grady Girls Club	do	Counseling sex education, after school program for girls, tutoring.	220,402	165,301	Do.

Girls Club of America Southern Region	do	Staff training, child care	136,980	102,735	Trebor Foundation.
Georgia Narcotics Treatment Program, Macon.	do	Drug treatment and rehabilitation	188,000	141,000	Bibb County Board of Commissioners.
Atlanta City Demo. Agency	do	Day care	5,002,624	3,378,186	Model Cities, Housing and Urban Development.
Metro Atlanta Legal Aid	do	Legal services to welfare applicants	303,908	227,931	Community Chest of Metro Atlanta.
Armstrong State College Formula Teaching Grant.	From Jan. 1, 1972	Teaching grant	102,542	76,907	State.
Learning Tree Academy of Brunswick	From Feb. 1, 1972, to Jan. 31, 1973	Day care	198,072	148,554	Slotin, Berman, Mazo, Ehrenrich Foundation.
Athens Boys Club	do	Counseling, tutoring	106,500	79,875	Community Chest, Athens, Ga.
Alma-Bacon City Demo. Agency	From Mar. 1, to Aug. 31, 1972	Day care	186,136	139,602	Alma-Bacon City Demo. Agency; Bacon County Board of Education.
Atlanta Comprehensive Child Care Program (Kennedy).	From Mar. 1, 1972, to Feb. 28, 1973	Vocational training, counseling, tutoring	2,607,872	1,955,904	Atlanta Public School System.
Georgia Narcotics Treatment Program (State Planning).	do	Drug treatment, rehabilitation	221,600	166,200	Department of Planning and Community Affairs.
Atlanta Comprehensive Child Care Program (Bankhead).	From Apr. 1, 1972, to Mar. 31, 1973	Early childhood education, family living	1,239,752	929,814	Atlanta Public Schools.
Atlanta Comprehensive Child Care Program (Cook School).	do	Day care	507,225	380,419	Do.
Housing Authority of Decatur	do	Homemaker aide, social service assistance, counseling.	326,739	245,054	Housing Authority of Decatur.
Georgia Narcotics Treatment Program (Computer Data).	do	Computer data reporting	245,732	184,299	Georgia Narcotics Treatment Program (State of Georgia).
Fulton-DeKalb (Grady) Hospital Authority	From May 1, 1972 to Apr. 30, 1973	Day care	190,788	143,091	Fulton-DeKalb Hospital Authority.
Metro Atlanta Council on Alcohol and Drugs.	do	Prevention of drug abuse, drug education, etc.	120,000	90,000	Jr. League, Atlanta Community Chest of Metro Atlanta.
Georgia Narcotics Treatment Program	do	Drug education and information material	148,490	111,367	Georgia Narcotics Treatment Program.
City Demo Agency (S.O.S.)	do	Outreach, social referral, and counseling	225,740	169,305	Model Cities.
Atlanta Public Schools (Brown-O'Keefe)	do	Day care, comprehensive services	2,458,061	1,843,546	Atlanta Public Schools.
Georgia Narcotics Treatment Program (Southside).	do	Counseling, medical services, etc	177,360	133,020	Model Cities, Atlanta.
Georgia Narcotics Treatment Program (Middle Georgia Council on Drugs).	From June 1, 1972 to May 31, 1973	Coordinate and supervise drug treatment, etc.	129,872	97,404	Bibb County Board of Commissioners.
Metro Atlanta Boys Clubs, Inc	From June 1, 1972 to December 31, 1972.	After school program for boys, tutoring, counseling, family life education.	514,860	386,145	Community Chest of Metro Atlanta.
Atlanta Public Schools (Carver, Price, and Blair).	From June 1, 1972 to May 31, 1973	Day care	2,161,624	1,621,218	Atlanta Public School System.
Atlanta Public Schools (Area V. Smith High).	From June 1, 1972 to May 21, 1973	do	1,330,632	997,974	Do.
Athens Model Cities, (Youth Employment Opportunity).	From June 1, 1972 to May 31, 1973	Youth employment	276,081	207,060	Athens Model Cities.
Athens Community Council on Aging	From July 1, 1972 to June 30, 1973	Personal care, day care, info and referral	422,640	316,980	Do.
University of Georgia, Project No. 1	do	Teaching grant	260,814	195,611	State.
University of Georgia, Project No. 2	do	do	240,949	180,712	Do.
University of Georgia, Project No. 3	do	do	167,968	125,976	Do.
Georgia Department of Public Health	do	Specialized foster care	286,009	193,056	Do.
Rural Development Center	do	Social needs and resources	317,656	238,242	Rural Development Center.
Georgia Division of Physical Health	do	Family planning services	921,200	690,000	Division of Physical Health.

PART II.—PURCHASE OF SERVICES AGREEMENTS (OVER $100,000)—Continued

A. AGREEMENTS CURRENTLY IN EFFECT—Continued

Provider of service	Agreement dates	Services to be provided	Estimated fiscal year 1973 Total	Estimated fiscal year 1973 Federal share	Original source of State share
Wheeler County Board of Education	do	Day care	197,172	147,879	Wheeler County Board of Education.
Athens Model Cities	do	Social services, day care	1,040,874	780,649	Athens Model Cities.
Georgia Department of Offender Rehabilitation.	do	Counseling, job placement, training	3,949,516	2,962,137	Georgia Department of Offender Rehabilitation.
Clayton Mental Health Center (Alcoholism Program).	do	Emergency services for resident and outpatient withdrawal.	846,236	634,677	Clayton County Health Department, Division of Mental Health.
Clayton Mental Health Center, Children's Services.	do	Therapy, evaluation, counseling, and testing.	750,348	562,761	Division of Mental Health, Clayton County School System, Clayton County Health Department.
Division of Vocational Rehabilitation	do	Medical, psychological, vocational evaluation.	610,390	457,792	Office of Rehabilitative Services.
Atlanta Public Schools (Atlanta-DeKalb)	do	Day care	2,724,186	2,043,140	Atlanta Public School System.
State Board of Education	do	Special education for mentally disturbed	1,945,564	1,459,173	14 School District.
Atlanta Housing Authority	do	Social and health service to elderly	759,744	569,808	Atlanta Housing Authority.
South Central Health District	do	Crisis intervention, suicide prevention	255,248	191,436	Laurens County Health Department, Division of Mental Health.
Columbus Department of Public Health	do	Mental retardation, day care	359,928	269,946	Consolidated Government, Columbus, Ga.
Glynn County Health Department	do	do	189,920	142,440	Division of Mental Health, Glynn Paton Foundation.
Hope Haven School	do	Day care for mentally retarded	218,628	163,971	Board of Commissioners, Clarke County Health Department, Division of Mental Health.
Chatham Association for Retarded Children.	do	Day care and training for mentally retarded	527,000	394,500	Savannah Model Cities, Division of Mental Health, Chatham County Commissioners, United Community Services.
Lynndale School and Training Center	do	Day care, mentally retarded	246,896	185,172	Division of Mental Health, United Way of Richmond and Columbia Counties.
Macon Association for Retarded Children	do	do	278,260	208,695	United Givers Fund, Division of Mental Health.
Dougherty County Health Department	do	do	323,832	242,874	Dougherty County Commissioners, Division of Mental Health.
Baldwin County Area Association for Retarded Children.	do	do	105,460	79,095	Baldwin County Commissioners, Division of Mental Health.
Elbert County Board of Health	do	do	128,447	96,336	Division of Mental Health, Elbert County Board of Commissioners.
Hall County Health Department	do	do	183,228	137,421	Gainesville Model Cities, Division of Mental Health.
Gainesville-Hall EOO	do	do	102,140	76,605	Jackson County Commissioners, Division of Mental Health.
Griffin Association Training Center	do	do	145,560	109,170	Division of Mental Health, Spalding County Commissioners.
Gwinnett County Chapter for Retarded Children.	do	do	253,380	190,035	Board of Commissioners, Gwinnett, Division of Mental Health, United Way.
Hickory Log Vocational School	do	do	165,900	124,425	Division of Mental Health, United Givers, Northwest Georgia Advisory Council.

Lowndes County Board of Health	do	do	125,244	93,933	Lowndes County Board of Health, Division of Mental Health.
Sumter County Department of Public Health.	do	do	122,388	91,791	Americus Jaycees, Division of Mental Health.
Thomas County Department of Public Health.	do	do	138,132	103,599	Thomas County Board of Commissions, Division of Mental Health.
Walton County Health Department	do	do	109,468	82,101	Walton County Commissioners, Division of Mental Health.
Douglas County Retardation Association	do	do	117,092	87,819	Douglas County Commission, Division of Mental Health.
Elaine Clark Center for Exceptional Children.	do	do	191,700	101,250	Division of Mental Health, Foundation for Children with Acute and Multiple Handicaps.
Houston County Association for Exceptional Children.	do	do	251,000	188,250	Division of Mental Health, Warner Robins JC's.
Newnan-Coweta Association for Retarded Children.	do	do	148,408	111,306	Division of Mental Health, United Fund.
Happiness Hill School	do	do	169,768	127,326	Cobb County Commissioners, Division of Mental Health.
United Cerebral Palsy of Rome and northwest Georgia.	do	do	104,960	78,720	Division of Mental Health, Rome Jr. Woman's Club.
DeKalb County Board of Health	do	do	516,200	387,150	Division of Mental Health, DeKalb County Commissioners.
Floyd Training Center for the Mentally Retarded.	do	do	159,804	119,853	Division of Mental Health, Rome Jaycees, Inc.
Cherokee County Day Care and Training Center.	do	do	106,672	80,004	Division of Mental Health, Donor Incorporate.
Gordon Day Care and Training Center	do	do	100,896	75,672	Division of Mental Health, Calhoun Kiwanis Club.
Cerebral Palsy Center of Atlanta	do	do	759,588	569,691	Division of Mental Health, Community Chest.
Marietta Housing Authority	do	Day care, community service center	220,732	165,549	Cobb County Community Services, Marietta Housing Authority, Marietta Jaycees.
University of Georgia:					
Human Resource Planning	do	Teaching grant	114,536	85,902	State.
Learning Service Center, Atlanta	do	do	159,695	119,771	Do.
Learning Service Center, Milledgeville.	do	do	128,800	96,600	Do.
Clayton Mental Health Center (Drug Abuse).	do	Drug prevention	800,320	600,240	Clayton County Health Department.
Toccoa-Stephens child development program.	do	Day care	243,160	182,372	Toccoa, Ga., city commissioners; Stephens County commissioners.
Chattooga County child development program.	do	do	449,970	337,468	Chattooga County trust fund, Appalachian Regional Commission.
Housing Authority of Columbus	do	Medical/health services, day care, nutrition services.	133,552	100,164	Housing Authority of Columbus.
Athens model cities	do	Day care	307,760	230,820	Athens model cities.
Georgia narcotics treatment program (Chatham County).	do	Drug treatment program	157,052	117,789	Chatham County Health Department.
Georgia Department of Education, Pupil Personnel Division.	do	Social service, delivery to children and their families.	102,184	76,638	Georgia Department of Education.
Division of mental health	do	Information and referral, social services	202,680,000	152,010,000	State.

B. AGREEMENTS CURRENTLY BEING NEGOTIATED

Provider of service	Anticipated effective date	Services to be provided (including regulation number)	Estimated fiscal year 1973 (total Federal share)	Original source of State share	Basis of estimate
Office of Drug Abuse, Brunswick	Sept. 1, 1972	222.57-59	$89,100	Glynn County Commissioners	Contract.
West Hills Child Development Center	do	220.51—Day care	24,000	Atlanta Junior League	Do.
Renewal House	do	222.57-59—Social services	229,671	Office of Drug Abuse	Do.
Lower Chattahoochee APDC	do	220.51—Social services	78,450	Lower Chattahoochee APDC	Do.
Systems Research Corporation	do	do	38,610	United Way	Do.
Northeast Georgia APDC	do	222.57-59—Social services	17,490	Northeast Georgia APDC	Do.
Savannah Senior Citizens	do	do	201,625	City of Savannah	Do.
Savannah Services for the Blind	do	do	72,709	do	Do.
Coordinated Social Services Delivery System	do	do	134,278	do	Do.
Atlanta Public Schools—13 area IV schools	do	220.51—Day care	2,898,433	Atlanta public schools	Do.
Atlanta Public Schools—Howard Walden District III	do	do	985,200	do	Do.
Alma Bacon Community Services (Model Cities)	do	222.57-59—Social services	134,193	Early Childhood Education Fund, Bacon County Board of Commissioners.	Do.
Salvation Army—center for the elderly	do	do	4,921	United Way	Do.
Savannah model cities young parents program	do	220.51—day care	224,859	Savannah model cities	Do.
Bacon County Board of Education model cities	do	do	357,485	Early childhood education fund, Bacon County Board of Education.	Do.
Wonderworld Child Development Center, Inc	do	do	40,698	Mason, Hogan & Merrill (Messrs.)	Do.
Haralson County Day Care Center	do	do	6,300	Haralson County Economic Development, Inc	Do.
Macon Council on Human Relations, Inc	do	222.57-59—social services	20,496	Perkins-Ponder Foundation and Governor's office	Do.
Carroll Service Council	do	220.51—day care	900	United Methodist Church	Do.
Economic Opportunity Atlanta	do	do	24,000	Atlanta Junior League	Do.
Long and Short of It, Inc	do	222.57-59—social services	91,650	Urban Action, Inc	Do.
Total			5,745,068		
Troup County Health Department	do	Mental retardation	113,448	Division of Mental Health, Troup County Commission, City of West Point.	Do.
Wheeler County Health Department	do	do	35,289	Division of Mental Health, Wheeler County Commission	Do.
Twiggs County Association for Retarded Children	do	do	37,224	Division of Mental Health, Twiggs County Board of Commissioners.	Do.
Carroll County Health Department	do	do	131,661	Carroll County Commission, Division of Mental Health	Do.
Terrell-Lee County Day Care and Training Center	do	do	49,029	Terrell County Commission, Division of Mental Health	Do.
Berrien County Day Care and Training Center	do	do	34,644	Berrien County Commission, Division of Mental Health	Do.
Mitchell County Day Care and Training Center	do	do	54,960	Division of Mental Health, Mitchell County Mental Health Association.	Do.
Macon County Day Care and Training Center	do	do	32,115	Macon County Jaycees, Division of Mental Health	Do.
Hancock County Day Care and Training Center	do	do	37,818	Hancock County Board of Commissioners, Division of Mental Health.	Do.

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Upson County Day Care and Training Center	do	do	64,113	Upson County UniFund, Division of Mental Health	Do.
Crisp County Day Care and Training Center	do	do	66,000	Cordele Lions Club, Division of Mental Health	Do.
Jones County Day Care and Training Center	do	do	33,675	Division of Mental Health, Jones County Junior Chamber of Commerce.	Do.
Monroe County Day Care and Training Center	do	do	33,915	Division of Mental Health, Monroe County Mental Health Association.	Do.
Stewart County Day Care and Training Center	do	do	73,161	Division of Mental Health, Lumpkin Lions Club, Stewart County Board of Education.	Do.
Talbot County Mental Retardation Center	do	do	31,089	Talbot County Commission Action Agency, Inc., Division of mental Health.	Do.
Barrow County Day Care and Training Center	do	do	55,710	Barrow County Commission, Division of Mental Health	Do.
Putnam County Day Care and Training Center	do	do	36,537	Division of Mental Health, Eatonton Service League	Do.
Lumpkin County Health Department	do	do	44,280	Lumpkin County Commission, Division of Mental Health	Do.
Forsyth County Health Department	do	do	43,293	Forsyth County Commission, Division of Mental Health	Do.
Fulton County Health Department	do	do	319,650	Fulton County Commission, Division of Mental Health	Do.
Montgomery County Health Department	do	do	35,289	Division of Mental Health, Montgomery County Commission	Do.
Cook County Board of Health	do	do	34,065	Division of Mental Health, Cook County Mental Health Association.	Do.
Total, other contracts under $100,000 each (Federal share).			1,397,505		
Grand total (September)			5,745,068		
Total			7,142,573		
Clarke County School District	Oct. 1, 1972	220.51—community school	1,266,747	Certified cost, Clarke County Board of Education	Proposal.
De Kalb County Health Department	do	220.51—health services	558,015	De Kalb County Health Department	Do.
Atlanta Urban League	do	222.57–59—behavior modification.	114,098	Model Cities	Do.
Office of Drug Abuse	do	222.57–59—employment counseling.	120,000	ODA	Do.
North Georgia APDC	do	220.51—planning for human resources.	103,500	North Georgia APDC, certified cost	Do.
Division of Vocational Rehabilitation	do	222.57–59—employment counseling.	1,494,525	Vocational rehabilitation	Do.
Columbus Housing Authority	do	220.51—social services		Columbus Housing Authority	Do.
Brunswick Housing Authority	do	222.57–59—information and referral, Commission Education.	90,000	Brunswick Housing Authority	Do.
Echols County Board of Education	do	220.51—day care	82,464	Certified cost, Echols County Board of Education	Do.
Clayton County Day Care and Training Center	do	220.51, 222.57–59—M.R. services.	270,504	Clayton County Commission, Division of Mental Health	Do.
Total, other contracts under $100,000 each (Federal share).			983,052		
Grand total (October)			5,082,906		
Athens Housing Authority	Nov. 1, 1972	220.51—day care	213,687	Athens Housing Authority certified cost	Do.
Washington County Board of Health	do	do	331,112	Certified cost, Washington County Board of Education	Do.

B. AGREEMENTS CURRENTLY BEING NEGOTIATED—Continued

Provider of service	Anticipated effective date	Services to be provided (including regulation number)	Estimated fiscal year 1973 (total Federal share)	Original source of State share	Basis of estimate
Clinch County Board of Education	Nov. 1, 1972	220.51—day care	121,202	Certified cost, Clinch County Board of Education	Do.
Appling County Board of Education	do	do	206,293	Certified cost Appling County Board of Education	Do.
Taylor County Board of Education	do	do	180,000	Certified cost, Taylor County Board of Education	Do.
EOA (Children's Cottage)	do	do	82,736		Do.
EOA (Georgia State University)	do	220.51—tutoring and counseling			Do.
Midtown Alliance (Atlanta)	do	220.51—counseling/outreach	166,900	Atlanta Urban Ministry	Do.
Division of Mental Health	do	220.51—mental retardation inservice training.	89,232	Division of Mental Health	Do.
Cheerhaven Schools, Inc	do	222.57–59—mental retardation	227,526	Whitfield United Appeal, Division of Mental Health, Georgia Regional Health Council.	Do.
Polk County Day Care and Training Center	do	do	92,833	Division of Mental Health, Georgia Regional Health Council	Do.
Total, other contracts under $100,000 each (Federal share).			725,242		
Grand total (November)			2,436,763		
Greene County Board of Education	Dec. 1, 1972	220.51—day care	177,251	Certified cost, Green County Board of Education	Do.
Crawford County Board of Education	do	do	165,909	State ECD cash certified cost, Crawford County	Do.
De Kalb County Board of Education	do	do	270,000	Certified cost, De Kalb County Board of Education	Do.
Division of Mental Health	do	220.51, 222.57–59—group homes	615,993	Division of Mental Health	Do.
Do	do	220.51, 222.57–59—diagnosis and evaluation centers.	1,070,438	do	Do.
Total, other contracts under $100,000 each (Federal share)			329,271		
Grand total (December)			2,628,862		
Atlanta public schools	Jan. 1, 1973	220.51—comprehensive family services.	1,316,982	Atlanta Board of Education	Discussion
Total of other anticipated contracts on basis of discussions and tentative proposals for January 1973 (Federal share).			600,000		
Federal share, new contracts, October, November, December, and January.			12,065,513		

C. List Purchase of Services Agreements under $100,000 by Total Amount of Expenditures by Service.
(See monthly report in B. above.)

Part III—Retroactive Claims Affecting FY–73 Expenditures.
A. Describe briefly reason for claim. None Anticipated.
B. What regulation section(s) are affected by claim? List.
C. What service(s) were provided?
D. What quarters does the claim cover?
E. Estimates based on retroactive claims. (Status of claim—approved, pending, anticipated—Underline one.)

	Total	Federal share
1. Direct Agency operations		
2. Purchase of services agreements: [1]		
(a) From other Government agencies		
(b) From other sources		
3. Charges from other agencies by single State agency waiver (by department and types of service)		

[1] None anticipated.

Name of preparing person: Claud B. Corry.
Title: Assistant Director—Social Service Section.
Phone #: 404–656–4461.

Instructions: Fiscal Impact Report of Social Services

Fiscal Year 1973—Initial Submission

PART I

A. Provide estimates of State expenditures based on the plan as offered on the submittal date of this report for all social services under Titles I, IV–A, X, XIV, and XVI. *Do not include WIN expenditures* which are chargeable at *90% Federal financial participation.* Also do not include any expenditures which are to be charged to *Child Welfare Services under Title IV–B.* Be sure to include all vendor payments within the purchase of services information and not in Direct Agency operation.

Purchase of Service Agreements.

This is to include vendor payments which in most instances would be included in A.2.b.

B. If there are any pending plan changes already submitted to Regional Office complete this section.

C. If it is known that the State is planning to submit any plan changes but has not formally done so yet complete this section.

PART II. PURCHASE OF SERVICE AGREEMENTS

The following information is to be completed on each purchase of service agreement of over $100,000 total expenditure.

A. This section applies to POS agreements already in effect between State agency and provider.

(1) Provider of Service: official organizational name of provider.

(2) Agreement Dates: the beginning and ending of the agreement.

(3) Service(s) to be provided: (e.g.: child care be brief). Include section of regulation authorizing that service(s).

(4) Total estimated expenditure: dollar amount of State and of Federal share combined.

(5) Amount of Federal Share: the dollar amount of financial support rendered by the Federal government.

(6) Original Source of State Share: the original source of the funds prior to its transfer to the single state agency.

(7) Basis of Estimate: give source of information for completing Part II.

B. This section applies to POS agreements being negotiated between State agency and provider. Complete information as in "A" above insofar as possible.

C. It is not necessary to provide detailed information on POS agreements under $100,000 should be grouped together by service. Vendor payments will probably be included here.

Example:

Child care	74,000
Homemaker service	28,000
Etc.	18,000
Etc.	7,000

PART III

This section is to be filled out for each claim.

This form is to be signed by the person preparing it so question regarding clarification can be directed toward the proper individual.

FISCAL IMPACT REPORT OF SOCIAL SERVICES, COMMUNITY SERVICES ADMINISTRATION, SRS, FISCAL YEAR 1973—CHANGE DOCUMENT

State ______________________________
Date ______________________________

Requiring Office: Community Services Administration.

1. The State has submitted —— a formal —— an informal request for —— a State plan amendment; —— a waiver, or —— a retroactive claim. (Check appropriate blanks.) Describe briefly.
2. What section(s) of existing regulations or plan are affected? (List.)
3. What service(s) are to be provided? (List.)
4. Estimate number of eligible clients newly covered under proposed changes.

	AFDC	Adult programs
(a) Number of money payment (current) recipients		
(b) Number of former recipients		
(c) Number of potential recipients		

5. What action does the Regional office expect to take regarding the amendment, waiver, or retroactive claim? When?
6. What is the estimated expenditure resulting from the proposed plan amendment, waiver, or retroactive claim?
   a. Total estimated amount—FY-73________
   b. Federal estimated share—FY-73________
7. Purchase of Services Agreements.

List all changes in purchase of services agreements, indicating status. (See instruction sheet for code)

INSTRUCTIONS: FISCAL IMPACT REPORT OF SOCIAL SERVICES COMMUNITY SERVICES ADMINISTRATION, SRS, FISCAL YEAR 1973—CHANGE DOCUMENT

This report is to be completed by the Regional office by the end of the week in which the information requested by the Change Document becomes known. Only those sections in which there is a change are to be completed. The Initial Submission will serve as the base data against which changes will be made.

The report is to be sent to: Acting Commissioner, Community Services Administration, Attention: Management Information and Reports Task Group, Room 2228, 330 C Street, S.W., Washington, D.C. 20201.

If no change has occurred during a month's time, the above noted office is to be so informed by the 30th of the month.

Any questions regarding the completion of this report should be addressed to: Barbara Pomeroy, Acting Chief, Management Information and Reports Task Group, 202-962-7289 or 202-963-4165.

7. Purchase of Services Agreements

STATUS CODE

1 Agreement extended—an existing agreement has been renewed or continued. (This also includes those agreements in which the scope of the agreement is expanded or contracted)
2 Agreement terminated—an existing agreement will no longer be in effect
3 New agreement—a new agreement has been signed by the State agency and the provider of service
4 In negotiation—an agreement is being negotiated by the State agency and a provider of service
5 Negotiation terminated—an agreement previously in negotiation is no longer under consideration

Mr. SAUCIER. As an indication of the support and the belief in the value of these programs, Georgia has well over 150 donors who are donating money for social services. I think this alone speaks for the public support of this program.

Chairman GRIFFITHS. The truth is that Mississippi certainly is supporting it because you are paying 17 cents for 83 cents to give your people an additional dollar in welfare, aren't you? For services you are paying 25 cents for 75 cents, so you must have some real commitment.

Mr. WEAVER. Madam Chairman, we will provide the details of information which you requested. I do have some information here, though, which I think is germane to your question and I would like to give you that now.

Chairman GRIFFITHS. All right.

Mr. WEAVER. It has been stated that we are simply refinancing State government with social services dollars but nothing could be further from the truth.

As I testified earlier, we had already embarked—before we secured Federal funding—on an extension of the comprehensive nature of social services in Illinois and, simply, it allowed us to maintain that increasing effort. For example, from the inception of Federal participation in the Illinois program, the growth in expenditures in the three main agencies that provide social services in Illinois—children and family services, corrections, and mental health—the increase in expenditures has been at the level of $127 million. Reimbursement for the first full year of operation, and that was in fiscal 1972, from the Federal Government is estimated at $112 million. Illinois has continued to expand its own effort with regard to the provision of social services during the time when we have also been receiving additional Federal reimbursement through the social services amendment.

Chairman GRIFFITHS. I would say that is commendable.

Mr. Saucier, I would like to ask you—you talked about the contracted programs and costs. One item is a contract with the department of offender rehabilitation for casework to inmates and family counseling at a cost of $1,226,520, 75 percent of which is Federal. What kind of staffing is involved in over $1 million?

Mr. SAUCIER. Our Georgia prison system up until the last couple of years has been one of the worst in the country. We have new leadership through Ellis MacDougall who really is trying to truly rehabilitate prisoners. This project, these funds, and the staff available will provide social service workers to work with the families of prisoners and to work with the prisoners waiting for release, to try to get them back home, to try to get them really reestablished with the family and with the community.

We have had no planned way of trying to keep families in communication with one another or any planned method of reestablishing that prisoner back with his family and the community. This is a beginning effort in a cooperative manner to try to meet some of the service needs of the prisoner and the family while he is in prison.

In addition, we are working to try to provide some legal services to prisoners and the families that have legal problems while they are there.

Chairman GRIFFITHS. I see. Are salaries for guards involved in this?

Mr. SAUCIER. No, only clear social services functions.

Chairman GRIFFITHS. Specialized foster care, $170,796 was the total cost and group homes, $37,456. Are funds spent under these programs for maintenance costs as well as for specialized services?

Mr. SAUCIER. In foster care, in specialized group homes, where they are to deal with special adjustment problems for a period up to 6 months, we are funding the total program but there is a time limit on providing maintenance for no more than 6 months.

Chairman GRIFFITHS. I see.

Mr. SAUCIER. In the specialized foster home projects, it does not pay the boarding fee; this is for staff efforts to recruit and train parents to deal with children with special adjustment problems.

Chairman GRIFFITHS. I see. These are special people. Do you have money for AFDC foster homes?

Mr. SAUCIER. Not enough.

Chairman GRIFFITHS. You do have some.

Information and referral services in Atlanta, $126,399. Seventy-five thousand people are to be served by the providing agency, which is the Community Council of Atlanta. Do you actually have 75,000 persons that would be in that?

Mr. SAUCIER. I am not sure of the latest data on this. It has this potential and probably even more. This is an effort to have one point at which a person in distress who has a service need can call to get some direction as to where to go. They don't provide the service; they try to put the person in touch with that service delivery agency, whether public or voluntary, that can most nearly meet their needs. We feel this is a sound investment; in fact, we are working now at the express interest of Governor Carter on an information office for statewide services. We will have one phone number; we will have lines available so that for people in the State of Georgia who are concerned about how to get a particular service need met, we will have the capacity to respond and try to put them in touch with the most appropriate service, so there won't be wasted effort, so there won't be shopping around, so that they will have access to those services that are already available.

We think this has exciting possibilities.

Chairman GRIFFITHS. It is a very good idea. It will be widely used. The first people in line will be those in the more affluent suburbs trying to find out how they also may get something done.

Why do volunteer services cost you $34,000?

Mr. SAUCIER. These are efforts to recruit and train volunteers as well as having staff coordinators for volunteers. This is only a small part of our total volunteer program.

Chairman GRIFFITHS. I see.

Mr. SAUCIER. Within our own department we have well over 7,000 volunteers working, individuals providing volunteer services and over 2,500 groups who are giving their time. I was given a number that goes into the millions of hours in free time, hours given to support our service delivery plans.

Chairman GRIFFITHS. Do you have any information on how many child-care slots per month the social service money will buy? On average, how many persons will receive homemaker services per week?

Mr. SAUCIER. I don't have a total. We have some service under title 16 and different programs but I believe the data I submitted to you this morning would give you a total figure of the total slots that we are providing or buying for day care. I think over 16,000 for preschool under IV–A and in the extended day program it passes 100,000 who get extended day programs using school facilities.

Chairman GRIFFITHS. I see.

Mr. SAUCIER. For children whose mothers are working.

Chairman GRIFFITHS. What is the average cost per month per child?

Mr. SAUCIER. The last figure I heard my staff quote was somewhere between $20 and $24 a week. Some cost as little as $15 a week, again depending on the length of stay and the sophistication of the program and the salary levels. Some of the voluntary groups we are buying from do not have as high a salary range as some of the urban centers.

Chairman GRIFFITHS. How many employed mothers would receive free child care under social services next year?

Mr. SAUCIER. I can't give you a figure offhand. We could supply it.

Chairman GRIFFITHS. Will you supply it, please. Can you also tell us how many newly employed mothers this program would accommodate?

(The following was supplied for the record:)

1. Number of Working Mothers of Children being Served in Title IV–A Day Care Centers: 2,959. These are in addition to the children of mothers involved in the WIN Program for whom we are providing day care.

2. Average Cost of Title IV–A Day Care Services:

Appalachian Regional Commission Programs in 35 Counties—$2,300 annually.

Metropolitan Atlanta—$2,150 annually.

Balance of the State, $1,431 annually. Average for the State as a whole, $1,960 annually.

Mr. SAUCIER. Let me give you one example. In one south Georgia community we have a facility now serving 100 children, one that was very difficult to get going because they were serving black and white children. At the present time it has gained excellent community acceptance. There are 60-percent white and 40-percent black. All the mothers are working except two and they are in the State hospital. So this is probably a better track record than most, but it is an example of the fact that most of the mothers of these children are either in training or working.

Chairman GRIFFITHS. I understand that HEW has considered requiring forms to be filled out by service workers regarding the service given, why it was given, and the characteristics of the person to whom it was given. In our local hearings in Georgia and elsewhere, we have heard complaints about all this paperwork.

What do you think the effect would be in Illinois, Mr. Weaver, if you had to do that?

Mr. WEAVER. It would be a disaster if we had to add paperwork to what we are already doing. We have sufficient information on each person served to determine whether or not that person is in fact eligible for the federally reimbursed program and those records are maintained. Of course, additional paper requirements will increase the cost, among other things, as well as frustrate the workers. They will be spending time in paperwork rather than people and the nature of the social service program is to work with people.

Mr. BENSON. May I add something?

Chairman GRIFFITHS. Yes, Mr. Benson.

Mr. BENSON. Social service in Illinois is not the same as social services defined by HEW. Their form is tailored to their needs and desires, and our documentation systems are tailored to our needs.

Now we can produce what they need from our documentation, but it is really kind of absurd to think we are going to revamp our total system just for their purposes.

Mr. WEAVER. In other words, we have the same information that is available but the collection of that information on a piece of paper at the local level is keyed to the needs of the State of Illinois. A portion of that then is transmitted pursuant to Federal requirements. If we had to change the entire system of how we collect information, it would be an enormous administration problem.

Chairman GRIFFITHS. Michigan has a remarkable setup. You can go into any welfare office in the State of Michigan and they have a closed circuit TV apparatus from which one can find out immediately if a person has ever been given anything else in the State. Each person is classified.

Mr. ROBINSON. It must be great.

Chairman GRIFFITHS. It is great; it has just one little defect: You are not sure that is the person. [Laughter.]

What I would like to see is every child given a social security number at birth, stamped on the birth certificate along with the parents, if known, and that is his number from then on. Would that help you?

Mr. WEAVER. Yes, it would. We are working on this in Illinois.

Chairman GRIFFITHS. As a matter of fact, Massachusetts is already using social security numbers for drivers licenses.

Mr. WEAVER. We have made significant moves already to get social security numbers for all the persons receiving both services and public assistance which makes it possible to maintain——

Chairman GRIFFITHS. Of course, the trouble with this is that the Federal Government is really lending its best offices to beating the whole system. You don't even have to be present to get a social security number; all you have to do is write in and you will get a number. They give very good service. You can get a new and different number from the one you had before. You can get as many social security numbers as you want. In a slight check we discovered one man who I think had 27 numbers.

Now, it would just all be so much easier for everybody if you had a unique social security number. That would be your number and you would have to explain it if you couldn't produce your number, or officials could go back and find it for you. Wouldn't that work out?

Would you care to answer on this paperwork? Would that hurt you, Mr. Robinson?

Mr. ROBINSON. Madam Chairman, it would create some additional work; however, we are generating a substantial amount of this information at present. Now, it appears that the program HEW is sending down now relative to the new management system that they are trying to put in Mississippi called Goal Oriented Social Services, or GOSS, should accomplish a great deal of accountability. They want to work out a cost system where they can break costs down to a cost per unit of service, saying that they need this information to convince Congress that they are in fact delivering services.

In summary, it would create some additional burden on us.

Chairman GRIFFITHS. Mr. Saucier?

Mr. SAUCIER. I think the need for this is evident. Georiga is developing its own system, as I mentioned earlier. I don't think HEW has any right and, if they required it, we could tell them where to go if they wanted to tell us what form to use.

Senator HUMPHREY. It's getting crowded there. [Laughter.]

I have been sending a lot of people over there lately.

Mr. SAUCIER. They have a right to certain information. As long as the State system will supply them with the information they need for accountability grading, but the State does not administer just these service programs under IVA and title XVI, as Mr. Weaver has mentioned, and we have a tremendous need for more information than this. In fact, right now with a new Department of Human Resources we have completely integrated most of the human services within the State, we are developing a unified, shared information system for the total department.

Much of this information would have no interest to HEW but it would have great value to us, but from this system we can supply HEW with what they need.

Chairman GRIFFITHS. Yesterday we were told by HEW that every State has their workers divided into income-maintenance people and service people and it is really very simple. There are no problems at all. However, that is not what we were told by the people out in the field. They thought it was terribly difficult and there was strong resentment.

What do you find in your own State?

Mr. WEAVER. It is difficult; but some things that are worthwhile are difficult. We believe in Illinois that the separation of the functions of income maintenance and social services should be made. We are proceeding with that. As a matter of fact we have started——

Chairman GRIFFITHS. Do you find this system easy?

Mr. WEAVER. Oh, no. We are devoting a good year of intensified effort to do it but we believe the results will be twofold: (1) We will have a much better and more responsive income maintenance system; and (2) we will have a much more effective social services system. We will, in fact, be better able than right now to document very carefully exactly what people are served with what social services, and ultimately with what result and what benefit to them.

As long as you keep income maintenance and social services confused and mixed up, it is very difficult to tell when a person is being given a social service and when it is income maintenance. We believe that from the standpoint of proper administration and services this is the direction to go. It is an enormously complex thing to accomplish, but we were committed to it before HEW put certain deadlines on when it had to be done, and we already were started.

I don't know what the States are doing that started late because we are going to be right down to the wire on HEW deadlines even though we started earlier.

Chairman GRIFFITHS. How about your State, Mr. Robinson?

Mr. ROBINSON. Yes, Madam Chairman, we are in the process of separation, we are making good progress. I believe in what Mr. Weaver said, that this is a good concept and details will be difficult to implement, but we do feel in the long run if pursued and allowed to remain in existence long enough, it will allow us to deliver better services.

Mr. SAUCIER. It is difficult but very desirable. I heartily support the soundness of this in the long run. I will go further to say I think we ought to federalize the assistance payments program so we can achieve some equity throughout the country because there is tremendous inequity here in regard to assistance payments.

I further feel that the States ought to be the ones to provide the social services for people because they are closer to them.

Chairman GRIFFITHS. Are Federal service funds in any of your States going to pay for room and board costs in public institutions such as mental hospitals or institutions for juvenile delinquents who are criminals?

Mr. WEAVER. Yes; under very prescribed conditions.

Chairman GRIFFITHS. I see.

Mr. WEAVER. Under the temporary emergency care provisions.

Chairman GRIFFITHS. For juveniles?

Mr. WEAVER. No. In one situation, yes. There is a new facility which is a 24-hour emergency care center, maximum stay 2 to 3 weeks, in the city of Chicago which is available to the community on a 24-hour call basis. That one is being funded for those persons who enter it who are clearly eligible by other criteria. It is not 100 percent of the people that enter the facility; those who are eligible, current or potential recipients, and short-term intervention in mental hospitals—which is clearly defined and is for specified, short-term periods. It is separately identified from the large mental hospital.

Chairman GRIFFITHS. Mr. Saucier, any of yours?

Mr. SAUCIER. Not except in special programs.

Chairman GRIFFITHS. I see.

Mr. SAUCIER. For emergency care of youth who have adjustment problems who have been abused or who are in danger themselves or endangering the community, for a temporary period, but only where maintenance is incidental to the total purpose for their being there. In institutions some special units where patients or clients are moved into a dismissal unit or a discharge preparation unit where they are trying to get that individual back to the local community, the total cost of services will be provided there.

Chairman GRIFFITHS. Is any Federal money going for counseling or any other services in such institutions?

Mr. SAUCIER. Oh, yes.

Chairman GRIFFITHS. Do you include money for that?

Mr. SAUCIER. For social services, yes.

Chairman GRIFFITHS. How do you know that none of this money is paid for room and board? Is that a problem for you? Do you have to keep checking on it?

Mr. ROBINSON. We designate specifically in our contract what the moneys can and what they cannot be expended for. We also are setting up very rigid programs of fiscal audits which are going to be carried out on an unannounced basis to see that these funds are expended by line item as they are supposed to be expended.

Mr. WEAVER. As a result of our services largely being delivered within various State agencies and in the facilities and service offices of these agencies, we have a more direct line of control than even by way of contract. We do have, and we have spent considerable effort and money in developing in all of these agencies, a common accountability system which does account for the cost right down to the staff person who is delivering a certain service. So that in a facility where we may purchase a short-term service, a social service, it is very clear to us by the delineation of the cost accounting system which people are involved in the delivery of that social service, and what people are involved in other kinds of custodial or care kinds of programs.

Chairman GRIFFITHS. If I did not ask this question first, and I think I didn't, I would like you to answer it for the record:

What proportions or what amounts of Federal service dollars are you currently spending on purchase of service under contracts, and what is your estimate of these figures for fiscal year 1973?

When you get the record you can answer that question.

(The following was supplied for the record:)

MISSISSIPPI

Presently the Mississippi Department has under contract $59,327,365 in Federal funds and the estimate for fiscal year 1973 is $111,490,338 in Federal funds. The above figures do not include the State's quarter.

ILLINOIS

Federal reimbursements for nondirect expenditures in Illinois

1972 reimbursements	$20,672,438
1973 estimated reimbursements	38,471,541
Percentage of total Federal reimbursement:	
1972	11.0
1973	18.2

GEORGIA

(The information pertaining to Georgia may be found on p. 186.)

Chairman GRIFFITHS. How much of your money do you spend on recidivism and delinquency, Mr. Weaver?

Mr. WEAVER. We do have that figure; if you will give us just a minute, we will be glad to supply it.

Chairman GRIFFITHS. You might also tell me how you see delinquency as related to welfare.

Mr. ROBINSON. Could I address myself to that?

Chairman GRIFFITHS. Yes.

Mr. ROBINSON. It has been our experience that those individuals who are in a welfare situation have a very high probability of becoming a delinquent. This being in a welfare situation is to a degree degrading and if we are not allowed to provide the social services to move these people out of this situation to better their environment and to allow them to become self-supportive, they have a very high probability of ending up in some type of trouble.

Chairman GRIFFITHS. The question, however, is how are the delinquents related to welfare.

I noticed the other day the testimony of a young woman in this city who was a prostitute. She had paid a pimp $150,000 a year. She may be delinquent but she wasn't on welfare. [Laughter.]

You know, I don't see how delinquency is necessarily related to welfare. Your money really should be going toward welfare. Is that right?

Mr. WEAVER. Madam Chairman, if I may comment, I did get a figure which I will give you first and then I will try to be responsive to your question.

In Illinois, we are spending $66 million in fiscal 1973 on the rehabilitation of offenders, which includes the delinquency prevention. Against that amount, we spent only $6.9 million in Federal reimbursement. So our total effort, you see, is much larger; the Federal reimbursement will be $6.9 million.

Chairman GRIFFITHS. I see.

Senator Percy would like to ask some questions.

Senator PERCY. I would just like to follow right up on the relationship of these services to welfare.

Mr. Weaver, how do you perceive such services as diverse as corrections, drug prevention, children and family services as social services, and how do they relate to welfare?

Mr. WEAVER. I think that social services programs relate to more than just welfare in the common use of that term. Actually, they relate to the entire question of dependency or potential dependency because that then impacts on the welfare situation, the increasing welfare rolls and so forth.

Each of the agencies in Illinois—some of those that you mentioned—deals with a portion of our citizenry with specialized kinds of services, some of which are social services. We think the social services do relate to welfare in that we are dealing in every instance with a dependent population. A person in a mental institution who cannnot function in the community without assistance of some kind of social services is helped to function in the community. With social services, the community will be better able to care for them and in many instances they will be able to support themselves. Substantial savings in moneys are affected by the deinstitutionalization of that person.

It has long been recognized, I think, Senator, that social and physical dependency is usually a result of a combination of factors and what we are trying to do in Illinois with our comprehensive program is to impact on that combination of factors which may be due to the family situation. For example, a rehabilitation program with regard to the criminal offender who, when he comes back into the community, will have to have some means of support. If, in fact, he does not have the inner resources and if his environment is not so conditioned to receive him and accept him as a contributing member of society, he might either revert to crime or be on our rolls receiving public welfare.

I think we have to be a little careful in defining, as I said earlier, the social services in terms of an organizational structure. Social services are those services which are targeted to individual people or groups of people, as the case may be, but primarily to individuals, to enable them to function better in terms of self-care and self-support. We should not limit it in terms of certain arbitrary organizational lines because the States have many different ways of organizing themselves to deliver social services.

It is within that framework that we have a multiagency environment in Illinois. We believe in impacting on these dependent populations, diverse as they may be. A young child who has been abused by his parents or by a caretaker and a criminal offender who is returning to the community from a correctional facility are from quite diverse populations, but the need for social services, different targeted social services, is just as vital and essential.

Senator PERCY. I have five or six other questions and I am going to try to confine myself to 10 minutes. If you can keep your answers as concise as possible, then you can amplify later for the record, if you want——

With respect to the increase in Federal funding that Illinois has received, does this represent increases in services or is it simply a replacement of State services?

Mr. WEAVER. I indicated earlier and this one I can make brief because I did give you figures earlier, that since the beginning of this program in the last year—basically, in fiscal 1972—the increased expenditures in the major agencies involved in this social services program have been $127 million. We expect to receive reimbursement. This includes an increase during that time of $112 million, which certainly shows that the State's total effort has exceeded the Federal dollars which have come into the State for social services.

Senator PERCY. Can you give us some feel as to the impact or the results of increased Federal funding of Illinois' social services program?

Mr. WEAVER. We can. I want to give you some because I think it is very important to the Illinois thrust.

First of all, we had a major thrust of deinstitutionalization of people. We think people should not be warehoused or just stored away in large institutions, but they should be helped to be as productive members of society as possible; and in that particular line our social services were targeted to return people to community living, to community-based living.

In fiscal year 1971 and 1972, 6,000 people were returned to the community from major institutions. In fiscal 1972 and 1973, projected, in this period of time we would remove an additional 3,000 from institutional care. That is in the total State institutional system.

For children, for delinquents, for the mentally ill, for the mentally retarded, for the mentally ill alone during that same period of time, 5,000 people will have been deinstitutionalized, which we think is a significant result in terms of human functioning and human productivity.

The numbers of people receiving social services in Illinois—targeted to improving their functioning—has increased enormously during the last 3 years: up 60,000 in the early part of fiscal 1971 and 1972, and in the balance through fiscal 1973, up an additional 66,000 people. That is a total net increase in persons served of 126,000 during the period of time that we have been receiving Federal reimbursement.

In the drug abuse program, which someone mentioned earlier, up 50 percent, up 1,800 people served. Now, that does not seem like a lot of people but when you start with just a few hundred and you increase by 1,800, that is an enormous increase.

In the area of day care, up 60 percent in numbers of people.

Senator PERCY. You are running a drug program in existing institutions?

Mr. WEAVER. That is correct.

Senator PERCY. Such as the YMCA?

Mr. WEAVER. That is correct.

Senator PERCY. I visited some of those. So you are building on what you can find in the community as a base and then going from there?

Mr. WEAVER. That is correct.

Just one comment on impact or results because this is a commonly misunderstood issue, I think.

There are three levels at which we can measure results: First, we can measure what we put into the situation; we can measure the people that we are hiring as staff to provide certain services; we can measure the dollars going in. Second, we can measure what happens to people who are in the system, how many there are, what is hapening to them, what kinds of things we are providing them in the way of services. And third, we can measure the output or the results, what is coming out, and how the person is different after the service is rendered.

Now, in Illinois we can at this point in time measure 100 percent of what goes in and what is happening to people inside. In certain specific services—even though we have only been going at this now a year and a half or so—we can measure some outputs as well. As we indicated earlier, there are some areas of social service that are much longer range in nature. Our Nation has recognized for many years that there are major indicators that we follow over the course of years to find out if we are able to change society in terms of educational level. We measure the average education now as against 10 years go and so forth to determine if progress is being made.

In the social field, some of these same kinds of indicators will show over time whether or not the actions taken by society are being effective. We can tell you a great deal and we are pressing on to be able to tell you more.

Senator PERCY. I would like to give you some arithmetic that I worked out on the floor yesterday and put the question to you that I put to the chairman of the Finance Committee and the ranking Republican on the Finance Committee. These figures explain why I voted against the revenue sharing bill, a concept that I have sponsored for the last 6 years since I first came to the Senate.

Under the House bill, the State of Illinois would receive $301 million. I would settle for that in a minute. The Senate bill would cut Illinois' revenue sharing allotment to $251 million. Now this nongermane social services provision added to the Senate bill would cut another $120 million from Illinois' allotment. So, Illinois is left with a net gain of $131 million.

The Treasury Department advises me that Illinois taxpayers will have to contribute 7 percent, or $371 million in income tax payments, to foot the bill for the $5.3 billion cost of the revenue sharing bill. So, for Illinois, revenue sharing is a bust. We stand to have a net loss of $200-some million. That just isn't sound arithmetic. I can't possibly vote for such a bill and still represent the interest of my State, even though in principle I think the bill is right.

Would you concur with that?

Mr. WEAVER. I would concur, Senator, and I think it should be pointed out, as in effect you are doing, that revenue sharing and social services are two quite different things and when they are combined, as they have been in the last few days, the net result to a State like Illinois that is trying as best it can to serve its people, is going to be disaster.

Senator PERCY. The committee and managers of the Revenue Sharing bill struck down every single amendment they considered nongermane. They adhered so rigidly to the germaneness rule that they had every amendment that they considered nongermane tabled—not voted up or down but tabled.

Mr. Weaver, from what you know of the social services provision, wouldn't you consider that nongermane under the definition of revenue sharing? Also, wouldn't you feel that the House ought to be just as rigid and hold the Senate managers of the bill to the germaneness principle and strike this whole provision out at conference? I might add that the House would have a lot of sympathy from the Senate for doing it.

Mr. WEAVER. I would certainly agree.

Senator PERCY. Now, if this social services provision could be stricken from the bill, and if the formula for State allotment of revenue sharing funds could be improved, I would definitely vote for the bill that comes out of conference.

I would like to say this, though: I support a ceiling; I don't think we ought to have open-ended funding of this kind; this program needs some discipline and accountability. Yesterday, I voted for a $2.75 billion ceiling, and I hope that was right. But, frankly, I don't know what that ceiling really should be. Do any of you, from your general knowledge, know what that ceiling should be?

I have one last question. What kind of services would Illinois have to cut if Federal funds for social services were drastically cut from $181 million to $61 million? And what kind of services would the other two States have to cut? And would you tell us what the cuts would mean in terms of human misery and loss of investment from uprooting effective ongoing programs?

Mr. WEAVER. We have discussed, as Mr. Saucier said, in some of our associations what would be realistic both from the standpoint of establishing a ceiling, which we understand the Congress is certainly committed to doing, and from the standpoint of continuing to provide at least a minimum level of services to people throughout the country. The figure that was arrived at after considerable discussion was the $3.6 billion.

There has been some discussion as to how that should be distributed and there were discussions of population and poverty indexes and so forth. I think that one of the key things that has not been discussed, which I would strongly support and I think we must move to, is some better measurement of cost effectiveness.

There are many areas of service—education being a primary one—where it is very difficult to measure cost effectiveness and I think we have to realize that the human element confuses very precise measurement in some of these areas. But we can do better than we have been doing in the past to measure cost effectiveness and I think that ought to enter into the allocation of funds to the various States. So I would support a $3.6 billion figure as a ceiling because it would allow, as it was earlier proposed by the groups that we met with, for some catchup moneys for those States that have been slow in getting in. In other words, States that have not been able to expand services for their citizens should not be disadvantaged by virtue of being a little slower than some others.

On the other hand, it would protect—at least in a State like Illinois—the 1972 levels of funding for service programs.

Now, mind you, that would not do the kind of things that we have on the boards right now, that we had intended to do in terms of provision of services in fiscal 1973. There is no plum in that for Illinois. It simply is a maintenance of what has already been on the record and tooled up and is operating. That, I think, is enough said in the figure.

The kinds of programs and services that would be discontinued as a result of the kind of action taken yesterday to reduce the dollars going into social services by way of the revenue sharing bill, are exactly those that are enumerated in my written testimony which is on file.

I won't go through all of those because there are two or three pages of them; but let me just mark a couple that we would know about very quickly: protective services for the abused children or children in need of protection; homemaker services; day care for low-income families; mothers needing employment and children who are economically disadvantaged; day treatment for the mentally retarded children and adults who need these kinds of things, including children's workshop and so on; the comprehensive drug abuse programs; the alcoholism program would simply go down the drain; the vocational-technical and adult social services; basic education for inmates in correctional facilities that are about to return to the community to prepare them for productive employment; delinquency prevention in high-risk communities; certain pocket areas of the major cities have significant problems in this way.

In addition to these—and this I think is not understood by many of the people considering these measures—significant employment-related services that we are presently giving. Let me take just a moment to give you one current example of that: In the month of April, I implemented in the State of Illinois a recipient placement program. It is supplementary to the WIN program and the other kinds of employment programs through the Department of Labor, but we felt there was more that could be done in finding jobs for public welfare recipients. Since April, we have placed 3,200 recipients in jobs as a result of this recipient placement program. The savings to the State of Illinois in assistance costs has been millions and one-half of those savings has accrued to the Federal Government because the Federal Government reimburses us 50 percent for assistance costs.

The savings have been enormous; the cost of operating the program is the cost of having 50 people on the job. Those people have been out working simply finding a job, finding a recipient who had some employment skills and getting the two together. It has been an enormously successful program. It has been enthusiastically received by the clients, by public welfare, and by employers in local communities. These people are being placed in permanent kinds of jobs. This is not temporary, seasonal, short-term sorts of employment but factory jobs and other jobs, managerial jobs—interestingly enough—of small shops in shopping centers. It is an enormously successful program which, under the provisions passed last evening, would have to be either reduced, cut back, or eliminated altogether.

Senator PERCY. I very much appreciate it because I did make reference to this program on the floor yesterday and I would appreciate a detailed report on it for incorporation into the record so that my remarks yesterday, which were brief, can be expanded.

(The report referred to follows:)

The State of Illinois has initiated a revolutionary new program to obtain full time employment for public aid recipients. This new statewide job placement program, operated by the Department of Public Aid, began in April, 1972 and has resulted in the employment of 3552 public acid recipients through August. The jobs represent a monthly savings in assistance costs of $975,035.25. One half of these savings accrue to the Federal Government because the State of Illinois is reimbursed by the Federal Government for 50 percent of these assistance costs. The primary purpose of the voluntary program is to find jobs for unemployed parents who are receiving Aid to Families with Dependent Children. Local efforts are coordinated with offices of the Illinois State Employment Service and the Division of Vocational Rehabilitation. The Department of Public Aid's fifty Job Placement Representatives work closely with potential employers to identify employment possibilities and match jobs to clients. They assist unemployed parents in overcoming obstacles to employment, such as lack of transportation or child care.

Success of the program throughout the State indicates that a large number of public aid recipients wants employment, and employers are willing to hire them. The Department's goal is to reduce anticipated state-wide increases in AFDC cases by 1,000 per month during Fiscal 1973 through the job placement program. This would mean a savings in grant expenditures in excess of $22 million for the year. Job training programs operated in cooperation with the Office of Superintendent of Public Instruction, are also an important part of the Department's efforts. Building trade skills and child development classes for mothers who want to work in day care centers are included in the curriculum of training program. Public Aid recipients are also receiving training in auto mechanics, health care, graphic arts, retail sales, and building trade skills.

The following statistics represent the results of the recipient of placement program over its first five months of existence.

PUBLIC AID RECIPIENT JOB PLACEMENT PROGRAM

	Client placed in employment	Client found to be employed	Client found to be receiving UCB	Client refusing to cooperate	Total clients reduced from assistance rolls	Monthly saving to agency [1]
April	456	172	45	27	700	$130,024.54
May	952	390	89	125	1,556	286,990.85
June	687	271	54	81	1,093	189,338.81
July	604	148	74	68	894	156,589.C0
August	853	204	77	103	1,237	212,092.05
Total	3,552	1,185	339	404	5,480	975,035.25

[1] Monthly savings are cumulative. The savings itemized for each month are new savings and accrue with savings from succeeding months.

Senator PERCY. Could we have a very brief answer, because I don't want to infringe on the time of my colleagues.

Mr. ROBINSON. Yes, Senator, of course we are just getting tooled up in Mississippi and as to the specific services which would be cut, that would depend upon the final outcome of the bill and the interpretation placed by HEW as to which services would be allowed and which services would not be allowed.

Now, could I address myself just a moment to another concept? I agree with your dichotomy between revenue sharing and social services, but I would like to make a plea relative to social services. I support a $3.6 billion ceiling, but I place a plea that the allocation of these funds be based on need, on a poverty index.

I realize we have some states that have a lot of things inhouse who may suffer some from this, but such things as the number of people or the percentage of the population on welfare, the economic level, and generally the degree of poverty should be given very weighty consideration because, to me, this is very indicative of the amount of social services needed in a given geographic area.

Senator PERCY. Mr. Saucier?

Mr. SAUCIER. On the open-ended funding, we have plans to spend $172 million for programs in place and plans developed on paper. These are Federal dollars. Under the $3.6 billion ceiling, with the allocation plan suggested by the two groups mentioned earlier, Georgia would get $125 million. If there is some reallocation of unspent money of the States who did not come up with a plan to spend it, there might be a few additional dollars.

With the $1 billion provision in revenue sharing, the State of Georgia would get $5.23 million. Two-thirds of what we get will go to counties and cities and they are not in the business of providing social services—cities are not, and counties do this under our direction—so it would literally abolish our social services program if the bill as acted on yesterday passes into law.

Senator PERCY. I thank you very much indeed and, Madam Chairman, may I ask that our witnesses, if they would be good enough, could send us for insertion in the record a commentary on the meals on wheels program, and what the effect of those programs has been.

Comment was made on the floor of the Senate yesterday that if you start delivering meals on wheels in a neighborhood, as soon as they see a truck pull up, everyone in the neighborhood will want to get on the program. I said I just witnessed meals on wheels in Chicago and my experience was contrary. No one in the neighborhood would want to be at that truck once a day except if they could not be helped by the neighbors or had a broken hip or leg and couldn't get up to the stove to make meals. I would ask that I be allowed to change the record as I think back about my comment on people talking against welfare. It was not the North Shore of Chicago. I had that debate one evening in a cooperative apartment on Lake Shore Drive, the near north side of Chicago, which is the same sort of affluent area but not the North Shore. That conversation was on the near North Side.

(The following was supplied for the record:)

GEORGIA

Meals on Wheels. The question was raised regarding whether or not ineligible persons in a community were seeking to be served by Meals on Wheels programs once they were aware that the homebound people in their neighborhoods were being served. In the communities where we are providing home delivered meals, we have not experienced any problem with other persons wanting to apply for this service after seeing food delivered to those who are homebound.

MISSISSIPPI

Mississippi is in the infancy stage of Meals on Wheels. The Department has only been involved with programs where food stamp recipients can purchase meals from nonprofit organizations on the Mississippi Gulf Coast in the cities of Biloxi, Gulfport, and Bay St. Louis. The meals served by Meals on Wheels have been to less than 100 individuals. We do not know how many of these individuals are Food Stamp recipients. The Department does not operate a service related to Meals on Wheels.

ILLINOIS

Senior citizens in Illinois are being helped to meet their nutritional needs through two related programs. The first is "Meals on Wheels" which provides approximately 880 meals per day five days a week in 27 counties. Realizing that the current service population is but a fraction of those people needing the services, a major effort of the program is directed at evaluating the need for meals by senior citizens in the various communities and attempt to meet these needs through expansion of services.

The "Meals on Wheels" nutritional program is a community based effort which has a variety of funding sources including Title III of the Older American Act, the Office of Economic Opportunity, Local Community Funds, Private Agencies, and some programs are self-supporting. A program related to "Meals on Wheels" is the "Congregate Meal Program" which operates in Chicago. This program provides approximately 7,200 meals per month at 27 separate sites. This program is funded through Title III of the Older American Act, Cook County Revenue Funds, and State Funds transmitted through the Department of Public Aid. Thus, these two programs are providing approximately 24,800 meals per month to senior citizens over Illinois.

Additionally, the Office of Economic Opportunity has recently released $225,000 which will be spent in six downstate urban areas of the State to provide congregate meal sites. It is anticipated that these sites will be forerunners of similar sites which will be set up through funds under Title VII of the Older American Act when such funds are released.

This service has three additional important but indirect contributions to the overall state-wide effort to maximize the use of resources in preventing and reducing the dependency of individuals. The regular provisions of meals has a profound effect on the general health of individuals. In the process of helping to keep individuals healthy, this service is simultaneously helping to prevent them from becoming dependent on medical services. Secondly, by providing regular meals to individuals, this service is extending the ability of the aged to live independently. This increase in independent living also has the effect of helping to prevent the vastly higher costs of institutionalizing individuals. Additionally, this service provides opportunity for the senior citizens to interact with the person providing the meals. This humanizing influence can be a very important event in the life of a lonely aged person who otherwise has very limited contact with people.

Chairman GRIFFITHS. Senator Humphrey, I would like to ask these people to come back at 2 o'clock. Can you do that, Senator Humphrey?

Senator HUMPHREY. I am not sure I can be here at 2. I was looking at my schedule and I will tell you why. I think these three witnesses and their associates here all have given tremendous and very important testimony. I think had the Senate known what has been said here this morning they could not possibly have passed the nongermane amendment to the revenue-sharing bill to which we have alluded and referred this morning.

I will be frank with you, as one who is deeply interested in social services—that is the whole purpose of my public life, at least I believe that is it—I didn't have the slightest comprehension of the kinds of programs that were being developed and were in place, because this is relatively new and, as you know, the whole subject of this open-ended appropriation burst upon us like a bombshell because of the action of the Governors' Conference in 1972, and the result of the new programs that were being projected for fiscal 1973. It just frightened people and the Congress, instead of getting the information that it really needed, acted, I think, without adequate testimony and adequate information.

I want to compliment the witness. You have been very helpful and I am going to take the liberty of utilizing as much of this testimony as I can for whatever public purpose that I believe is appropriate, including some insertions in the Congressional Record which seldom is read but at least is a point of reference. Then I would like to ask the chairman if we could develop at the staff level here—I could do this by letter but it is easier this way—a questionnaire to all of the States inquiring as to what is believed to be a desirable ceiling. I concur with Senator Percy and Congresswoman Griffiths on the necessity of a ceiling. I don't think we ought to have open-ended appropriations.

Second, I would like to find out what we can do to answer the question: Do the Federal dollars replace State dollars? You know the charge was that the States were making a raid on the Federal Treasury; they were dumping programs that were being funded by State and local government on to the Federal Treasury. We ought to answer that charge because it has been made and there may be some truth in it in certain areas.

Chairman GRIFFITHS. Senator, they are going to answer that in a detailed question I gave them. They are going to show you exactly where the State money is coming from.

Senator HUMPHREY. I want this for all 50 States and the territories, on the part of our staff.

The next thing I would like to find out is: What programs are now in place that were in place before this amendment was adopted in the Senate and would such programs be adversely affected and, if so, how much by a limitation of $1 billion or $600 million, whatever the Senate finally did?

Third, I would like to find out what programs are projected and what the impact would be of the Senate amendment on the projected programs such as we have heard here in the instance of the States of Illinois, Mississippi, and Georgia. I would like our staff to develop an in-depth questionnaire that the chairman would send out, because we are going to need this information. The battle has just opened up now; it is going to be a fight to the finish and I don't like to go into these battles without the ammunition we need. I am terribly concerned about the lack of funds for the drug abuse program. We are just getting into it. How the Congress can go along pontificating like a bunch of pious preachers about the drug abuse and then cut the funds out is just incredible.

Chairman GRIFFITHS. If you will return at 2 o'clock, we will continue our questioning.

Senator HUMPHREY. This is great.

(Whereupon, at 12:25 p.m., the subcommittee recessed, to reconvene at 2 p.m., the same day.)

AFTERNOON SESSION

Chairman GRIFFITHS. This hearing will come to order.

Tomorrow, the witnesses will be the State directors of public welfare from California, Nevada, and Maryland.

Each of you mentions a large number of needs, all of which cost a great deal of money. How do you determine priorities for spending and what the appropriate mission should be among the various services such as child care, family planning, mental retardation, special education, and so forth.

What do you do, Mr. Saucier?

Mr. SAUCIER. Well, we do two things, basically. One is to set some of our own priorities at the State level which we think need to be emphasized and invest our State money in these areas that we give priority to, such as family planning, child development, these kinds of things.

Now, in contract services, because of the interest of local communities and depending upon donated money, we do respond to the concern of that local community and we encourage the local community to get local groups together and talk about their social service needs and set their own priorities. The donor can let us know what service programs they are interested in contributing to and the area in which it will be provided, but they give up all prerogative as to whether we provide the service with money they donate or whether we buy it. So in this way, we are controlled somewhat by the priorities of the local communities, which we find are not too different from ours.

Chairman GRIFFITHS. What do you do, Mr. Robinson?

Mr. ROBINSON. At this stage of the game, of course, we are just getting set up and we find this is going to be a very pressing problem. At this point in time, as Mr. Saucier indicated, we have been trying to get input from the local community.

We have also placed a great deal of emphasis upon comprehensive programs in the area of children and young people, to try to provide services needed by this group which are not currently being provided in a given community.

The majority of our emphasis is going to be on the purchase of services. When we write a proposal, it is mandatory that the group requesting the contract determine what resources are currently available and what services are currently being offered. Then, we at the State level, with the additional information we have and the local information determine what resources are available, what programs are in effect, and do all we possibly can to prevent duplication of effort.

Chairman GRIFFITHS. Mr. Weaver?

Mr. WEAVER. We try to do some of the things which have already been mentioned, but we are concerned about the need: What individual groups of people have need for what kind of services and where these people are? So we are dealing not only with the quantity of services required, but where that service has to be targeted to meet these needs.

I describe it in terms of a coming together of a State's determined priorities and I will speak about what some of those are in a moment. The coming together of that list of priorities with local agency priorities in terms of the local interests and local assessment of need and where those priorities match, that is where we do business primarily.

Now, most of our operation is by direct service of State agencies throughout the State that have local offices in the counties and the major communities of the State, as well as the rural areas. So we have a much more direct line to saying at the top level, "This is a priority," and having that mean something at the service delivery level because we have direct administrative control over those staffs.

We also determine priorities based on the relative ability to expand service in any given area or to expand any specific service at a given point in time. There is also a balance between what will bring immediate return and what will have long-range potential impact. If we put everything into immediate return, then we may just find ourselves repeating things over and over and never getting ahead of the game. So we try to look ahead with some things as well as impacting immediately with others.

We have instituted, and I think it is beginning to have its effect in our multiagency environment, a planning function which is staffed at the top level by Mr. Benson, who is with me today. It has a staff person, a key staff person, from each of the State administrative agencies that serves on that planning committee, as well as other monitoring and liaison personnel in all of the agencies that have responsibility for delivery of social services. That particular planning group has already set about in a very organized way to develop a system for determining priorities on a continuing basis, as well as determining what target population should be identified for impact.

We went through quite a study and exercise a few months ago in some of our agencies with some joint agency analysis of what the priorities are. We tried to sort through these. Any individual agency in State government can generally give you the priorities within that agency, but when you talk about the State of Illinois as a whole and its total social service program, it becomes more complex to determine what is a priority between a mentally retarded youngster who has been served by the Department of Mental Health and a person who is about to be released from a correctional facility served by the Department of Corrections. That becomes much more difficult.

A few things came out of that that I think were very instructive. No. 1, it is clear to us that the purpose of the social service money and program authorizations in the 1967 amendments was related to reduction in dependency. Therefore, not only by our own priorities but by Federal mandate, it seems to me that we must put priority on those things that it is clear are employment related services, services that are targeted to getting people into jobs or sustaining people in jobs. And that includes a whole array of things. That is not just getting a job; that is day care, counseling of a family. That may be homemaker services at a given point of time if the employee is ill or in the hospital and the family has to be held together so that when he returns from the hospital, he can go back to work. It is a whole package of things. Those things that are targeted on individuals to get them a job and keep them in employment are certainly basic. Our family planning is a priority item as is day care in general, because we feel we have to impact to younger generations positively if we are to begin to break into this cycle.

Chairman GRIFFITHS. Now, you have had more money for a longer period of time than any other State. You have mentioned the objectives of the legislation, which of course are to increase employability, to reduce illegitimacy and to strengthen family life. Has the money that you have spent accomplished these objectives? How do you measure your accomplishment? Do you know?

Mr. WEAVER. We cannot measure in 100 percent of the cases, but yes, it has accomplished some of these objectives to some degree.

Chairman GRIFFITHS. Do you have a higher degree of employability of people that would otherwise have been unemployed?

Mr. WEAVER. Yes, we do, when it is examined on an individual basis.

Chairman GRIFFITHS. Now, is this because of the general economy?

Mr. WEAVER. No.

Chairman GRIFFITHS. Or is it because of the efforts that you have made?

Mr. WEAVER. Well, in Illinois, the unemployment index, with the exception of the month of June, I think, of this year, has been on a steady increase. During that same period of time, we have brought a greater management ability to bear on the public welfare rolls than at any time in the last 3 years.

Chairman GRIFFITHS. Well, that is one good measure.

Now, what about the strengthening of family life? How well have you managed on that?

Mr. WEAVER. That is a beautiful expression.

Chairman GRIFFITHS. Or the reducing of illegitimacy? How well have you accomplished that?

Mr. WEAVER. The strengthening of family life is a beautiful expression. It comes out of the statutory language of a few years ago. In all sorts of ways, you can strengthen family life. If you enable families to stay together so children do not have to be placed in foster care, that is strengthening family life. If you enable families to become self-supporting or enable an individual to care for himself rather than have to be cared for by other people, all those are measures of strengthening family life.

We can point to many situations which can be aggregated to show that yes, family life has been strengthened.

Chairman GRIFFITHS. Is the illegitimacy rate going up or down in Illinois?

Mr. WEAVER. I do not have the current figures from Illinois, but I think it would be quite reflective of the national picture, and that is up.

Chairman GRIFFITHS. In your judgment, is any of this the responsibility of the welfare laws?

Mr. WEAVER. Pardon me? I am sorry.

Chairman GRIFFITHS. Can the increase in illegitimacy in any way be traced to the welfare laws that we have?

Mr. WEAVER. Not directly. I think it is a complex mix of conditions of living and poverty. It is interesting to note that illegitimacy rates are increasing at a more rapid rate for white young women in this country than they are for black young women. I think one might expect the reverse to be true if it could be directly related, for example, to the myths that surround the ADC situation.

Chairman GRIFFITHS. Well, as a matter of fact, in Illinois, can't a woman with several children actually do better on welfare than she could if she were working at the minimum wage?

Mr. WEAVER. It is entirely possible if she has several children; yes.

Chairman GRIFFITHS. I, you know, am opposed to discriminating against women and I sometimes think that welfare has been the answer to discrimination against women. But it is a very unfair answer.

Mr. WEAVER. I am not sure to what you are referring.

Chairman GRIFFITHS. Well, we give women welfare in the place of jobs.

Mr. WEAVER. You know, we do not particularly support that point of view.

Chairman GRIFFITHS. I do not want anybody to support it.

Mr. WEAVER. Let me say that the origination of the ADC program in the 1930's was philosophically that it was support for children.

Chairman GRIFFITHS. Yes, it was the answer to the old mothers' pension idea.

Mr. WEAVER. That is correct.

Chairman GRIFFITHS. But the truth is that now we are aiding family splitting with welfare programs. We are saying to any young girl, "You may have a baby, and if you want to marry the father of the baby, do so, but if you do not want to do so, we will take care of you and the baby." Are we not?

Are we not really saying to any woman who is married and who has a child or children, "Now, if you want to, you can stay with the father and your husband, but if you do not want to, you leave him and the rest of us will take care of you." Are we not really making that kind of offer in the welfare laws?

Mr. WEAVER. I suppose we are, except you can make the reverse statement equally well. Making the statement as you did, it seems to me to assume that people do not want to be productive and to assume that people would not take jobs if they were offered and to assume that people would rather have children than not to have children when their families are large. It assumes a whole lot of things that I think our experience would indicate are not all valid assumptions.

Chairman GRIFFITHS. I have been the member of the Ways and Means Committee who has, from the beginning, said these people would prefer to work. So finally, when Wilbur Cohen was the Secretary of HEW and he kept saying that he did not think this was necessary, that these women should stay at home and take care of children, and I said that I am sure they all want to work.

A survey was conducted in New York City and he was nice enough to call me up. He said, "Martha, you are right. We ran this survey and 70 percent of those women would prefer to work."

I answered, "The other 30 percent did not understand the question." [Laughter.]

They would all prefer to work. But if you are not going to have a job, I think the whole offer is immoral.

Mr. Robinson?

Mr. ROBINSON. I was just going to give the other side of the coin.

That is, suppose this lady had several children and we did not give her assistance. What would we force her into?

Second, is it fair to force marriage upon people and perhaps produce a worse situation than if they remained apart and she was able to maintain——

Chairman GRIFFITHS. Of course, I think we ought to have an economy that gives her a chance at an education and a chance at a job. This is what she ought to have. This would be the ideal way. She should be given those chances, the same opportunity that anybody else has.

I would like to ask you, Dr. Robinson, did you initially estimate $460 million, or did the press just do that for you?

Mr. ROBINSON. What happened was that, as I said, I came on board April 24, and we started looking into this. We had been well aware for quite some time of the need for additional social services. Now, what we did was we just studied at the regulations and realized that if the funding remained open-ended, we released this as our potential as far as matching is concerned.

Chairman GRIFFITHS. I see.

Mr. ROBINSON. Now, we understand that even if funding remained open, that it would take us 3, 4, 5 years to achieve that level of service delivery. Realistically, as I said before, we expected to fund at a level of $100 million to $150 million in fiscal year 1973.

Chairman GRIFFITHS. Can you describe your school social work program briefly? How does it work?

Mr. ROBINSON. Yes, ma'am. We get ourselves a staff and identify all children that have any type of learning problem whether created from physical, mental, or environmental situations. And we use all resources available in the community to help this individual solve his problem, or his multiplicity of problems if he has them.

We like to get the family involved because in many cases the family is creating a large part of the problem. As I said earlier, we feel like if we could have some positive effect on the parents, this will spill over to other children at ages less than 3 years old.

The ultimate objective is to carry these people as far as we possibly can in the normal situation, then have an individual plan for this individual to maybe orient him toward some vocation so that this individual can be self-supporting.

Chairman GRIFFITHS. Is this program operating in every school in the State?

Mr. ROBINSON. No, ma'am. What we are doing is taking them on a first come, first served basis. That is, we will not be able to get around to all of them. Theoretically, yes, but in actuality, no.

Chairman GRIFFITHS. How many schools are involved now?

Mr. ROBINSON. I believe there are 151 school districts in the State and we have been involved with approximately 75 school districts at this point in time.

Chairman GRIFFITHS. Will it operate regardless of the income of the child and his family or do you first separate them by income?

Mr. ROBINSON. They have to qualify as either a recipient, former or potential, to be eligible.

Chairman GRIFFITHS. Oh, I see.

Mr. ROBINSON. This is an eligibility requirement.

Chairman GRIFFITHS. I am going to ask all the witnesses how you determine potential welfare recipients.

Mr. ROBINSON. Miss Roten, could you give us a little insight into that?

Miss ROTEN. This is according to our State plan, Madam Chairman.

Mr. ROBINSON. In many cases, due to the definition, a lot of our school districts are planted in, every child in the school district will fall into the category.

Chairman GRIFFITHS. I see.

Mr. ROBINSON. But if the district does not qualify on this basis, we do make an individual determination relative to the regulations.

Chairman GRIFFITHS. Can you summarize how this program relates to welfare?

Mr. ROBINSON. It relates to welfare in this way: The end result of welfare should be twofold. One is to help those people who, for some physical or mental reason, are not able to take care of themselves. This usually consists of payments and services.

The other way is that we are trying to take a long-range view of this thing and reduce the welfare rolls in the future.

Chairman GRIFFITHS. How many social workers will you need to staff this program? Do you have any idea?

Mr. ROBINSON. The way we are handling it, Madam Chairman, most of ours will be purchase of services.

Chairman GRIFFITHS. I see.

Mr. ROBINSON. What we do is enter into contract and we indicate specifically the number of people they need, the qualifications they must have, and require them to come up with these people if they are going to be funded.

Chairman GRIFFITHS. Now from whom do you buy the service?

Mr. ROBINSON. We set up a sort of separate entity which operates through the school mechanism itself.

Chairman GRIFFITHS. I see.

What will the program cost this coming year? What do you expect it to cost?

Mr. ROBINSON. We expect it to cost right around $150 million. We have contracts signed now to the tune of $73 million.

Chairman GRIFFITHS. Do the schools have to employ additional help to supply you with the service?

Mr. ROBINSON. Yes, ma'am.

Chairman GRIFFITHS. Do you know specifically how many additional people they have to employ?

Mr. ROBINSON. Generally, yes, to deliver the service.

Chairman GRIFFITHS. Where does the matching money come from?

Mr. ROBINSON. A great deal of the match is certified match. That is, use of facilities, the providing of equipment, the provision of supplies, and, to the extent that the personnel are isolated out and work in this separate program, we match their salaries.

Chairman GRIFFITHS. I see.

Now, Mississippi is like many other States in HEW's region 4. Region 4 is doing pretty well. How much assistance did you get from the HEW regional office? Did they show you what to do and help you? Did they send out some guidelines? Did they write you? Did they call you up? What did they do for you?

Mr. ROBINSON. I was a university professor before becoming the commissioner of public welfare. I had a little orientation session. I went to Atlanta to find out as much information as rapidly as I could.

They pointed out to me that this was one area where Mississippi had not taken much action. So I took it upon myself to delve into this and they were very supportive when I asked for information, asked for suggestions. I personally have a very good relationship with them now.

Chairman GRIFFITHS. Would you say this would be true of the rest of the States, that they helped the other States in setting their programs up?

Mr. ROBINSON. Well, I cannot answer for the other States, but I think what they were trying to do, in all fairness, was to get some balance for those who were far behind. Some States like Florida and Georgia had taken the initiative and were pretty well down the road. I think they probably prodded us more than they did some other States.

Chairman GRIFFITHS. None of the matching money, though, is Federal money, is it? You do not have any model cities money?

Mr. ROBINSON. Well, we have some ARC money.

Chairman GRIFFITHS. What is that?

Mr. ROBINSON. That is Appalachian funds.

Chairman GRIFFITHS. And you can use that as your State matching money? Is it perfectly legal to use that?

Mr. ROBINSON. Yes.

Chairman GRIFFITHS. So from that standpoint, then, you do not have any trouble.

Have you used private consultants? Mr. Saucier?

Mr. SAUCIER. In a limited way. In some of the efforts to get regional planning, social service planning, underway in a methodical, scientific way, we have endeavored to strengthen the capacity of the area planning and development commissions who traditionally have been involved in economic development.

We have endeavored to strengthen their capacity to do social service planning in order to bring along economic development and development of human resources at the same time.

We have discouraged their using private consultants except to help design an initial plan, because we think the public sector ought to develop its own capacity to do this kind of sound planning.

So we have used consultants in a limited way.

Chairman GRIFFITHS. Who are the consultants? I mean, who could tell you what to do? Do you hire welfare people, lawyers, what type of personnel?

Mr. SAUCIER. It is surprising the number of private consulting firms who have expertise in program management, social planning. If they know money is available, then——

Chairman GRIFFITHS. It is remarkable how many experts show up.

Mr. SAUCIER. That is right. It is one reason we have discouraged using the private consultants.

Chairman GRIFFITHS. It is hard to believe that there are people who are better acquainted with the programs than you are yourselves. You are living with welfare problems every day.

What about you, Mr. Weaver?

Mr. WEAVER. I think I would like to comment on this for two reasons. One is to show how consultants can be used quite constructively, and second, to refute some misinformation that has been put out in the last few days.

Illinois early on secured the services of an individual who was quite familiar at that point, much more familiar than some of the people in Illinois were, with the detail of the Federal regulations. However, he was not retained for a long period of time and only served to stimulate our thinking. The content or the concept of the Illinois plan and the proposed plan changes that were ultimately approved grew out of Illinois people working on the plan and, as we indicated this morning, negotiating with the Federal Government on what we felt could be appropriately included in the regulations. We did, early on, secure the services of one of the larger accounting firms in the country for a specific purpose. That purpose was to assist us in developing the systems of documentation and accounting, systems of accountability, so that we could do what we now can do. That is, to know specifically where the dollars are going, for what services they are being spent, and how many people are being served in those programs.

Now, on that system of cost accounting, if you please, we secured the services of an accounting firm as consultant to assist us in developing that documentation system. But in no way did they determine the content, scope, or any other detail of the Illinois State plan. They simply assisted us in implementation of an accountability system.

Chairman GRIFFITHS. Have you hired any consultants, Mr. Robinson?

Mr. ROBINSON. Well, as you indicated so well, they come out of the woodwork when you start talking about money. Some of the groups with whom we are contracting have used consultants to a limited degree to help them write their proposals.

Chairman GRIFFITHS. Oh, I see.

Mr. ROBINSON. But we are discouraging them from using consultants to write proposals. All they have to do is get to us. We will lead them by the hand in writing a proposal which fits the guidelines.

Chairman GRIFFITHS. If the contractor hires a consultant, do you then cover that in your fee to the contractor?

Mr. ROBINSON. Yes, ma'am.

Chairman GRIFFITHS. So the contractor can, in some instances, hire his own consultant. Has he done that in some instances?

Miss ROTEN. Not for writing the proposal, but for other services.

Mr. ROBINSON. If he delivers other services, yes, but not for writing the proposal; we cannot do anything with that.

Representative CONABLE. Would it not be fair to say that consultants are frequently necessary and desirable to hire off one-shot functions that would otherwise detract from your routine administration, to permit you to get along, in the long run, with considerably less personnel than you might have if you had to face every contingency in-house as it arises? This is the justification usually given for consultants in the bureaucratic system.

In your experience, is that not a fairly accurate statement of why consultants are sometimes economical for you to hire?

Mr. SAUCIER. A very good statement.

Mr. WEAVER. Good statement. As a matter of fact, we used this accounting system to assist us in developing a system of documentation. They have now departed and we have that system which has been developed, which is functioning within our own State departments, completely staffed by our own staff and so forth. So that was a one-shot kind of experience to develop ways of accounting for not only the Federal dollars but the State dollars that are going into social services programs in Illinois.

Representative CONABLE. To what extent do Federal personnel show up to fulfill the consultant's role? Presumably, since they are calling the tune here, they know what other States are doing and can provide you with helpful hints that might supplant the need for private consultants to a degree, but I am not sure to what extent the Federal Government has the personnel available to do this.

Mr. WEAVER. I indicated this morning that the regional office was helpful to us once we got underway our effort of writing a State plan and of negotiating the necessary modifications in that plan to fit within the regulations and the statutes. They did not have at that time, however, sufficient staff to provide detailed technical assistance in such areas as an accountability system, which we felt was absolutely essential in order to have a very clear audit trail.

One of our departments has been audited since this system has been set up. I think that, as was indicated earlier this morning, the auditors are at a bit of a loss because they do not have very clear guidelines out of HEW about what is correct at this point. I think that they were quite favorably impressed with what we had been able to accomplish in Illinois in clear audit trails, with documentation of what the money is going for, and tracing that back to a clear determination of eligibility under the State plan.

Mr. SAUCIER. May I comment on this business of regional assistance?

Chairman GRIFFITHS. Certainly.

Mr. SAUCIER. As I said before, the whole attitude of region 4 has been very constructive, very helpful. However, they have been terribly understaffed. I have made an appeal to the Secretary to give more assistance to the regional office, because this is where we can get the greatest help from HEW, from the regional office. In fact, they have on numerous occasions borrowed regional staff at the central office and brought them in for weeks and months at the time. So the States have really not had the kind of help from the region that they wanted to give us and could have given us had they had additional staff.

Chairman GRIFFITHS. But do you feel that the regional offices are on your side?

Mr. SAUCIER. Oh, yes, I would say it is very clear; we have had very excellent assistance from them.

Chairman GRIFFITHS. There is one regional office that apparently has done nothing for its States. There is a region where the States have gotten almost nothing. So it seems to me, the regional office is not doing its share.

When you submit your estimates of program costs to HEW, do you have your State matching funds in hand, or do you just hope they will become available?

Mr. SAUCIER. Every single plan that we have submitted has been a complete plan at the time submitted, local share and State money is available, otherwise we have no plan.

Chairman GRIFFITHS. And you, too?

Mr. ROBINSON. Yes.

Mr. WEAVER. All of you. I see.

Representative CONABLE. Is that required?

Mr. SAUCIER. We either get Federal or State money.

Representative CONABLE. Is it a Federal requirement?

Mr. WEAVER. You have to spend the money first before you are entitled to the Federal dollar, so the matching has to have been——

Chairman GRIFFITHS. And more than that, you can spend the money and then not be reimbursed, is that not correct?

Mr. WEAVER. That is correct.

Chairman GRIFFITHS. HEW can then decide, after you have spent all your funds, after they have agreed once to it, that your program did not exactly work out, and it does not come within Federal requirements. Can they not do that to you?

Mr. WEAVER. It would be a matter of changing the proposal in the State plan.

Chairman GRIFFITHS. They can decide that the contract was not exactly right. If they decide that the purchase did not come within the rules, they can rule you out and reverse you.

Mr. WEAVER. Yes.

Mr. SAUCIER. I thought you were referring to this estimate collected by the HEW near the end of 1972, on the expenditures. Our expenditure estimates were based on specific plans that were in the mill at that time.

Chairman GRIFFITHS. Yes. At the local level, how do you determine who is going to be a potential welfare recipient 5 years from now? Is there anybody you can just rule out offhand?

Mr. BENSON. Yes.

Chairman GRIFFITHS. Who?

Mr. BENSON. I would like to respond to that. We define potential recipient as the working poor. We have written into our State plans specific dollar family size guidelines for that. For a family of two, they cannot have more income than $4,500 a year. For a family of three, it is $6,000, a family of four, $7,500, and a family of six or more, no more than $9,000 a year.

Under title XVI, we also allow a family of one up to $3,000 a year. And we make it an absolute individual determination on every recipient coming into our system.

Mr. WEAVER. And that is only one criterion in the potential category. They must have need for the service and there must be the prospect that service will, in fact, achieve what the service is intended to achieve.

You know, people do not just come in the door and sign up because they have hit a certain income level. They come because they have a need for a social service. In Illinois, as we indicated earlier, the social services we provide are available to people based on their need for that particular service and the result that that service will bring about. It is a secondary consideration in Illinois whether we collect the Federal reimbursement for them. We only collect Federal reimbursement for those that are then determined to be eligible.

Mr. SAUCIER. As a matter of comparison, Georgia's economic level at which a family will be considered potential is $6,085 for a family of four. Here is where there is a great deal of variety throughout the country. States have a great deal of leeway as to whom they define as a potential recipient. It is a matter of negotiating your State plan with HEW, as was brought out this morning.

We had considerable negotiation with our regional office concerning our definition of a potential recipient. Realistically, you need to keep the income level low enough so you can serve everybody in the State who meets those criteria, yet you really want to serve those who are in the greatest need. There are many services we provide to anyone regardless of income level, but we do have a specific definition of the potential recipient.

Chairman GRIFFITHS. I hope that while you are here some of you will mention this to HEW, because they do not use this. We asked them specifically yesterday if it would not be better to define a potential recipient by income rather than by time. But they did not go that way, you know. To describe a potential recipient by time is ridiculous. It has to be by some criterion other than time, I would think. Money would be better.

Because if you want to look at it realistically, if you have Army bases in any of your areas—and you do, I would take it—until this year, at least, if a man left his wife and family and went to another country, she was just out; you could not attach anything. And I had several of those cases in my district. The wife was on welfare right then.

So you ought to look the whole base over, if you are going to base potential on 5 years, and say all those children and wives are potential recipients.

Mr. WEAVER. Madam Chairman, let me say very candidly that the answers that HEW apparently has been giving confuse me. Our State plan was specifically approved, it was reviewed in detail in the offices of HEW here in Washington 1 year ago this week.

Chairman GRIFFITHS. HEW has not gotten the word yet.

Mr. WEAVER. And the exact dollar figures that were given to you today were in that State plan, are now in that State plan. It is on file in the regional office and in Washington. They have that information.

These income levels, by the way, require a little explanation. They are not very different from the published poverty levels. If you take the income levels which we noted and you subtract income taxes, social security, and net out other kinds of figures, they do not come out to be grossly different from the poverty level, which is a figure of no social security, and so forth.

Chairman GRIFFITHS. Now, let me ask you, do you service whole community groups? And if you do, how do you isolate the people who are not potential welfare recipients? Do you have any areas where you would take in a whole group?

Mr. SAUCIER. We have some limited areas that we will serve on the basis of a geographic area.

Chairman GRIFFITHS. Yes.

Mr. SAUCIER. Any Model Cities area has already been defined as a poverty area and, according to HEW regulations, you must serve everyone who lives within that area.

Chairman GRIFFITHS. How would you find out if you did not?

Mr. SAUCIER. If you have a family who lives in Model Cities who makes $12,000 a year, if they want the service, under HEW policies, you must make it available to them.

Mr. WEAVER. We are doing an individual determination of those.

Mr. SAUCIER. Because of the lack of clarity here, we are doing individual determinations on every one except in Model Cities areas or in low rent housing projects. We will serve them because they are not there unless they are a low income family.

Chairman GRIFFITHS. As the program exists now, it is obviously an unlimited program. What do you estimate the dollar amount of need in your State to be? If you could do those things that you think needed to be done, what do you think your call upon the Federal Treasury would be for your State?

Mr. ROBINSON. Are you speaking on a yearly basis?

Chairman GRIFFITHS. Yes; on a yearly basis.

Mr. ROBINSON. I would say $150 million in the State of Mississippi.

Mr. WEAVER. Our estimated need for fiscal 1973 was $211 million Federal in Illinois out of a total social service expenditure in excess of $500 million. So, we are not receiving matching money on everything.

Chairman GRIFFITHS. What do you think?

Mr. SAUCIER. We have programs designed, either operating programs or program plans, totaling $243,638,000 in Federal funds. Now, because of the gear-up time, we estimate that we would need $172 million Federal, but our rate of expenditure during that last quarter, once you get programs geared up, the expenditure rate would be at the higher figure.

Mr. ROBINSON. Madam Chairman, could I correct this? I was giving you both the State and the Federal share at $150, which would make the Federal share approximately $112.5, which would be three-fourths of $150 million.

Chairman GRIFFITHS. Do you have people who would like services that you cannot give to them? First, day care. How do you determine who gets it if you cannot give everybody day care?

Mr. WEAVER. Are you asking any one of us?

Chairman GRIFFITHS. Any one of you.

Mr. WEAVER. At the present time, we have a shortage of day care. The mother who would be enabled to work, who wants to work but cannot because of day care, would have priority. The priority would go to the working mother.

Chairman GRIFFITHS. Let me go back to that other question. Miss Townsend told me your figures were what you are asking for this year. I wanted to know, if you could have all of the money you wanted in the future to take care of all unmet service needs, what do you think it would be?

Mr. WEAVER. I do not know if we have projected that far into the future, but we think there is a limit as to how much increase a State and a social service delivery system can put up in 1 year. But we think in addition to normal operating expenses, probably a 15- to 20-percent increase would be a reasonable limit on what could be accomplished each year.

Chairman GRIFFITHS. Annually.

Mr. WEAVER. Yes.

Chairman GRIFFITHS. We have rollcall and I will excuse myself just a minute. I will be back, if you will please wait.

(A recess was taken.)

Chairman GRIFFITHS. I would like to ask you, after a person is found eligible for services by means of his status as a present, former, or potential welfare recipient and he begins receiving services, how do you determine whether or not he is still eligible?

Mr. BENSON. Whether he is receiving the services?

Chairman GRIFFITHS. He is receiving them. You knew he was eligible when he started. Now, how often do you check to find out if he remains eligible?

Supposing he was eligible today and tomorrow he wins a New Jersey lottery.

Mr. WEAVER. Since we do not live in New Jersey, we do not have to worry about that.

Chairman GRIFFITHS. Well, he may have won it anyhow. You do not have to live in New Jersey.

How do you check it?

Mr. BENSON. It totally depends on the type of service he is involved in. He is checked every 6 months in most programs. Residential programs, he is only eligible as long as he is in and he is redetermined. Everybody is redetermined if they leave the system or change from one mode of delivery to another.

For instance, if people are in a residential program and they go into a halfway house program, they are rechecked. If they go from an outpatient program into a halfway house, they are rechecked. Nobody ever goes more than 2 years without being checked.

Chairman GRIFFITHS. Two years?

Mr. BENSON. That is the absolute maximum. Nobody ever gets that far.

Chairman GRIFFITHS. How do you check it?

Mr. SAUCIER. In Georgia, most of the plans are reviewed—in fact, we require that the service plan be reviewed—every 6 months. With some donor services, we have a minimum requirement of annual reviews and if it is a purchase of service, we have them reviewed when they submit for renewal of contract; so at least every year, every service plan is reviewed.

Mr. ROBINSON. We follow approximately the same procedure as Georgia has outlined.

Chairman GRIFFITHS. Now, then, supposing that we gave you this afternoon the Federal Treasury or the Federal taxing power. You had all the Federal money you wanted, with one proviso, that it be either on services and/or cash benefits for low income people, how would you divide it up percentagewise? Would you spend it in increased benefits or would you spend it in services? What would be the mix?

Mr. ROBINSON. I cannot give you a specific ratio, but what we would do in the State of Mississippi is we would need to raise the standard of payment somewhat to give these people who are receiving payments a reasonable standard of living but we would concentrate from that point on on social services.

Now, as to dollar amounts or percentage amounts, it would take some analysis.

Chairman GRIFFITHS. What, in your judgment, should a family of four in the State of Mississippi receive to produce a decent living?

Mr. ROBINSON. Oh, I would say that a family of four in the State of Mississippi would need at least $4,000 at a minimum.

Chairman GRIFFITHS. I think you are right. Now, if they had $4,000, could you cut out every other type of benefit? Could you cut out public housing, food stamps, and all other benefits?

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Mr. ROBINSON. Assuming that they were all healthy, I suppose so. Yes, ma'am.

Chairman GRIFFITHS. But could you cut out medicaid at $4,000?

Mr. ROBINSON. It would depend on their age and the composition of the family itself. If they were young and healthy people perhaps they would not need anything else—this would be subsistence I am talking about.

Chairman GRIFFITHS. I understand that you are talking about subsistence. I think you have given a fair answer.

What do you think? What would it require in Georgia?

Mr. SAUCIER. Well, at least $4,000 for just an existence, because it would take more in Atlanta than it would in some rural areas of the State. And I would hope you could cancel out food stamps and other means of in-kind and let the family have their money and try to give them some help in managing the money.

Chairman GRIFFITHS. How would you divide the money if you could give them, say, $4,000? Do you think there are other services they would need?

Mr. SAUCIER. Oh, very definitely. They are going to have kids getting in trouble. They are going to need counseling services for special problems that arise. A family with this income is going to need some assistance and subsidized help in providing day care for young children if the mother works. There are going to be crises in the family where they may need a homemaker to keep that family together to keep children home, to avoid placement.

Even with sufficient money, there are so many social services that are vital. The affluent families are not free of the drug problem and they so definitely need help in dealing with emotional problems.

Chairman GRIFFITHS. A lot of this social service money is going to children on drugs from affluent families, is it not? You are not really saying that only a child from a low-income home can have this treatment are you?

Mr. WEAVER. No, if they fall within the criteria which we have indicated.

Chairman GRIFFITHS. You let them in?

Mr. WEAVER. That is correct.

Chairman GRIFFITHS. Either we ought to notify that high-income family, particularly if they have objected, that this is welfare, or we ought to re-aim the whole program and make it available to everybody.

Mr. WEAVER. As I have indicated, in Illinois the services are equally available to people without regard to income. In some programs we do have what we call a parental reimbursement program. If there is a minor child being served through some social service, the parent who has income is liable for that. We have a combination system, but we do not deny services to people simply because of income.

I think it is important that a social service system, if it can be—and perhaps in some States it cannot be at this point—but if it can be developed on that basis, that it be equitable for all people. Because social services are not something related only to poverty or to families that are poor. Social services are related to a whole range of internal conflict situations that cause a person not to be able to function in the community, or to environmental conditions that cause a person not to be able to function adequately, that puts him in a position of being a potential dropout from society. I think we cannot afford any more dropouts from society.

Chairman GRIFFITHS. For what services would you want to use Federal money?

Mr. WEAVER. For years we have had a recognition, I think, that there are some services that are perhaps more in the national interest than others. I indicated earlier in testimony that those services that are related to employment, which can cover the full range of services, whether it is related to employment or not depends upon the individual to whom the service is being provided. If that person is scheduled for a job or you are trying to find a job for that person, you may be utilizing counseling, you may be utilizing day care services, you may get the person involved in family planning, you may get him involved in a whole variety of services. So I am not at all sure that I can fairly state that these one, two, three, four services are in the national interest, because there are sets of circumstances related to specific objectives.

Our service pattern in Illinois is set around specific objectives that have been talked about and at some point in time could be implemented pursuant to HEW's interest in them, but are related to a deinstitutional kind of model: going from institutional care to community-based care to self-care and to self-support. The focus is to move the individual person as near to the self-support end of the continuum as possible.

Now, a severely retarded person is not going to get all the way to self-support, perhaps, but you may be able to move him out of a large, expensive, congregate institution into a community facility where he can be more or less part of the society at a lesser cost to the taxpayers.

Mr. SAUCIER. May I respond briefly to this question about the relation of income to services? There are a number of services that the public welfare social service agency ought to provide as a matter of public interest, regardless of income level. Some of these are the most obvious: the protective services that you provide the children, youth and adults if the child is being abused, battered, or exploited by adults, and this is no respecter of income. Parents who are quite affluent do neglect their children from time to time. It is a matter of public interest that we intervene, not only as a matter of request but as a matter of protecting that child in the interest of the community. This is true and we need to do more of this on behalf of elderly persons who, for reasons of health and advanced years, have not the capacity to manage their affairs. They may have the money but they do not have the capacity and they need somebody to intervene properly to assure the protection of the law and to act in their best interests and the community's interest.

So you cannot put a label of income on some of these very crucial social services that ought to be made available at public expense, if the truth were told.

Chairman GRIFFITHS. You have pointed out that Mississippi is the poorest State in the Union. You say to me that in rural Mississippi for subsistence—not an elegant, luxurious living, just subsistence—a family of four needs $4,000, but that does not exclude the possibility that they are going to need other services, that they are going to need other things given to them. Then it seems to me that what you are saying here today is that if we did what we ought to do in this country, we would determine an amount of money that should be available to these people and give them that money and stop this type of welfare program in which you are spending a remarkable amount of your time struggling with HEW trying to figure out what the rules are, making out little forms, putting in this, adding that, doing something else; and then at the end of all these procedures, you know that the family that you are trying to help is not really being given all the help they need.

Furthermore, the whole welfare system has built into it one disincentive to work after another. I have heard over and over again from the intake workers, from the supervisors, and now from you who are heads of welfare in your States, that in truth, for many of these people, the best thing you can do for them is to give them $1 of welfare, because you make them eligible for so many other programs. If they do not have those programs, they cannot survive.

In my judgment, welfare or whatever you want to call it—income redistribution—is one of the critical problems in America. If it is not really discussed in this year, then we are just fooling ourselves. It is going to have to be discussed and the system is going to have to be changed. It seems to me that is what you people are telling me.

I want to thank you for coming here today. I cannot explain to you how much you have helped and how much I appreciate it.

Thank you very much and you can go back to your States and take at least my message to your Governors that you represented your States well.

Thank you very much.

Mr. SAUCIER. Thank you.

Mr. ROBINSON. Thank you.

Chairman GRIFFITHS. This subcommittee will stand in recess until tomorrow at 10 a.m., when we will hear the welfare directors from California, Nevada, and Maryland.

(Whereupon, at 3:10 p.m., the subcommittee adjourned, to reconvene at 10 a.m., Thursday, September 14, 1972.)

OPEN-ENDED FEDERAL MATCHING OF STATE SOCIAL SERVICE EXPENDITURE AUTHORIZED UNDER THE PUBLIC ASSISTANCE TITLES OF THE SOCIAL SECURITY ACT

THURSDAY, SEPTEMBER 14, 1972

CONGRESS OF THE UNITED STATES,
SUBCOMMITTEE ON FISCAL POLICY
OF THE JOINT ECONOMIC COMMITTEE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 12 noon, in room S–407, U.S. Capitol Building, Hon. Martha W. Griffiths (chairman of the subcommittee) presiding.

Present: Representatives Griffiths and Bolling.

Also present: Alair A. Townsend, technical director; James R. Storey, staff economist; Sharon S. Galm, staff legal counsel; Irene Cox, staff sociologist; Robert I. Lerman, staff economist; Vivian Lewis, research assistant; and Caterina Capobianco, administrative secretary. Members of the Joint Economic Committee minority staff: Leslie J. Bander, economist; and Walter B. Laessig, counsel.

Chairman GRIFFITHS. We will begin this hearing despite the fact that Mr. Carleson is not here right now. When he comes, we will add him to the panel.

I am sorry that I wasn't here at 10 o'clock this morning but I know you understand. I was part of the conference committee that was discussing revenue sharing and I am sure you would be happy to have me present at that conference.

Thank you, Mr. Bolling, for being here. We have the director of social welfare from the State of California, Robert B. Carleson. We also have Mrs. Rita C. Davidson, secretary, Maryland Department of Employment and Social Services, and George E. Miller, administrator, division of welfare, for the State of Nevada.

Now, I have read your statements and will proceed with the questioning. I will do that so we can find out as much as we can as quickly as we can.

STATEMENTS OF ROBERT B. CARLESON, DIRECTOR OF SOCIAL WELFARE, STATE OF CALIFORNIA; RITA C. DAVIDSON, SECRETARY, MARYLAND DEPARTMENT OF EMPLOYMENT AND SOCIAL SERVICES; AND GEORGE E. MILLER, ADMINISTRATOR, DIVISION OF WELFARE, STATE OF NEVADA

(The complete prepared statements of Mr. Carleson, Mrs. Davidson, and Mr. Miller, above-referred to, follow, together with the exhibits and attachments thereto:)

PREPARED STATEMENT OF ROBERT B. CARLESON

Madam Chairman, members of the subcommittee: My name is Robert B. Carleson and I am Director of Social Welfare for the State of California. I am certainly pleased that you have given me the opportunity to be here today to discuss policies relating to funding for social services under various titles of the Social Security Act, particularly under Title IV–A.

Two years ago welfare was out of control in California, both from the standpoint of caseload growth and from the standpoint of total cost. The rolls were growing at the rate of 40,000 persons per month and all of the experts predicted that no matter what the economic condition was in California, the rolls would continue to grow at such a rate. In fact, during the previous ten-year period there were several years when the unemployment rate in California dropped, but in each of the ten years the welfare rolls continued to climb. In the Fall of 1970 Governor Ronald Reagan created a small task force of persons in his Administration assisted by others in the private sector to look at the entire public assistance area and determine what should be done to solve the welfare problem. It was my pleasure to serve as a member of that task force. After the task force completed its work in December 1970, the Governor appointed me Director of Social Welfare with a mandate to develop and install a comprehensive welfare program in California.

We started instituting administrative, organizational, and regulatory reforms in January 1971 and on March 3, 1971, Governor Reagan presented to the California Legislature the most comprehensive welfare reform program ever attempted. His program included administrative changes, regulatory changes, organizational changes and a comprehensive legislative program. As I indicated, the administrative, organizational, and regulatory changes commenced in January 1971. Most of the legislative changes were passed as an emergency measure in August 1971 to become operative October 1, 1971. The goals of the program were to close loopholes, increase efficiency, and concentrate on tightening up eligibility for welfare to insure that only the truly needy received benefits; and thereby avoid a tremendous state tax increase, make it possible to reduce county property taxes and to permit welfare grant increases to the truly needy.

Since the reform efforts started, and as a result of these reforms, we now have 217,000 fewer people on welfare in California than we had in March, 1971. We have over 700,000 fewer people on welfare in the State than even the most conservative estimators had said we would have on welfare without reform no matter what the economic conditions were in the State.

If the rolls had continued to grow at the predicted rate, an additional $338 million in Federal, State, and local funds would have been necessary to meet basic welfare grant costs in California during Fiscal Year 1971–72. However, with the reforms it has been possible for us to forego a State tax increase, many counties are reducing their property taxes and virtually all of the other counties have been able to avoid a property tax increase. In addition, we were able to increase the grants to the needy AFDC recipients by almost 30% between March and October 1971, and were able to grant a cost-of-living increase to the aged, blind, and disabled in California.

One of the basic concepts of Governor Reagan's welfare reform program is that welfare, being a people-related program, should remain as close to the people as possible and that State and local governments can and should, with appropriate Federal cooperation, be the best levels of government to handle these human programs in which there are an infinite number of variables. We feel particularly strongly that programs which should involve great discretion should remain at the local level. We feel that social services is an example of such a program. In California we have 58 counties. These range from the densely populated counties of Los Angeles and San Francisco to many small and sparsely populated mountain counties. The social services needs of one county may be quite different from another county and, in addition, the social services needs of surburban counties are quite different from the urban or rural counties.

Also, in addition to these distinctions, some areas have an unusually high proportion of people in the aged, blind, and disabled categories, while others may have a higher proportion of people in the AFDC categories. We have concluded that in California the counties are the most appropriate level of government to make decisions and to administer the social services programs, and that the State should be involved to the minimum extent consistent with Federal law as the Single State Agency and to guarantee the basis integrity of of the handling of public funds.

There is probably no other welfare program with so many variables and which should permit the greatest amount of discretion than social services.

During the past several years California has, as I am sure you know, developed a statewide program of social services, utilizing Title IV–A and other Federal programs. Although California was the first State to make use of these programs in a significant way, I believe that our effort has been responsible. In the past year or so we have been leveling off our growth in this area, recognizing that a public welfare program must be fiscally responsible as well as socially responsible. During this past year and one-half we have been resisting efforts to expand social services programs merely for the sake of bringing additional Federal money into California, recognizing that if this practice were followed by all, an artificial ceiling would, by necessity, be clamped on the States and that we, in California, would either have to cut back our social services very drastically or be forced to impose what could be a disastrous State and local tax increase.

We certainly agree with the concern shown by members of the Administration and the Congress for the continued surging growth of social services expenditures, and as a responsible public amdinistrator I realize that an open-ended budget with no controls would be an administrative and fiscal disaster. It appears to me that there are three basic alternatives with several variations on each:

First, the continuance of current open-ended social services appropriations with little Federal control and accountability and whatever State control and accountability is chosen to be exercised.

Second, the establishment of a ceiling at the Federal level with very detailed and explicit directives and controls on the State, indicating exactly how the services are to be performed, what the goals are, what services are mandated, what are not, and what groups or individuals are to be eligible. A variation of this alternative would mean even more detailed control with-without a Federal ceiling.

Thirdly, the establishment of a ceiling at the Federal level with specific block grants to States for expenditures for social services allowing maximum discretion to the State, with a Federal audit to insure only the fact that the money was spent for the delivery of social services; but making it clear to the States that they would be expected to live within the Federal funds allocated or to supplement with State or local monies.

The first alternative, which is the present policy of unlimited funding with virtually no control would, in my opinion, be fiscally irresponsible. The second alternative would mean that in order to maintain fiscal control and responsibility, virtually all decisions related to social services would be centralized in Washington. The variations between geographical areas and other elements in California would be even greater on a national scale. Various human and sensitive social services programs would be virtually removed from local and State control. Decisions which are necessary to develop a social services program for a specific community or area which is designed to meet its needs in the most economical and effective way possible would not really be made by those in the best position to make the best decision.

The third alternative seems to me to be the best alternative. It would respect the concept that States and local governments are capable of making effective decisions relating to people-related programs conducted in their areas. It would be fiscally sound in that a State or county would know exactly how much Federal money would be available for social services purposes and other State, local, and available funds could be woven-in to make the most effective use of all funds. States, for instance, with a higher need of services for aged, blind, and disabled could utilize a bigger share of its funds for these purposes, while other States or localities with more pressure for other needs in social services could allocate its funds to meet their most pressing needs. Ideally Federal mandates for services should be removed or minimized. Provisions should be made, however, that States which have been providing social services at a level encouraged by present Federal sharing ratios and law not be penalized.

The initial grant should be distributed to the States on the basis of population or some other simple and objective criteria. In addition to that grant, States which have been properly using the present system to develop and finance social services programs should be allocated additional Federal funds to insure that the total Federal funds received for social services purposes would not be less than that received for services performed in Fiscal Year 1971–72. Before closing I would like to make several additional comments. The originally stated purpose of most social services programs under Title IV–A was to make it possible for people to become self-sufficient, self-reliant, and to be able to move off the welfare rolls. I believe it has been evident to all that this goal has not been met and that the rate of growth of welfare rolls increased during this period of heavy spending on social services. If in the future it is not possible to make block grants to States, I believe that emphasis should be placed on providing Federal funding for services related directly to employment, employment and training-related child care, family planning, and for protective services to the aged, blind, and disabled.

Lastly, I believe that two Federal policies have done much to create the unhealthy fiscal situation which is confronting this Committee and all of us relating to the almost uncontrolled growth in social services. One is the requirement that social services within a State must be provided on a statewide basis and the other is that Federal funding is available for services to former and potential recipients *in addition to* current recipients. States have often found that in order to make it possible to receive Federal funds for necessary social services in certain urban areas they have had to mandate the services on a statewide basis, causing unnecessary expenditures in some portions of the State and diverting much needed funds away from social services and programs which are more sorely needed. The present Federal definition of "potential" recipient is so broad that a relatively small portion of the population could not qualify.

We believe that welfare social services programs should not be mandated on a statewide basis. We believe that the States should be given block grants with the greatest amount of flexibility in utilizing Federal funds allocated for social services purposes. We believe also that social services funds should be limited to current welfare recipients.

Thank you for providing me with this opportunity to discuss our mutual problems in providing financing for social services.

Prepared Statement of Rita C. Davidson

Chairman Griffiths and members of the subcommittee, I am pleased to have this opportunity to air my views and to recount our State's experience with regard to the Federal-State program of social services under Titles I, IV–A, X, XIV and XVI of the Social Security Act. This program, which provides life-restoring services to the destitute and near-destitute, has recently been subjected to a relentless campaign of vilification and misrepresentation. Those who have engaged in the onslaught have done so largely as a reaction to the recent increase in the States' use of the program, but the attacks have not been confined to the growth in Federal costs. They have been levelled at the merits of this poor-people's program itself, as a result of which there was inserted into the Senate's Revenue-sharing bill a provision which would eliminate Federal participation from the program except in the areas of child care and family planning. I am hopeful that by the time this Subcommittee has completed these hearings it will have concluded 1) that the vital services made possible by these expenditures deserve a top priority among the many competing claims upon the Federal tax dollar; and 2) that the program's recent burgeoning—though it was precipitated by some favored treatment accorded three large Republican states—is justifiable and, in fact, long overdue, on the basis of the pressing need for expansion of such services. Maryland's experience, I believe, will illustrate the reasons for the sudden expansion, and will demonstrate as well the responsible way in which the moneys are being used.

THE MARYLAND EXPERIENCE

In December of 1970, a few months after I assumed office, I inquired of the Regional HEW office in Philadelphia whether we might use, as the State's share for matching purposes under the social services program, those State moneys which are expended for social services by Maryland agencies other than my own. The inquiry was made orally, as was the reply. The answer was "no". However, unknown to either myself or to HEW Region III at the time, the State of California had earlier that year received permission to match just such State funds and had, as a result, substantially enlarged its program. Illinois, meanwhile, was in negotiations on the same issue. Nine months after my inquiry, the State of Texas submitted a written request, dated August 31, 1971, to the HEW Regional Office in Dallas. The region's response was negative. (This correspondence is attached as exhibit A.) As recently as last December, the Philadelphia Regional office was still seeking advice from Central HEW as to whether funds not specificially appropriated to the single State agency for social services were matchable. This was during a period in which the HEW was moving affirmatively toward giving both Illinois and New York approval for such matching. This type of uneven treatment of States cannot long avoid the light of disclosure, and as word spread among State administrators, proposals to amend State plans along the lines permitted California, Illinois and New York, began to deluge HEW regional offices. Maryland's amended plan was among them.

Alarmed at the snowballing effect of its own actions, the HEW then drafted changes in the Regulations which were designed to prevent additional States from expanding in this manner (exhibit B). It unveiled these plans before the administrators at a national conference in Washington on May 17–18, 1972. Participants in the conference were informed that, beginning July 1, 1972, in accordance with the forthcoming amendments to the Regulations, no further States would be permitted to qualify for Federal social service funds as had the three large States. The new Regulations would require States to provide new money, beyond the Fiscal 1972 expenditure level, as their share. In other words, the inequities which then characterized the program would become enshrined for all future time. Those States which had not received HEW blessing for the matching of regular State allocations prior to July 1, 1972, would be forever barred from doing so; those which had been more fortunate would be allowed to continue in accordance with their amended State Plans. As we viewed it, the HEW had arbitrarily decided to bestow more than half a billion dollars on the State of New York, representing more than one-quarter of the money HEW estimated it would spend in Fscal 1973. The State of Maryland, along with many other States, had a right—and, in fact, an obligation, to insist that it be treated in accordance with the same rules.

Thus challenged—and facing a probable cutoff date of July 1, 1972, between what presumably was to become the "have" and the "have-not" States—we set about increasing the tempo of the expansion already begun and qualifying for Federal matching on the same basis as some of the other States. Maryland and its political subdivisions were allocating millions of dollars to achieve the same purposes as those of the Federal Social Services program. Lacking Federal funds, these programs were all starved, so it was not difficult to pinpoint program areas needing new and expanded efforts. By July 1, 1972, some six weeks after the HEW conference, our State had submitted to the HEW Regional Office an amended State Plan providing for expansion of services and broadened coverage.

Also forwarded to Philadelphia were copies of 57 purchase-of-service agreements which we, as the Single State Agency for the program, had signed with other governmental and non-profit private agencies (exhibit C). The new agreements called for the matching of $131,426,770 in State, local and private agency funds, generating a Federal share of $393,751,940 for Fiscal 1973. Every new Federal dollar was intended to represent either a new or expanded program in an area in which the State or locality is already deeply involved—in juvenile services, mental retardation, services to the blind, the deaf, the aged, to alcoholics, drug addicts, single parents, families threatened with dissolution, disadvantaged high school dropouts. Not one cent of Federal money was planned as a replacement for State, local or private funds. Neither highways nor garbage collections are to be financed in this way. We have regarded this as an opportunity to do exactly what the Congress and the Administration have urged the States to do ever since the Federal social services program expanded by the 1967 amendments to the Social Security Act—that is, to increase services to public assistance recipients and to those whose family or economic condition is so precarious that they are likely to become dependent on public assistance. States have been making these efforts all along—to the limited extent of their ability—without Federal assistance.

The enlargement of the Maryland program was predicated on volumes of information and the experience of the contracting agencies and localities—all pointing to a vast need. I have with me the background data submitted by the providers of services with whom we contracted. Although it is too voluminous to duplicate in its entirety, I shall be happy to make it available to any member of the Subcommittee. Far from conducting an unprincipled raid on the Federal treasury, as the press was so quick to charge, we are hopeful that for the first time we may be able to offer the services for which we see a need every day. The City of Baltimore offers a good example: The City would receive $67 million in new Federal funds as a match to the $23 million it is now spending. We are talking about a city which has experienced an alarming growth in its dependency rate—now equal to 17.7% of its population; a city, one-quarter of whose people are near or below the poverty level. For the City proper, the unemployment rate was 8.7% last June; almost 40% of the youth, aged 18 to 24, have not completed high school. Baltimore's violent crime rate is third highest in the nation. It is almost a truism to say that a City thus plagued by poverty has a need for services far beyond its fiscal capability. In fact, the City enacted a deficit budget for the first time in history. The new Federal dollars would be used to enlarge existing programs and initiate new programs which have been found to have efficacy (or have a potential for having) in promoting economic independence. Among them are: an expansion of the "School Without a Building" program which provides a work-study program for potential high-school dropouts; special home services for the chronically ill or aged as an alternative to institutional care; readjustment centers to provide special educational opportunities for students with high truancy rates; additional family counseling and a range of counseling services for problem tenants; and a psychiatric day center for mentally ill persons on an out-patient basis (exhibit E).

All of the above programs are currently under way in the City—at a fraction of the size needed. It should be obvious that a City teetering on the brink of bankruptcy would scarcely inject its scarce dollars into such endeavors unless it had strong evidence that the investment was likely to achieve its goal of reducing dependency.

In its conduct of its own or joint Federal-State programs, the State of Maryland proceeds with extreme caution. Where a purchase of services is involved, our Department imposes additional safeguards. The attached chart, Exhibit D, illustrates the detailed procedure we follow before implementation of such a program.

The provider submits a proposal to the Department, which is reviewed and if necessary worked by our Bureau of Planning and Program Evaluation; it is also subjected to a fiscal and a legal review. If an amendment to the State Plan is required, it is drafted and submitted to the HEW Regional office for approval. Once the agreement has the Secretary's approval, it is submitted to the Department of Budget and Fiscal Planning for approval. If new State positions are required, it goes before the Board of Public Works. Once past this Board, it is sent to the Department of Personnel for review of the appropriateness of the classifications and grade levels.

Prior to setting the program into operation, the Department is required to notify both Houses of the State General Assembly, any member of which may exercise his prerogative to investigate the project. The program will subsequently appear as a line item in the Department's budget, in connection with which it will undergo the scrutiny of the Joint Budget Committee of both houses of the Legislature and, again, of the Dep't. of Budget and Fiscal Planning. At any of these stages, it is possible for the reviewing body to recommend partial or total excision of the program.

Additionally, I have established a procedure for careful monitoring of each project conducted under purchase of service agreements. In connection with each of the contracts we are requiring a six months' planning period, at the end of which there must be submitted to the Department of Employment and Social Services a detailed plan which we review for compliance with HEW requirements and our own State Social Services Plan, now being developed. Each provider must provide a quarterly certification of expenditures, which we review. Our Department will audit and evaluate each contract annually, and will provide, throughout the program's implementation, technical assistance, monitoring and civil rights compliance reviews as required. (This sequence of checks and balances is described in exhibit D.)

I believe that members of this Subcommittee, once apprised of the facts, will recognize that most of the States, including Maryland, have behaved responsibly on the issue of social services funding. Let me recount the positions which Maryland as a State and the States as a body have taken in regard to the disputed issues:

1. Once we became cognizant of the Federal Government's favored treatment of certain States, we had not only a right, but an obligation to demand equal treatment for the citizens of our State. I consider that a responsible position.

2. When a $2.5 billion ceiling on social services was approved by the Senate, based upon inaccurate information furnished by HEW, the State ad-

ministrators met in Washington to consider the impact of such action on their programs. At that conference they took it upon themselves to survey the States and identified $4.6 billion in social service requirements for Fiscal 1973 instead of the $2.1 billion figure used by HEW. They did so in the belief that the programs were needed, and that the Congress should be apprised of the true facts—and that was a responsible act. In addition, they adopted a resolution urging retention of open-end funding until "such time as the Congress itself may devise a formula to assure for the future that all States receive an equitable and adequate share of Federal funds for services for their citizens." The resolution, therefore, recognized the inevitability of a limitation, but insisted on equity among the States and funding sufficiency. I believe this was a responsible position (exhibit F).

3. When Governor Mandel, as chairman of the National Governor's Conference, appeared before the Senate Finance Committee, along with group of governors, he offered to cooperate with the Congress toward devising a formula for the fair distribution of Federal moneys for social services. This was a responsible act.

4. Governor Mandel that very day appointed a committee of six governors which forwarded to the two appropriations committees shortly thereafter a suggested formula and recommended an authorized expenditure of $3.6 billion. This was $1 billion less than the Fiscal 1973 needs projected by the States and thus represented a responsible proposal (exhibit G).

5. This committee was subsequently enlarged to 12 members of the National Governors Conference, which, like the smaller group, urged a ceiling of $3.6 billion and revised somewhat the recommended distribution formula. This same position was endorsed by the Executive Committee of the American Public Welfare Association. These, too, were responsible acts.

6. On August 11, 1972, Governor Mandel wired all Governors urging support for changes in the social services program which would establish an adequate ceiling, equitably distributed, and a *prohibition against the use of social services funds to refinance State expenditures.* I believe you will agree that this was a responsible position (exhibit H).

The abrupt rise in the States' use of the Federal moneys available to them under the present terms of the Social Security Act has been viewed by many as indicative of State greed. To the contrary, I believe that the States' desire to match their own expenditures indicates an eagerness to expand the programs designed to assist people—programs which are falling far short of meeting the need due to lack of Federal participation. I might cite an example from our experience:

We chose at random four programs which are among our purchase-of-service contracts and estimated how much additional money would be required to satisfy 100% of the need. The programs were Child Care, Services to the Blind, Community Mental Health and Services to Alcoholics. We discovered that these relatively small programs would by themselves require $132.8 million additional in order to meet 100% of need. Thus, the $400 million in Federal funds to which we feel we are entitled does not represent an astronomical figure when viewed against the need—or when viewed against the $100 million in State funds which we are currently spending to help our citizens without Federal matching.

THE SOCIAL SERVICES PROVISIONS OF THE REVENUE-SHARING BILL

I should like now to make some remarks concerning the action the Senate took with respect to the Social Services amendments in the Revenue-Sharing bill. The measure removes the Federal Government from participation in all social services except child care and family planning. Even the child care which many Senators had previously promoted as worthy of unlimited funding—insofar as it enabled parents to work—is now restricted to $600 million a year. In lieu of the 4.6 billion which States estimate they will need for Fiscal 1973, or of the $3.6 billion which the National Governors' Conference recommended, the bill provides $1 billion in shared revenue, two-thirds of which is to be distributed to the localities on a "no strings" basis. This means that the States will have possible access to a total of $933 million for social services—if, indeed, the revenue-sharing portion is used for that purpose. There is no such requirement.

The impact on Maryland, as on all States, will be severe: Two days ago we received Regional HEW approval of our amended State Plan. We do not yet have a firm estimate of the dollar amounts to which we shall be entitled for the last quarter of Fiscal 1972 and for the year 1973, but our talks have indicated that the additional Federal money due us for the second quarter of Fiscal 1973 is between $25 and $40 million. These commitments, annualized, would entitle the State to something between $100 and $160 million in addition to the 1973 entitlement of $23,960,860, which is currently being expended by the Social Services Administration pursuant to the old, previously-approved plan. Thus, Maryland would be due at least $123,960,860 for Fiscal 1973—as Federal reimbursement for moneys which the State has spent and is currently spending for eligible services under an approved State Plan.

Contrast these amounts due the State with what it can expect to receive under the Social Services provisions of the Revenue-Sharing bill: Maryland would be allocated $12.9 million for child care, plus $6.4 million as the State's share of the special revenue-sharing amount—a total for the State of $19.3 million. This is $4,660,860 below the Federal share of our current expenditures under the old State Plan, exclusive of the purchase-of-service contracts we have executed. It would actually decimate the program, requiring a 49% slash in all services except child care and family planning, with the consequent severe reduction in staff that this entails.

In view of the Regional approval of our State Plan, we shall undoubtedly receive, in time, the additional moneys due us for expenditures already made in the fourth quarter of Fiscal 1972. But, if the Revenue-Sharing provisions prevail, money will not be available to maintain the programs at the level of the fourth-quarter commitment. We shall therefore be foreclosed from expanding as we had planned and hoped. The money due us for the final quarter will of necessity go into the State General Fund, there to replace State funds—exactly the reverse of what Governor Mandel and I and the Congress had wanted.

We who are administrators are also taxpayers and are responsible to taxpayers. No less than you, we believe in fiscal responsibility and the wisest possible use of the public's dollar. Within this framework we believe it is possible to fund these vitally-needed services on a realistic and equitable basis so that human suffering and dependency are reduced to a minimum.

I call on this Subcommittee, in keeping with responsible fiscal policy, to urge your colleagues on the Conference Committee considering the Revenue-Sharing bill to provide an adequate ceiling of $3.6 billion for social services, to be distributed equitably among the States through the mechanism of the social services provisions of the Social Security Act, prohibiting at the same time the use of the moneys to refinance State expenditures.

EXHIBIT A

Correspondence Between State of Texas and HEW Region

August 31, 1971.

Dr. Peggy R. Wildman,
Associate Regional Director, Community Services, Department of Health, Education, and Welfare, Dallas, Tex.

Dear Dr. Wildman: Please refer to an Identical Memorandum issued by your office on June 30, 1971, carrying the subject: "Clarification of Policies on the Purchase of Social Services from Other Agencies."

As you know, this Department is holding conferences with the Texas Department of Mental Health-Mental Retardation with the intent of purchasing from that agency social services for present, former, and potential recipients of assistance under its approved plans for social services provided under Titles I, IV–A, X, and XIV of the Social Security Act.

Our question relates to the provisions of the second paragraph on the first page of the statement "... through use of Federal funds and state or local funds appropriated directly to the State or local agency. It does not deal with indirect or third-party funding of the non-Federal share." It relates also to the statement in a supplemental memorandum dated June 19, 1971, which states: "The principle set forth pertains only to services purchased with funds appropriated to the Welfare Agency."

We raise these questions:

1. Our primary question deals with the meaning of the term "appropriated" as used in this context. Does this mean literally that the money must be "appropriated" by legislative act to the "single state agency" or does it also include other funds which might be made available for the use of the single state agency in developing such projects?

2. Are funds available to another state agency (other than the Welfare Department) considered to be acceptable as matching funds to be used in the purchase of social services?

3. If the answer to question two is affirmative, we ask the next question: Assuming that appropriate contractual arrangements have been worked out under the terms of CFR 226, can the Department of Public Welfare, upon receipt of an appropriate bill, pay to the state agency supplying the service the Federal share of the cost of the service. That is, the agency supplying service would be paid only that portion of the service cost which represents the Federal share. The balance, or state's share, of the cost would be met out of that agency's state appropriation.

4. If the answer to question three is negative, then we pose this question: Assuming an appropriate contractual arrangement under CFR 226, could the agency supplying the service bill the Welfare Department for the total cost of the service and, simultaneously with submitting the bill, transfer the Department of Public Welfare an amount equal to the State share of the bill?

Inasmuch as this Department and the Department of Mental Health-Mental Retardation have had extensive conferences around this purchase of service plan, it is essential that we get this matter of the intent of this statement regarding fund source clarified. We shall, therefore, appreciate an early response.

Sincerely yours,

RAYMOND W. VOWELL.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
SOCIAL AND REHABILITATION SERVICE,
Dallas, Tex., September 7, 1971.

Mr. RAYMOND W. VOWELL,
Commissioner, State Department of Public Welfare, John R. Reagan Building, Austin, Tex.

DEAR MR. VOWELL: In response to questions raised in your August 31, 1971, letter concerning other public agencies' funds being transferred to the Welfare Department, the document, "Clarification of Policies on the Purchase of Social Services from Other Agencies," does not directly deal with other public state agencies.

1. "Our primary question deals with the meaning of the term "appropriated" as used in this context. Does this mean literally that the money must be "appropriated" by legislative act to the "single state agency" or does it also include other funds which might be made available for the use of the single state agency in developing such projects?"

The document does mean literally that money must be "appropriated" by legislative act to the "single state agency." It does not include other funds which might be made available for the use of single state agency in developing such projects.

2. "Are funds available to another state agency (other than the Welfare Department) considered to be acceptable as matching funds to be used in the purchase of social services?"

Yes, funds are acceptable if given on an *unrestricted* basis to the Welfare Department. There must be demonstration that eligible AFDC recipients are not being given services by the other agency. Included in the contract there must be an elaboration of the fact that the contributing agency is unable to provide services to these clients with the amount of money which they have. However, by matching the excess money and earning additional federal money, services could be provided.

3. "If the answer to question two is affirmative, we ask the next question: "Assuming that appropriate contractual arrangements have been worked out *under the terms of CFR 226, can the Department of Public Works, upon receipt of an appropriate bill, pay to the state agency supplying the service the Federal share of the cost of the service. That is, the agency supplying service would be paid only that portion of the service cost which represents the Federal share. The balance, or state's share, of the cost would be met out of that agency's state appropriation."*

At this time, your proposal is not feasible. This entire area is now under consideration by the Administrator in Washington.

4. "If the answer to question three is negative, then we pose this question:

"Assuming an appropriate contractual arrangement under CFR 226, could the agency supply the service bill the Welfare Department for the total cost of the service and, simultaneously with submitting the bill, transfer the Department of Public Welfare an amount equal to the State share of the bill?"

The answer to this question is also no.

Within the last ten days, the entire area of purchase of services from other public agencies has been brought under scrutiny by General Counsel for resolution.

If I can be of service to you, please feel free to call on me.

Sincerely yours,

PEGGY R. WILDMAN,
Associate Regional Commissioner, Community Services.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
SOCIAL AND REHABILITATION SERVICE,
Dallas, Tex., June 15, 1972.

Mr. RAYMOND W. VOWELL,
Commissioner, State Department of Public Welfare, John H. Reagan Building, Austin, Tex.

DEAR MR. VOWELL: On September 7, 1971, I responded to your inquiry of August 31st concerned with questions relating to transfer of funds from other public agencies to the welfare department.

You are aware that subsequent communication from Central Office was not consistent with our position at that time. In addition, we have discussed the issue more recently with Central Office and have concluded our earlier interpretation is not in keeping with the current national position. Therefore, the answers given you in the September 7th letter are no longer appropriate.

Sincerely yours,

PEGGY R. WILDMAN,
Associate Regional Commissioner.

EXHIBIT B

PROPOSED HEW REGULATION CHANGE LIMITING MATCHABLE STATE ALLOCATIONS

§ 226.2 Federal financial participation.

(a) Federal financial participation is available in expenditures for purchase of services under the State plans to the extent that payment for purchased services is in accordance with rates of payment established by the State which do not exceed the amounts reasonable and necessary to assure quality of service and, in the case of services purchased from other public agencies, the cost reasonably assignable to such services.

(b) Services which may be purchased with Federal financial participation are those for which Federal financial participation is otherwise available under title I, IV–A, X, XIV, or XVI of the Social Security Act and which are included under the approved State plan.

(c) In any new purchase from a public agency, on or after July 1, 1972, Federal financial participation is available only in those expenditures by the provider agency which exceed the expenditures during fiscal year 1972 by the provider agency (or its predecessors) in furnishing services of the type being purchased, to persons of the type for whom services are purchased.

EXHIBIT C

Itemized List of Maryland Purchase-of-Service Contracts Signed During Fiscal 1972

Department of Employment and Social Services,
Office of the Secretary,
Baltimore, Md., July 12, 1972.

To: Rita C. Davidson.
From: Bill B. Benton, Jr.
Subject: Purchase of service agreements.

Listed on the attached tables are the Purchase of Service Agreements which have been completed by this Department during the fiscal year ending June 30, 1972. This list does not include several of the pre-existing Purchase of Service Agreements prior to your efforts toward expanding this program.

In all, 57 Purchase of Service Contracts were negotiated. This amount is broken down as follows: 11 with State Agencies, 8 with Private Agencies, 23 with Local Governments, 15 with other Public Agencies.

These contracts totaled over 525,178,710 dollars in State, Federal and Local Funds. This means, that if all the purchase-related plan amendments are approved, the State of Maryland, including localities, will be entitled to draw 393,751,940 million dollars in previously untapped Federal resources. These amounts are detailed below:

	State/local share	Federal matching	Total
State agencies	$84,002,747.00	$252,008,241.00	$336,010,988.00
Private agencies	637,665.00	1,761,491.00	2,399,156.00
Local governments	37,933,958.18	113,436,754.54	151,370,712.72
Other public agencies	8,852,400.23	26,545,453.69	35,397,853.92
Total agencies	131,426,770.41	393,751,940.23	525,178,710.64

The total dollar increase in FY 1973 projections over the May HEW estimate is $385,812,809.00. I trust that this information is satisfactory for your use and will be pleased to provide you with more detailed information at your request.

PURCHASE OF SERVICE AGREEMENTS IN EFFECT AS OF JULY 1, 1972
OTHER STATE DEPARTMENTS

Provider	Contract dates	Federal share	Local share	Total program	Monitoring fee	Total less monitoring	Contracted DESS program
Health and mental hygiene alcoholism	Apr. 1, 1972–June 30, 1973	$17,776,125.00	$5,925,375.00	$23,701,500.00	$2,370,150.00	$21,331,350.00	
Preventive medicine	do	2,714,271.00	904,757.00	3,619,028.00	361,903.00	3,257,125.00	
Chronic ill and aging	do	876,999.00	292,333.00	1,169,332.00	116,933.00	1,052,399.00	
Community service	do	11,627,034.00	3,875,678.00	15,502,712.00	1,550.271.00	13,952,441.00	
Drug abuse	do	19,517,715.00	6,505,905.00	26,023,620.00	1,301,181.00	24,722,439.00	[1] $2,000,000.00
Mental retardation	do	18,696,192.00	6,232,064.00	24,928,256.00	1,187,060.00	23,741,196.00	[2] 4,000,000.00
Economic and community development	do	159,633.00	53,211.00	212,844.00	21,284.00	191,560.00	
Public safety and correction	do	14,272,011.00	4,757,337.00	19,029,348.00	1,902,935.00	17,126,413.00	
Attorney general of Maryland	do	498,630.00	166,210.00	664,840.00	66,484.00	598,356.00	
Juvenile services	do	55,778,538.00	18,592,846.00	74,371,384.00	7,437,138.00	66,934,246.00	
State board of education	do	71,267,679.00	23,755,893.00	95,023,572.00	9,502,357.00	85,521,215.00	
Mental retardation addendum	do	38,823,414.00	12,941,138.00	51,764,552.00	5,176,455.00	46,588,097.00	
Total, other State departments		252,008,241.00	84,002,747.00	336,010,988.00	39,994,151.00	305,016,837.00	
Political subdivisions		113,436,754.54	37,933,958.18	151,370,712.72	12,046,863.24	139,323,849.48	
Private agencies		1,761,491.00	637,665.00	2,399,156.00	124,945.75	2,274,210.25	
Public agencies		26,545,453.69	8,852,400.23	35,397,853.92	1,769,366.80	33,628,487.12	
Total all agencies		393,751,940.23	131,426,770.41	525,178,710.64	44,935,326.79	480,243,383.85	

[1] Judicare. [2] Day care.

PURCHASE OF SERVICE AGREEMENTS IN EFFECT, AS OF JULY 1, 1972

Provider	Contract dates	Federal share	Local share	Total program	Monitoring fee	Total less monitoring
PRIVATE AGENCIES						
East County Summer Camp [1]	July 3, 1972–Aug. 11, 1972	$4,166.00	$1,389.00	$5,555.00	$277.75	$5,277.25
Fort Detrick Association [1]	July 10, 1972–Aug. 20, 1972	2,782.00	928,00	3,710.00	185.00	3,525.00
Health and Welfare Council Campership	Apr. 1, 1972–July 30, 1973	103,173.00	34,391.00	137,564.00	6,878.00	130,686.00
Health and Welfare Council, United Fund	do	731,424.00	243,808.00	975,232.00	56,521.00	918,711.00
Legal Aid Bureau, Consumer Law Center	do	77,444.00	25,815.00	103,259.00	4,917.00	98,342.00
Maryland 4-C Committee	do	115,707.00	38,569.00	154,276.00	7,714.00	146,562.00
Montgomery County 4-C	do	77,295.00	25,765.00	103,060.00	5,153.00	97,907.00
SAGA (Episilon Omega)	do	649,500.00	267,000.00	916,500.00	43,300.00	873,200.00
Total, private agencies		1,761,491.00	637,665.00	2,399,156.00	124,945.75	2,274,210.25

[1] Contract executed June 26, 1972.

85-597—72——17

PURCHASE OF SERVICE CONTRACTS, POLITICAL SUBDIVISIONS—COUNTIES AND BALTIMORE CITY, AS OF JULY 1, 1972

Provider	Contract dates	Federal share	Local share	Total program	Monitoring fee	Total less monitoring
Allegany County	Apr. 1, 1972–June 30, 1973	$693, 588. 00	$231, 196. 00	$924, 784. 00	$46, 239. 00	$878, 545. 00
Anne Arundel County	do	8, 433, 669. 00	2, 811, 223. 00	11, 244, 892. 00	562, 245. 00	10, 682, 647. 00
Calvert County	do	628, 125. 00	209, 375. 00	837, 500. 00	41, 875. 00	795, 625. 00
Caroline County	do	199, 116. 00	66, 372. 00	265, 488. 00	13, 274. 00	252, 214. 00
Carroll County	do	1, 252, 830. 00	417, 610. 00	1, 670, 440. 00	83, 522. 00	1, 586, 918. 00
Cecil County	do	95, 115. 00	31, 705. 00	126, 820. 00	6, 341. 00	120, 479. 00
Charles County	do	1, 277, 217. 00	425, 739. 00	1, 702, 956. 00	85, 148. 00	1, 617, 808. 00
Dorchester County	do	661, 740. 00	220, 580. 00	882, 320. 00	44, 116. 00	838, 204. 00
Frederick County	do	4, 980, 120. 00	1, 660, 040. 00	6, 640, 160. 00	332, 008. 00	6, 308, 152. 00
Garrett County	do	134, 535. 00	44, 845. 00	179, 380. 00	8, 969. 00	170, 411. 00
Harford County	do	2, 749, 224. 00	916, 408. 00	3, 665, 632. 00	183, 282. 00	3, 482, 350. 00
Howard County	do	3, 307, 203. 00	1, 102, 401. 00	4, 409, 604. 00	220, 480. 00	4, 189, 124. 00
Kent County	do	484, 317. 00	161, 439. 00	645, 756. 00	32, 288. 00	613, 468. 00
Prince Georges County	do	16, 769, 349. 00	5, 589, 783. 00	22, 359, 132. 00	1, 117, 956. 00	21, 241, 176. 00
Queen Annes County	do	408, 630. 00	136, 210, 00	544, 840. 00	27, 242. 00	517, 598. 00
St. Marys County	do	1, 139, 169. 00	379, 723. 00	1, 518, 892. 00	75, 945. 00	1, 442, 947. 00
Somerset County	do	151, 485. 00	50, 495. 00	201, 980. 00	10, 099. 00	191, 881. 00
Talbot County	do	373, 908. 54	124, 636. 18	498, 544. 72	24, 927. 24	473, 617. 48
Washington County	do	1, 800. 862. 00	626, 954. 00	2, 507, 816. 00	125, 391. 00	2, 382, 425. 00
Baltimore City:						
Comprehensive	do	42, 014, 697. 00	14, 004, 899. 00	56, 019, 596. 00	5, 601, 959. 00	50, 417, 637. 00
Additional	do	25, 366. 695. 00	88, 455, 565. 00	33, 822, 260. 00	3, 382, 227. 00	30, 440, 033. 00
Prince Georges County:						
Aging	do	31, 932. 00	10, 644. 00	42, 576. 00	2, 129. 00	40, 447. 00
Council and Office of Childhood Development	do	403, 228. 00	256, 116. 00	659, 344. 00	19, 201. 00	640, 143. 00
Total		113, 436, 754. 54	37, 933, 958. 18	151, 370, 712. 72	12, 046, 863. 24	139, 323, 849. 48

PURCHASE OF SERVICE AGREEMENTS IN EFFECT AS OF JULY 1, 1972

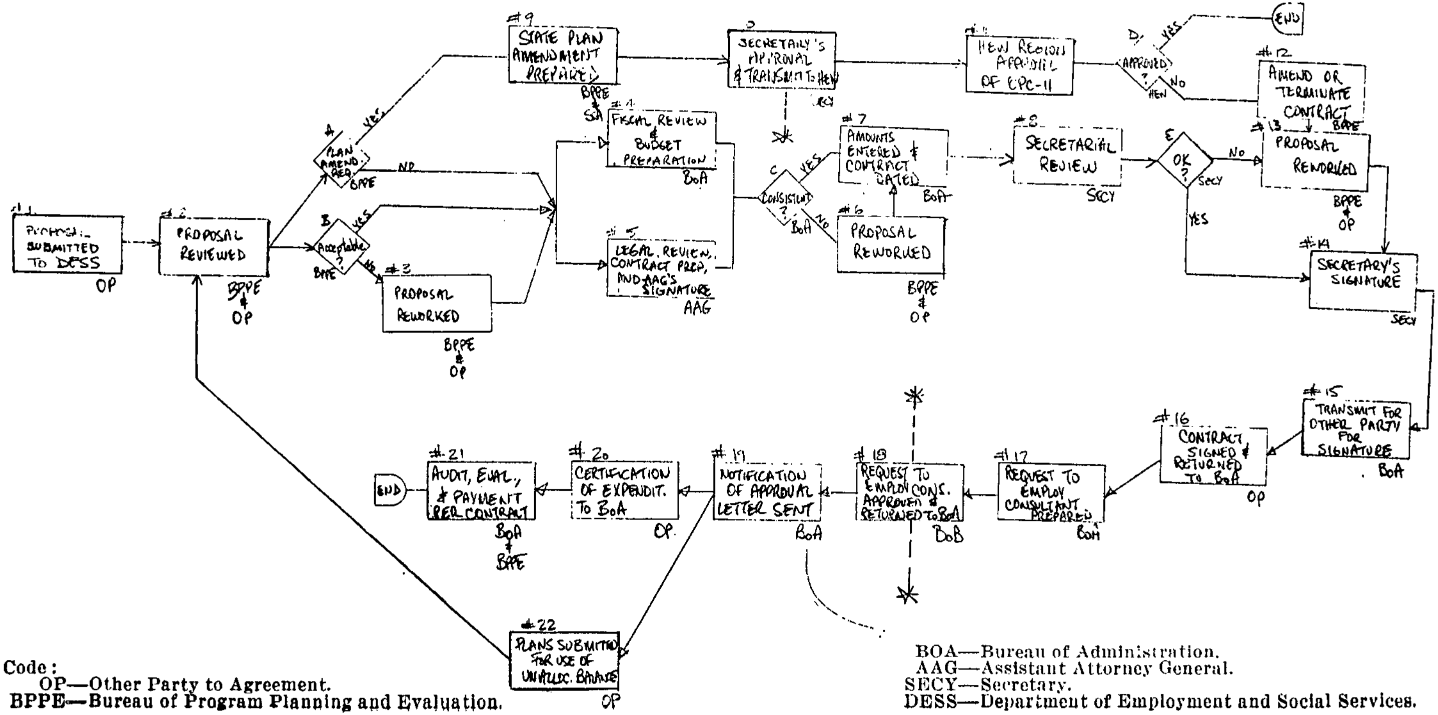
Provider	Contract dates	Federal share	Local share	Total program	Monitoring fee	Total less monitoring
PUBLIC AGENCIES						
Anne Arundel County Housing Authority	Apr. 1, 1972–June 30, 1973	$573,369.00	$191,123.00	$764,492.00	$38,225.00	$726,267.00
Camp Concern	June 5, 1972–June 2, 1973	263,534.00	87,815.00	352,349.00	17,567.00	333,782.00
Camp Variety	June 28, 1972–Aug. 18, 1973	102,283.00	34,094.00	136,377.00	6,819.00	129,558.00
Dorchester County Community Development	Apr. 1, 1972–June 30, 1973	40,050.00	13,350.00	53,400.00	2,670.00	50,730.00
Maryland School for Deaf	Apr. 1, 1972–June 30, 1973	405,003.00	135,001.00	540,004.00	27,000.00	513,004.00
Maryland Workshop for the Blind	Apr. 1, 1972–June 30, 1973	4,564,677.00	1,521,559.00	6,086,236.00	304,312.00	5,781.924.00
Montgomery Community College (tutorial)	Apr. 1, 1972–June 30, 1973	53,052.00	17,675.00	70,727.00	3,536.00	67,191.00
Montgomery County Board of Education	Apr. 1, 1972–June 30, 1973	19,712,451.00	6,570,817.00	26,283,268.00	1,314,163.00	24,969,105.00
Prince Georges County Housing Authority	Apr. 1, 1972–June 30, 1973	236,409.38	82,786.12	319,281.50	15,964.08	303,317.42
Somerset County and Wicomico County Health Departments.	Apr. 1, 1972–June 30, 1973	41,613.00	13,871.00	55,484.00	2,774.00	52,710.00
Wicomico County Housing Authority	Apr. 1, 1972–June 30, 1973	15,063.46	5,021.15	20,084.61	956.41	19,128.20
School without a building	Apr. 1, 1972–June 30, 1973	326,999.00	109,000.00	435,999.00	21,800.00	414,199.00
Model Cities summer camp	June 28, 1972–Aug. 19, 1972	42,175.35	14,058.45	56,233.80	2,677.80	53,556.00
Delta Living (single parent)	Apr. 1, 1972–June 30, 1973	108,166.91	36,055.64	144,222.55	6,867.74	137,354.81
Emergency Parent	Apr. 1, 1972–June 30, 1973	60,521.59	20,173.87	80,695.46	4,034.77	76,660.69
Total, public agencies		26,545,453,69	8,852,400.23	35,397,853.92	1,769,366.80	33,628,487.12

EXHIBIT D

1) Sequence of Events in Development and Implementation of Purchased Services

2) Letter From Maryland Department of Budget and Fiscal Planning Detailing Procedures Department of Employment and Social Services Must Follow Before Implementing Contracted Service Programs

Purchase of Service Sequence and Flow of Events, Maryland Department of Employment and Social Services



Code:

OP—Other Party to Agreement.

BPPE—Bureau of Program Planning and Evaluation.

BOA—Bureau of Administration.

AAG—Assistant Attorney General.

SECY—Secretary.

DESS—Department of Employment and Social Services.

DEPARTMENT OF BUDGET AND FISCAL PLANNING,
Baltimore, Md., August 16, 1972.

MRS. RITA C. DAVIDSON,
Secretary, Department of Employment and Social Services, Baltimore, Md.

DEAR SECRETARY DAVIDSON: The Board of Public Works, on August 14, 1972, considered the following positions which were presented subject to the actual receipt of Federal Funds under the provisions of Title IVA and Title XVI of the Social Security Act as amended.

DEPARTMENT OF EMPLOYMENT AND SOCIAL SERVICES

137 positions to monitor, evaluate and administer purchase of service agreements;

6 positions for the Office of Childhood Development monitoring;

433 positions for operation and administrative support of day care activities;

64 positions to provide social services to Housing Authority residents in Anne Arundel, Prince Georges and Wicomico Counties;

1 position to monitor and evaluate a purchase of service agreement entitled "School Without a Building";

5 positions to monitor and evaluate a purchase of service agreement with the Health and Welfare Council of Central Maryland;

4 positions for expansion of the Legal Services Program.

DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

2 positions for the planning phase of home ownership/tenant counseling, educational and housing social service programs.

DEPARTMENT OF HEALTH AND MENTAL HYGIENE

18 positions for the planning phase of expanded mental retardation programs.

DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONAL SERVICES

16 positions for the planning phase of parole and probation service programs.

STATE DEPARTMENT OF EDUCATION

2 positions for the planning phase of education programs.

688 Total Positions.

These positions were approved subject to prior satisfaction of the following conditions before any positions are established or monies expended on behalf of contracts or programs funded through expansion of Title IVA and Title XVI eligible services:

1. The amended State Plan must be approved by the United States Department of Health, Education, and Welfare.
2. A letter of credit must be in hand which incorporates the additional funding requirements supporting both direct and indirect costs of the expanded programs.
3. A summary of the various programs requested under Title IVA and Title XVI of the Social Security Act as amended shall be submitted to the Honorable William James, President of the Senate, and the Honorable Thomas Hunter Lowe, Speaker of the House, explaining program content and the source and status of funds.
4. The Legislative Committee on Joint Budget and Audit must be notified prior to the implementation of each expanded program along with the source and status of funding for that program.
5. A course of action should be pursued which will permit the State of Maryland to receive matching funds, as provided under Title IVA and Title XVI of the Social Security Act as amended, for existing eligible services currently financed by General Funds.

Respectfully submitted.

JAMES P. SLICHER, *Secretary.*

EXHIBIT E

BALTIMORE ECONOMIC AND DEMOGRAPHIC DATA

Baltimore, the seventh largest city in the nation, has experienced an alarming growth in the dependency rate of its population, with corresponding demands on city services. Unfortunately, the city's resources have not kept pace with these growing demands.

Description of target population

A few demographic indicators graphically describe the plight of the city's population.

8.7% unemployment rate in June 1972 as compared with 7.8% in June 1971.[1]

1 of 4 persons in Baltimore City have incomes near or below the poverty level (income less than 125% of poverty level).[2]

160,747 people receive public assistance. This figure represents 17.7% of the City's population.[3]

6,519 students, or about 9% of the secondary school population, dropped out of school during the 1971–72 year.[4]

The unemployment rate for male high school drop-outs, ages 16 to 21, is 43%.[2]

39.6% of the population aged 18 to 24 has not graduated from high school.[2]

The aged dependency ratio is the highest in the State of Maryland. 10.5% of the City's population is aged 64 or over.[2]

33% of the population is under 18.[2]

One of four children in Baltimore City are living in female-headed households.[2]

Baltimore City has third highest violent crime rate in the nation.[5]

60% of the burglaries are committed by youth under 18.[5]

50% of the robberies are committed by youth under 18.[5]

20% of the housing stock is below acceptable code standards.[6]

Attached are additional statistics which support the above indicators.

In recognition of the severity and diversity of Baltimore's problems, the Law Enforcement Assistance Administration of the Department of Justice has recently designated the City as a "High Impact" crime city; Department of Labor has designated the entire city as eligible for Section 6 funds under the emergency Employment Act ("area of substantial unemployment"); the Youth Development and Delinquency Prevention Administration of HEW has studied the full range of services available to youth in Baltimore and found them seriously inadequate and fragmented.

Even though Baltimore's problems have been recognized by both the State and federal governments, the need for services far outstrips available assistance. Because the city has experienced a very small increase in its assessable basis, the revenue gap has been closed each year by resort to the already overburdened property tax. Anticipating the passage of revenue sharing by September 1, the city enacted a deficit budget for the first time in its history. With that deadline already past, city services are now being cut.

In light of these facts, it is only logical and proper that the State of Maryland through its Department of Employment and Social Services should enter into a purchase of service arrangement with Baltimore City in an effort to expand inadequate, existing services and to provide otherwise unobtainable, new services.

Current programs—Proposed expansion

Following are some examples of current programs serving the target population. Expansion is projected for each of these services.

"School Without A Building" to provide an alternative work-study program for high school drop-outs.

Comprehensive educational services to enable "educable" youngsters to realize their full potential.

Street Club program to assist alienated youth in obtaining employment, recreation, and educational opportunities.

Special home services for the chronically ill who would otherwise require institutional care.

Psychiatric day center for mentally ill persons on an outpatient and outreach basis.

Comprehensive service units in high-rise public housing for the elderly, for education, employment, health and recreation.

Expanded hours for recreation centers to provide activities for youth and teenagers who would otherwise have no constructive outlet for their energies, interests, or free time.

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[1] Department of Employment Security Administration.
[2] United States Census 1970.
[3] Department of Social Services.
[4] Department of Education.
[5] Federal Bureau of Investigation Uniform Crime Report.
[6] Department of Housing and Community Development.

Preventive dentistry to provide dental health education, nutritional counseling, and clinical dental care.

Family planning counselors to implement outreach services.

Readjustment centers to provide special educational opportunities for students with high truancy rates.

Clinics equipped to identify and provide counseling services for sickle-cell disease.

Iron-enriched milk distribution program for children of low-income families.

Counseling services for problem tenants as identified by the Housing Court.

Unmet need

These programs have been successful in serving limited numbers of people. Present funding resources are inadequate to meet the needs of thousands of city residents. The dimensions of unmet need are underscored by the following facts:

16,000 families eligible for Baltimore City public housing are currently on waiting lists.

5,065 male youth who have dropped out of school are unemployed and largely unemployable without additional training and counseling.

Several thousands of people are on waiting lists for training programs—Job Corps, WIN, Neighborhood Youth Corps, Concentrated Emplyoment Program. However, funds are currently being reduced for these programs.

During the past year, Baltimore's number of unemployed residents has increased by 3,000 people or about 9%. Their problem is exacerbated by the recent 20% reduction in funds for the Employment Service.

Cost-benefit review

Skill training programs have been shown to yield benefits which substantially exceed the cost of the original investment. Another manpower program with a high return relative to cost is a proposed job-related transportation system from the inner-city to suburban places of employment. This system will increase employment and earnings, thus creating an increase in purchasing power and taxable income. The net result of these manpower programs is the transformation of tax burdens into tax creators.

Other social services have demonstrated economic practicality as well as social and human justification. Among these are the Special Home Services for the Elderly and the Psychiatric Day Center. Both of these programs enable patients to remain at home for care and treatment at a fraction of the cost that would be incurred in public institutions.

New programs

Examples of new programs which we intend to plan and implement under a purchase of service contract are:

Pre-retirement counseling for elderly persons;

Mobile drug prevention counseling units to provide diagnostic, treatment, and referral services;

High school drop-out training in nautical skills to prepare youths for merchant marine and port-related jobs;

Vocational training, rehabilitation, and family counseling services for the male and female jail population;

Homeownership and home maintenance counseling for low-income residents;

Violence center to provide psychiatric counseling to violent students and drug addicts;

A network of street academics to provide alternative vocational-educational experiences for ex-offenders, youth diverted from the criminal justice system, and students poorly adjusted to the traditional school model.

The City of Baltimore proposes to plan a comprehensive system of services to be funded by a Purchase of Service contract with the State Department of Employment and Social Services. In accordance with the intent of the Social Security Act (49 Stat. 620), these services will be designed to decrease the likelihood of dependency among the various segments of Baltimore's eligible population by improving both the quality and quantity of city services geared to promoting self-sufficiency and productivity. The need for expanded and improved programs is evident, and we have demonstrated that funds allocated to such programs yield multiple returns. Yet without this proposed support, these urgent needs will remain unmet.

I. INCOME OF FAMILIES AND UNRELATED INDIVIDUALS

Families with female head—46,929.
Female headed families as a % of all Families, 21.8.
Children less than 18 yrs. old in female headed families, 70,620.
Children less than 18 yrs. old in female headed families as a % of all children less than 18 yrs. old—23.3.
Mean income of female headed families—$6,054.00.

II. TYPE OF INCOME OF FAMILIES

Public assistance or public welfare, 21,721.
Mean income, $1,313.
Total persons on public assistance or public welfare, 160,747—Adults, 59,772; Children, 90,975.

III. INCOME LESS THAN POVERTY LEVEL

(1) Families, 30,178.
Percent of all families, 14.0.
Mean family income, $1,937.00.
Percent receiving public assistance, 37.1 (11,196).
Mean size of the family, 4.19.
Families with female head, 17,339.
Female headed families with related children under 18 yrs., 15,467.
(2) Unrelated individuals, 37,165.
Percent of all unrelated individuals, 36.3.
Mean income, $842.00.
Percent receiving public assistance, 19.1 (7,098).
(3) Persons—163,486.
Percent of all persons, 18.4.
Percent 65 yrs. and over, 13.8 (22,561).
Related children under 18, 73.276.
Percent living with both parents, 27.3 (20,004).

IV. INCOME LESS THAN 125% OF POVERTY LEVEL

(1) Families, 40,856.
Percent of all families, 18.9.
Mean income deficit, $2,176.00.
Families with female head, 20,767.
(2) Unrelated individuals, 43.406.
Percent of all unrelated individuals, 42.4.
Mean income deficit, $1276.00.
(3) Persons, 216.806.
Percent of all persons, 24.2.
Related children under 18 yrs., 97.390.
Percent living with both parents, 36.0 (35,060).

V. EMPLOYMENT STATUS

(1) Male, 16 Yrs. and over, 291,531.
Labor force, 216,667.
Percent of total, 74.3.
Civilian labor force, 213,493.
Unemployed, 9,119.
Percent of civilian labor force, 4.3.
Not in labor force 65 yrs. and over, 26,680.
(2) Female, 16 Yrs. and over, 343,216.
Labor force, 156,455: percent of total 45.6.
Civilian labor force, 156,330.
Unemployed, 8,004.
Percent of civilian labor force, 5.1.
Not in labor force 65 yrs. and over, 48,190.
(3) Male, 16–21 yrs., 44,486.
Not enrolled in school, 19,641.
Not high school graduate, 11,653.
Unemployed or not in labor force, 5,065.

VI. UNEMPLOYMENT BY RACE 1972

(1) Negro male, 4,993.
(2) Negro female, 4,916.

VII. JUNE 1972

(1) Work force, 424,445.
(2) Unemployment rate, 8.7.
(3) Number of unemployed, 36,910.

VII. BALTIMORE CITY

(1) Youth dependency ratio, 599.
(2) Aged dependency ratio, 189.
Total, 788.

IX. STATE OF MARYLAND

(1) Youth dependency ratio, 654.
(2) Aged dependency ratio, 133.
Total, 787.

Population 65 and over	Maryland	Baltimore	Baltimore as percent of Maryland
White	258,981	71,314	27.8
Nonwhite	40,716	24,350	59.5
Total	299,697	95,664	31.9
Receiving incomes less than poverty level, total	62,625	22,561	36.0
Receiving incomes less than poverty level, Negro	15,343	9,038	58.9
Receiving incomes less than poverty level, receiving social security, total	46,531	16,311	35.0
Receiving incomes less than poverty level, receiving social security, Negro	10,387	6,092	58.7
Aged dependency ratio [1]	133	189	110.5

[1] The number of persons 65 years and over per 1,000 population 18 to 64.

Source: All data from 1970 census.

BALTIMORE

Population 65 and over		Total population	Elderly as percentage of total
Total	95,664	905,759	10.6
White	71,314	479,837	14.9
Negro	24,350	420,110	5.8

Receiving incomes less than poverty level, total, 22,561. This is 23.6% of the elderly population.

Receiving incomes less than poverty level, Negro, 9,038. This is 37.1% of the elderly Negro population.

Receiving incomes less than poverty level, receiving Social Security, total, 16,311. This is 72.3% of the poor elderly population.

Receiving incomes less than poverty level, receiving Social Security, Negro, 6,092. This is 67.4% of the poor elderly Negro population.

EXHIBIT F

Resolution Adopted by Governor's Representatives and Social Services Administrators on July 17, 1972

Whereas in 1967 the Congress enacted legislation to encourage states to expand and improve the spectrum of social services under Titles I, IV–A, X, XIV and XVI of the Social Security Act by authorizing the Department of Health, Education, and Welfare to match all dollars furnished by the States at a ratio of 3-to-1, and

Whereas both Houses of Congress have reaffirmed that intent in every session since that date and the House of Representatives did so again this year, and

Whereas not all States were able to avail themselves of these matching service funds at an equal pace, thus resulting in a disproportionate utilization of Federal funds, and

Whereas most States have been able to conclude substantive good-faith agreements in accordance with existing law during the fourth quarter of FY 72, and

Whereas the Senate Appropriations Committee, involving itself in substantive program determination, placed a $2.5 billion limitation on social services in FY 73 on the basis of projections which did not include statistics for the fourth quarter of FY 72, and

Whereas these seriously incomplete estimates, which resulted in an inadequate funding level, jeopardize the program commitments of many States in contravention of the intent of that Committee to assure that "every state will receive at least the amount they have estimated as required," and

Whereas retention of the totally unrealistic $2.5 billion limitation will force States to curtail existing social services to people, and will either freeze into the system gross inequities among the States in terms of their ability to provide for and develop social services to their citizens, or, alternatively, will vest in an administrator the authority that rightly rests with the Congress to devise a fair formula for future funding of social services programs for all the States: Now, therefore, be it

Resolved, That the Congress be urged to take acting ensuring that the open-end accessibility of Federal matching funds for the social services program be retained until such time as the Congress itself may devise a formula to assure for the future that all states receive an equitable and adequate share of Federal funds for services for their citizens.

EXHIBIT G

Letter From Governor Mandel to House and Senate Conference Committee Proposing Ceiling and Distribution Formula

State of Maryland,
Executive Department,
Annapolis, Md., July 25, 1972.

To: Members of the House and Senate conference committee on HEW-Labor appropriation bill.

From: Gov. Marvin Mandel, Chairman, National Governors' Conference.

As Chairman of the National Governors' Conference, I am cognizant of the concern of Congress with the rapid increase of costs of social service programs. Recognizing that alternatives need to be proposed to the present form of providing funds for social services under the Social Security Act, I appointed a special committee of Governors to deal with this issue. This committee consists of Governor Walter Peterson of New Hampshire, Governor Milton Shapp of Pennsylvania, Governor Preston Smith of Texas, Governor Daniel Evans of Washington, Governor Richard Ogilvie of Illinois, and myself as Chairman.

Except for the reservations and dissenting comments which appear at the end of this statement, the committee members have reached agreements on a set of recommendations to the Congress, as follows:

1. That there be a constant state maintenance of effort based on FY 1972 total state expenditures for qualified services.
2. That the FY 1973 appropriation shall be $3.6 billion, to be distributed in accordance with the formula described below. If required, an additional sum shall be appropriated to guarantee that every state's FY 1973 entitlement shall not be less than their FY 1972 expenditures. An additional appropriation should be made to cover FY 1972 last quarter reimbursable expenditures.
3. That in FY 1973, the $3.6 billion appropriation shall be allocated among the States as follows: $1.8 billion shall be available for distribution in the ratio that the amount estimated in June 1972 by each State bears to the total estimate in June 1972 of all States; $ .9 billion shall be available for distribution in the ratio that the number of persons below the poverty level in each State bears to the number of persons in all such States; and $ .9 billion shall be available for distribution in the ratio that the number of persons receiving support payments under Titles I, IV, X, XIV, and XVI of the Social Security Act bears to the number of such persons in all States

4. The committee believes that the formula described above would be consistent with the original purposes of the statute. The committee further believes that this approach provides a more equitable method of limiting social services expenditures than is the case with the flat limitation contained in the Senate HEW appropriations language. The committee finally believes that such an approach will achieve an acceptable balance between states' past efforts and an equitable distribution of federal funds to the poor throughout the United States.

Governor Ogilvie does not agree with the above recommendations because the resulting formula for distributing federal social services dollars is prejudicial against all of the large industrial States, where the welfare problem is most acute. Any careful examination of the application of this formula to the welfare situation as it exists in each of the fifty States would demonstrates the inequity of the formula from this standpoint, is Governor Ogilvie's view.

The State of Washington indicated its first preference would be conference committee language that would not contain an absolute limit, but would, rather, require each State to submit documentation justifying to the Congress expenditures above FY 1972 levels that would include cost benefit and cost effectiveness analysis and certification that federal funds have not been used to replace non-federal expenditures for social services.

The State of Pennsylvania expressed the view that by at least FY 1977 (July 1, 1976) there should be equity among States based on a uniform amount available to States for social services based on the number of people below the poverty level and the number of public assistance recipients or some combination of such persons.

We urge the implementation of the above recommendations.

EXHIBIT H

Wire, Governor Mandel to Governors, Urging Acceptance of Ceiling and Bar Against Replacement of State Funds

National Governors' Conference,
Office of Federal-State Relations,
Washington, D.C., August 11, 1972.

To all Governors:

Supplementing an earlier message today regarding revenue sharing. a last minute claims of legislative jurisdiction by the Senate Appropriations Committee over the revenue sharing bill could produce a fatal delay for this bill. Senate Finance Committee today voted to recall revenue sharing bill as a result of this belated procedural issue.

To insure prompt floor action on revenue sharing, urgent that you call or wire your Senators, Senate leadership, Senate Appropriations Committee, and Senate Finance Committee urging:

1. Senate Appropriations Committee withdraw its request for jurisdiction over the revenue sharing bill,
2. Senate Finance Committee to once again report the bill to the floor early next week regardless of Appropriations Committee action and if necessary support Senate Finance Committee on floor regarding procedural issue.

Governors should also urge that once the revenue sharing bill reaches the Senate floor, that the complicated and controversial provisions in the bill dealing with social services be deleted; however, very important that Governors agree to revision of the current open-ended social services programs through:

1. An adequate national ceiling on expenditures,
2. Formula for equitable distribution of funds, and
3. Accountability including a prohibition of State using social service funds to refinance State expenditures.

Marvin Mandel, *Chairman.*

Prepared Statement of George E. Miller

"THE AFDC PROGRAM IN NEVADA"

Introduction:

The AFDC Program in the State of Nevada presents some unique characteristics of which the Subcommittee should be aware. Nevada is a state of contrasts. Nevada ranks 7th in size and 47th in population. Nevada is Las Vegas, a sophisticated cosmopolitan city, Nevada is Elko, a lively ranching community reminiscent of the Old West. Nevada ranks 5th in the nation in per capita income. Yet, 68% of Indian families in Nevada had income of less than $3,000 in 1970.

Nevada's Welfare programs and problems are like the state, unique. Nevada was the last state to enact a program under Title IV–A of the Social Security Act—Aid to Dependent Children. This occurred in 1955. Nevada currently is providing assistance to 15,500 mothers and children under the ADC Program.

Nevada has perhaps the highest percentage of employed AFDC adults in the Nation. For the past year that percentage has fluctuated from 24% to 35%. This compares to the national average for employed needy caretakers of about 8%. The nature of this employment—working in casinos, hotels, and in other areas of the 24-hour entertainment oriented work force of Nevada—leads to problems of tremendous proportion. This is true in both the initial reporting of income and resources, as well as the need for nearly monthly changes in the income and resources for the greatest majority of working parents in the ongoing caseload. The Legislature of the State of Nevada has never approved the unemployed parent portion of the AFDC Program. With the work situation as it exists in Nevada, one can well imagine how the problems of income reporting would be compounded if this portion of the AFDC Program was administered in our State.

The welfare program in Nevada is state administered. Aid and Services are provided through twelve district offices located throughout the state. The offices range in size from Las Vegas, with a staff of 197, to three offices with one worker each. Nevada has been operating with a complete separation of services and eligibility since July 1, 1969.

Major areas of fiscal concern—assistance payments

I. Arbitrarily imposed limit on Federal matching funds

Section 403(a) (1) (B) of Title IV–A deals with the Federal matching formula in AFDC for grants between $18 and $32. The key terminology in this section is the word "the FEDERAL percentage".

Although not cleanly spelled out in the Social Security Act, the Federal percentage used in this matching formula is computed on the basis of a state's per capita income. "The Federal percentages and Federal medical assistance percentages for July 1, 1969 through June 30, 1971," shows Federal percentages ranging from a low of 50% to a high of 65%. Nevada, because of its high average per capita income, is at the lowest end of the spectrum, or 50%. We say that this system of assessing the "Federal percentage" for matching purposes is arbitrary because it does not take into account the true situation in given States. Nevada is a classic example. Because of its small population—less than one-half million people—combined with the fact that there is a relatively high percentage of these persons who are millionnaires, you end up with an inflated per capita income amount in terms of what the majority of the people actually have in usable income.

In correspondence from Mike O'Callaghan, Governor of Nevada, to The Honorable Russell Long, Senator from Louisiana and Chairman of the Senate Finance Committee—strong recommendations were made to review this methodology for arriving at the "Federal percentage." This would be one method of immediately being able to alleviate the financial burden of the public assistance programs on many of the states.

There is also a serious question about how realistic the $32 ceiling is. In Nevada, given our current need level in AFDC which is approximately the same as the Federal poverty level, it would take an average monthly grant of $67 per month to meet the need of our existing recipients, in full. The $32 ceiling is less than half of that amount. The current matching maximum in Nevada is only $22. This means that if the State were to meet full need the Federal government would only be meeting 33% of that cost.

II. Eligibility determination in the AFDC program

Although not specifically contained in the Title IV–A of the Social Security Act the Federal government required a test of the declaration system of eligibility determination in the AFDC Program beginning in July of 1969. Because of the size of the State of Nevada the test was conducted statewide. To show the current handling of applications we need to indicate the differences between this use of the "declaration system" of eligibility determination and the current system of full verification of all applications.

Perhaps the best picture can be presented by looking first at the period of January of 1968 through December of 1970. The increase in caseload for this period can be attributed to three distinct things. The first is the mandate to delete durational residency requirements. The second is the adoption in July of 1969 of the new disregard of earned income policies in AFDC. The final factor is the use, beginning in May of 1969, of the declaration system of eligibility determination. For that three year period, with the exception of one-quarter when the caseload dropped one-half of one percent, the increase in the caseload for each quarter varied from a low of 1.5% to a high of 12.9% in the July to September quarter of 1969. The overall percentage increase in the caseload for that time span of January 1968 through December 1970 was 96.6%. The increase in number of persons was 7,991 to 15,712 per month. On July 1, 1971 the declaration system of eligibility determination was abandoned and a full complete verification of all eligibility factors in AFDC was begun. For the period of January 1971 through June of 1972 the caseload decreased by 4%. In number of persons the decrease was from 15,669 individuals for the January through March 1971 quarter, to 15,054 individuals per month for April through June of 1972.

We definitely feel that the change from a declaration system to a full verification system has slowed, and perhaps reversed the steady upward spiral of our AFDC caseload. There have been other benefits from this system as well. The first has been the development of an income clearance system with our Employment Security Department. This has served as our most successful tool in the verification of income and resources. All applicants for assistance, and ongoing recipients at the time of redetermination, are cross checked, by Social Security number, with the Employment Security files. The resultant printout shows the past five quarter history on earnings and unemployment insurance benefits.

This verification procedure has led to a great number of referrals to our Investigative Services Unit for investigation of willfully withheld information and possible prosecution for fraud. To give an idea of the effectiveness of this program we can look at one district office, our largest, in Las Vegas, Nevada. In the past calendar year in excess of 350 such referrals have been made to the Investigator. The State Welfare Division has made liberal use of the provision that allows the state to reduce a grant to an eligible person to zero. This is allowed if that person has obtained said grant in larger amounts than those to which he is entitled because of willful withholding of information" (CFR 233.20(a)(3)(ii). In the Las Vegas district office some $35,000 has been recovered from recipients who have willfully withheld information during the past six months.

The factors of willful withholding of information as well as out-and-out fraud lead to the definite need of some form of prosecution and recourse other than through the State court system. District Attorneys of the various counties have been traditionally reluctant to prosecute welfare recipients on fraud charges. Since a large percentage of the money which is being obtained by the fraudulent action is Federal money we would strongly urge the passage of enabling legislation which would allow such prosecutions to be carried on in Federal court. These should be considered violations of Title IV–A of the Social Security Act.

III. Unrealistic requirements of title IV–A

A. Earned income disregards.—The disregard of the first $30 per month and ⅓ of the remaining amount of earned income—without limitation—as contained in Section 402(a)(7)(A)(i) of the Social Security Act has gone far beyond the expectation and intent of Congress. For instance, in the State of Nevada, if we were to meet full need or use a different ratable reduction method, it is entirely possible for a woman with three children to have an income of $1,075 PER MONTH and yet remain eligible for a $1 grant and full medical benefits through the State's Title XIX Program. Although the case is hypothetical it does illustrate graphically the fact that some limitation must be placed on the disregard provision. Because of the high employment percentage in Nevada we have many cases where the recipient wage earner's total income for the month, including their welfare grant, is well in excess of $500 even though they have only two or three children.

B. Fifteen-day prior notice on all cases involving grant reductions or terminations.—The provision of the Social Security Act dealing with prior notification is spelled out in Section 402(a)(4). This section of course has been greatly expanded both by the United States Supreme Court decision in Goldberg v. Kelly as well as the resultant regulations published by the Department of Health, Education and Welfare. We feel that the Secretary of Health, Education and Welfare far exceeded his authority in implementing the Goldberg decision. The regulations lengthened the required time limits, over the protests of most states, beyond the requirement of the court decision.

A full report has recently been filed with the Regional Office of Health, Education and Welfare by our State indicating the gross inequities that have been caused by this 15 day time requirement. In brief that report states that the right to fair hearings is being grossly abused by AFDC recipients. It is virtually impossible, when a person's income fluctuates monthly, to either reduce or terminate that person. They simply request a fair hearing, have their grant continued, and then as the circumstances change once again they abandon their fair hearing request. These items are substantiated by the fact that we have had a greater than 50% withdrawal rate on scheduled fair hearings. The figures supplied to HEW in this recent report show that the continuation of grant provision, coupled with the 15 day notice requirement, is costing the State of Nevada and Federal government in excess of $25,000 a year to support clients who have become wise to the system and have adopted delaying tactics.

C. The Requirement for Updated Need Standards as of July 1969.—The Social Security Act Amendments of 1967 require that the standard of need in the AFDC Program be fully updated to reflect the increase in the cost of living from the time that they had last been updated. This requirement was further compounded by the U.S. Supreme Court decision of Rossado v. Wyman. The updating of each individual item, as well as the requirement for the updating of the total need itself has become extremely unrealistic. The law itself, and the decision by the U.S. Supreme Court, are not related to how realistic or adequate a state's standard was at the time it was last updated prior to July of 1969. Therefore, what has happened, is this: States that had low need standards which were updated a short time before July of 1969 have not been affected greatly by the law or the decision. Other states, including Nevada, that had fairly high need standards already, were forced to make drastic increases in their need standards. The disparity between these two types of states mitigates against any realistic solution to some type of uniform livable need standard for AFDC recipients. This has led to the only practicable solution—namely, lowering the percentage of the amount of need met in keeping with the funds made available by our State Legislatures.

Major areas of fiscal concern—Services

I. Nevada's service program

Nevada has developed a broad program of services to families and children. The services provided are those mandated by Title IV–A and HEW regulations. These include services to assist mothers and youths to achieve employment, child care, family planning, prevention and reduction of births-out-of-wedlock, etc.

Nevada has not chosen to develop a purchase of service program. The reason for this decision will be discussed in detail later. Services are being provided directly by Welfare Division staff and by referral to other community agencies and resources when these services are available without cost. All applicants for AFDC are seen by a service worker at the time of application. At this time the services available to all recipients are explained and discussed. The intake service worker makes an initial assessment of the individual's service needs. If there is need for, and the applicant desires on-going services, the case is assigned to a general or specialized on-going service unit. Services are provided upon request by recipients. Within the limitation of available staff time, recipients are seen at least annually to reassess their service needs.

II. Development of the "social service inventory system"

The separation of service and eligibility highlighted the need to reevaluate the service program, to identify and define what "services" are and to develop methods of accountability for services provided. To accomplish these objectives the Nevada State Welfare Division has spent more than two years developing what we call the Social Service Inventory System. Through the Service Inventory System the Division is able to identify the service needs of AFDC families. The system is also a method of recording what services have been provided, as well as measuring the effectiveness of the service given. The system is beginning to produce the data on which it is possible to develop a viable service program.

Although, the system needs refinement, staff has now gained the needed knowledge and experience on which to build a better system and service program. The Social Service Inventory system was developed by the Nevada State Welfare Division without additional staff or federal funds. Requests for federal assistance to develop the system were rejected.

The following illustrates the type of data available from the Social Service Inventory System. Additional data is being captured and will become available when Data Processing programming is completed.

21.9% of AFDC mothers in Nevada have never been married. This contradicts the popular image of a typical AFDC mother, 64.6% of AFDC mothers use family planning services or family planning services are not needed because of age or medical reasons prevent pregnancy. Only 61% of AFDC mothers or adult caretakers have adequate health. The remainder suffer from a chronic illness or temporary incapacity. The health status of AFDC children is of interest, also, 10.8% of the 6.558 AFDC children on whom data has been obtained have a health problem. Of those having a health problem, 37.1% are chronically ill or frail, 20.7% have physical handicaps, impairments or disfigurements and 15.6% lack adequate medical attention. 83.5% of the AFDC mothers provide their children with adequate care and supervision.

The data on results of services provided is being hand tabulated. The following is an example of the type of data that will be available. 86 individuals were assisted in becoming employed and their income made them ineligible for AFDC. (The income disregards make it difficult for anyone to earn an amount sufficient to make them ineligible for assistance.) 756 individuals began work or training or increased the number of hours of work or income but are still eligible for aid. 218 individuals quit jobs or reduced hours of work or earned income. This includes situations in which this occurred for reasons beyond the control of the recipients. In the family planning area results indicate, that 1467 persons are using family planning service, or a surgical procedure prevents pregnancy or no pregnancy has occurred for 2 years. For only 87 persons, deterioration occurred. "Deterioration" is defined as the client becoming pregnant after beginning to receive aid. These preliminary statistics on results of service provided indicate that in the two areas of employment and family planning, effective services are being provided.

III. Purchase of service

During the time Nevada was attempting to develop an effective and responsible service program, the majority of other states were raiding the federal treasury, recklessly spending the federal dollar for the "purchase of service." Nevada is not opposed to the concept of purchase of service. On the contrary, purchase of service opens up tremendous opportunities to expand services for welfare recipients. Nevada is, however, opposed to purchase of service as it is currently being administered.

The primary reason Nevada has not chosen to develop a purchase of service program is the lack of adequate federal regulations and guidelines. HEW has never set forth in writing a clear definition of what services can or cannot be purchased. The state welfare agencies task has been made more difficult by the fact that almost every federal agency, bureau, department, etc. has put out publicity on the services that can be purchased through Title IV–A funds. This publicity frequently does not tell the whole story. For example, the fact that Welfare has a monitoring and auditing function is too often omitted. This publicity has resulted in tremendous pressure on Welfare agencies to purchase services and many misunderstandings between agencies, with Welfare taking the brunt of the hostility. Our Division had the experience of a local agency preparing and submitting to us a project request for slightly more than a million dollars. This local agency had been lead to believe by their federal agency that approval by Welfare was automatic and Welfare's only involvement was the initial approval.

Welfare's denial of the project has seriously damaged the relationship between the two agencies and of course the welfare recipient is the ultimate loser.

Another major factor contributing to the "purchase of service" fiasco, is the concept of former or potential recipients. It is because of this concept that states have been able to raid the federal treasury. The loose definition in the law and in the federal regulations is the primary problem. Also, there needs to be an evaluation and rethinking of Welfare's role and responsibility. Welfare cannot and should not be all things to all people. Welfare's first responsibility must be to those individuals who are in need of and receiving financial assistance. These individual's have the right to expect that they will receive top priority for any welfare services. Probably many states in their haste to expand purchase of service have lost sight of the AFDC family's service needs.

IV. Early screening and diagnosis

This program is not specifically contained in Title IV–A. However, C.S.A. has now included it as a portion of "mandatory services". P. L. 90–248, enacted 2 January 1968, first added an "early screening" requirement to Title XIX of the Social Security Act. Federal response to early inquiries by states indicated that guidelines would be forthcoming, but there was no urgency: "hold off implementing until the final regulations are out." The first regulation out, P. R. 40–11 dated 24 June 1969, gave the states until 1 July 1973 to fully implement the requirement. States continued to press HEW for specifics and were again told to patiently await the guidelines. A proposed regulation was published 11 December 1970 for consideration and comment. State reactions were numerous and so highly critical that a substantially modified "final regulation" did not appear until 9 November 1971, P. R. 40–11 (C–4). At that point, the SRS Regional Office told Nevada not to worry, that specific guidelines were still to be drafted. In the meantime, we were to submit a State Plan amendment to cover the requirement. An Interim Program Regulation Guide was issued 22 December 1971, a draft of dental guidelines was received 20 January 1972, and on 7 February 1972 the Regional Office wrote to say that "immediate implementation is being given national attention and is a priority item." The final Program Regulation Guide, MSA–PRG–21, came out on 28 June 1972, midway through a fiscal biennium. This mandate—between legislative sessions—required Nevada to commit State funds, on a 50–50 matching basis for a very costly program. The Legislature had not appropriated funds for this purpose. The fiscal bind, in which the State was placed, is obvious.

V. Recommend changes in title IV–A service concepts

HEW, through the Community Services Administration of Social and Rehabilitation Service, has taken some beginning steps toward the development of an effective service program. Revised regulations have been drafted which would for the first time define "service", establish service goals and require accountability for service provided and funds expended. These regulations have been in draft form for many months. For some reason they do not appear to get beyond draft form. Our first recommendation is that these regulations be adopted. These regulations represent the beginning step in obtaining accountability.

Spending for social services through purchase of service is out of control and must be stopped. A method of doing this must be found, without penalizing states like Nevada who have moved cautiously, and have attempted to develop an effective service program. Controls must be established, preferably through enactment of amendments to Title IV–A.

The following are recommendations for amendments to Title IV–A.

A. Define "social services" clearly and concisely.

B. Prohibit state welfare agencies from financing other state governmental agencies through the social services provisions.

C. Redefine former and potential recipients. Limit the definition of potential to those persons who have made application for assistance and a determination of eligibility is pending. Define former recipient as someone who received assistance within the past six months.

D. Require that before a state may enter into a purchase of service agreement, the need for the service by recipients be documented.

E. Require that no state may drop an on-going program or service and then finance the same program or service through purchase of service under Title IV–A.

The funding of social services under Title IV–A is extremely important. It has been recommended that a ceiling be placed on the social service fund appropriation, in contrast to the present open ended appropriation. Nevada is opposed to this approach, since it would undoubtedly penalize the states like Nevada who have attempted to spend conservatively. The block grant concept as recommended by the Senate Finance Committee (H.R. 14370) merits consideration. When Congress mandates a state to provide specific services there should be no requirement for state or local matching funds. For optional services, states should be required to provide matching funds. If the block grant plan were adopted, restrictions on purchase of service as recommended above must be included as a part of the legislation. Nevada is opposed to the amendment to H.R. 14370 which provides for payment of ⅓ of the block grant to state government and ⅔'s to local government. We believe the single state agency can best provide the accountability which is needed. Allocation of funds between the states is difficult and complex. Nevada is opposed to a per capita income or past expenditures formula. Allocation on the basis of general population would be equitable and relatively simple to administer.

We trust that these specific points and recommendations will be valuable to this Subcommittee as it considers the fiscal impact of the AFDC Program, as currently administered under Title IV–A of the Social Security Act.

ADDENDUM

Attached is a breakdown of social service expenditures for fiscal year 1972 and estimated for 1973. These figures include expenditures under Title IV–A, I and X. Approximately 80% of Nevada service expenditures are for Title IV–A.

All services are agency provided. The cost figures with the exception of the Luke Hancock Foundation funds, represent the cost of salaries of service workers, homemakers, service administrative staff and the accompanying operating and administrative expenses.

The Luke Hancock Foundation is a private foundation which has donated funds to the Welfare Division to be used to assist AFDC mothers and youths to secure training with the goal of self support. Payment is made on a vendor basis for training related expenses, such as transportation, fees, special clothing and uniforms, school supplies, etc. Federal service matching funds have been claimed for the private donated funds for the past two years.

Social services, Nevada State Welfare Division, fiscal year 1973 estimates

Total estimated cost for year	$2,640,000
Federal social services funds	1,980,000
State appropriated funds	659,000
Donated funds	1,000
Welfare administration:	
Total estimate	2,462,000
Federal social services funds	1,846,500
State appropriated funds	615,500
Homemaker services:	
Total estimate	174,000
Federal social services funds	130,500
State appropriated funds	43,500
Luke B. Hancock Trust:	
Total estimate	4,000
Federal social services funds	3,000
Donated funds from Luke Hancock Foundation	1,000

Social services, Nevada State Welfare Division, fiscal year 1972 actual costs

Total services cost for year	$2,157,273
Federal social services funds	1,618,309
State appropriated funds	538,236
Donated funds	728
Welfare administration:	
Total cost	2,018,299
Federal social services funds	1,513,724
State appropriated funds	504,575

Homemakers services:	
Total cost	136, 060
Federal social services funds	102, 399
State appropriated funds	33, 661
Luke B. Hancock trust:	
Total cost	2, 914
Federal social services funds	2, 186
Donated funds from Luke Hancock Foundation	728

Luke Hancock was funded 100% donated funds prior to Social Services Funds. State plan changed to allow matching funds on expenditures.

Chairman GRIFFITHS. I congratulate you all on your statements and I would like to ask you as the first question, when did you first know of the social services open-ended appropriations possibility, and how were you made aware of it? I would like each of you to answer.

Would you like to answer, Mr. Carleson? I believe you did explain it in your statement, but just state it briefly again.

Mr. CARLESON. Yes, Madam Chairman.

As you know from my statement, I am relatively new. I have been director now for about a year and a half, a little over a year and a half.

Chairman GRIFFITHS. When did your department know this was available for use?

Mr. CARLESON. As I understand it, from what I was told, they did find out very early, both after the 1962 amendment and after the 1967 amendment. As to what mode—how they found out—I couldn't answer you.

Chairman GRIFFITHS. You are not prepared to answer.

Mrs. Davidson?

Mrs. DAVIDSON. I, too, am new. I came in September of 1970.

To the best of my information and belief, the department did know there was a IV–A program for the purchase of services from private, non-private organizations, and a matching program for their own programs, as early as 1967.

Again, I do not know when they became informed of that. The piece that they did not know about, or the piece that I did not know about until quite recently, was the fact that it was possible to match State and local funds that were not in the welfare department's own budget.

Chairman GRIFFITHS. I see. How did you come to know about it?

Mrs. DAVIDSON. When I came, as the administrator, in 1970, I began to talk with the head of the social services administration and he was talking about our day care program which is in the welfare department. I asked him what other things could be matched and he stated that it was only money in the welfare department budget that could be matched.

I recognized there were funds in social services, the department of mental health and hygiene, and various other departments which were not matchable. I therefore inquired early from my regional office whether or not it was matching anything other than the money in the social services budget because our reorganization was different from States' reorganizations elsewhere and we only have welfare and a whole lot of labor functions.

We don't have health, we don't have education, we don't have all kinds of other things. The answer I got then from the regional commission was that you could not match such funds. The regional commissioner changed. We waited for a long time to get new staff in the regional office. The staff was being moved from Charlottesville, Virginia. It took many, many months before the staff in the regional office came on board.

We reraised the issue subsequently and were told orally as late as December 1971, that this regional office was attempting to find out from central HEW whether or not such money was matchable. By this time, I was already getting to know other State administrators. I was getting around a little bit myself. I was already beginning to discover that in New York and in Illinois and in California, State money had in fact been treated as matchable by the regional offices of those States, or was about to be treated as matchable by regional offices of those States.

At that point in time, I began to proceed to develop a program for my State.

Chairman GRIFFITHS. This was money in the State that was being spent anyhow, and if you named this one of the services to be purchased, you then could get 75 percent additional money from the Federal Government. Is that correct?

Mrs. DAVIDSON. Yes, that is right. You could get three times, or 75 percent, however you choose to put it.

Chairman GRIFFITHS. So you renamed the service. Did you set up contracts in order to use that money as matchable money? Did you, as head of the welfare department, have to set up contracts where you were the purchaser from that department?

Mrs. DAVIDSON. Yes. There were two things that we proceeded to do when we became convinced that sooner or later, from what we had been hearing, they would be permitted to match State and local money, in essence.

One was to amend our State plan, which previously covered only those services performed by the welfare department. We amended the State plan to cover the provision of services now that we would purchase from other State departments to service our clientele. They had to be eligible services for eligible people.

We were going to purchase them from other State departments and we did file our amended State plan.

The second thing we had to do was to start identifying those funds that actually were matchable, those programs that actually qualified as legitimate social services, those programs which actually served our clients. In our case, the welfare clients.

And then, having made those identifications, we examined to some degree—and it was a limited examination—the existing programs that were being carried on, and asked for any new programs that people might wish to add, in addition to the existing programs. Then, by contracts, we purchased eligible services for eligible clients from those various State and local agencies.

One of the respects in which we were somewhat different, I think, from other States was that we built into each of our purchase of service contracts a 6-month planning period, during which time our State people would attempt to reevaluate their then existing plans which were on a much smaller scale, of course, and try to start to order the priorities of those programs that they wished to expand and the new programs they wished to add. As I say, in our State we found that there is such an absence of adequate services that, we could fill up the $400 million that we asked for with almost no trouble at all.

There are 4,200 children presently in the day-care program alone. There are 42,000 in dire need of day-care services. The present program runs approximately $8 million in State and Federal funds. To serve 100 percent of that single need, for one tiny little program, will take $80 million. You can see how quickly a State that is at the level of services of my State can build up to $400 million worth of programs without even coming close to taking care of 100 percent of all of the needs.

Our problem was that we didn't want to rush out, because "Federal money was available," and simply quadruple every program. That would have been very easy. We don't know of one program that we couldn't quadruple. This is based on need.

What we decided was to be a little more rational in approach. We have to try to draw up State plans for social services. What do we really want at the State level? We have to then have each locality in each of the State departments we were dealing with show us what their expanded plans would be and then we would have to develop a mechanism to have our policymakers, the Governor of our State, determine what his priorities were in what we regarded to be a limited $400 million, limited funds that were not enough to go around.

What we saw was a problem of ordering priorities and we set up a most elaborate system. We did not run out helter-skelter and in irresponsible ways go ahead and try to spend as quickly as we could, without any thought of planning.

Chairman GRIFFITHS. Was one of your problems to find programs that would fit the definition?

Mrs. DAVIDSON. Right.

Chairman GRIFFITHS. And then, would your problem also be to determine whether that program served the people who fitted the definition?

Mrs. DAVIDSON. That is correct.

Chairman GRIFFITHS. Who do you consider a potential welfare recipient? How do you make that determination? Who is potentially a welfare recipient? I contend that everybody is. [Laughter.]

How do you make that determination?

Mrs. DAVIDSON. I have heard my Governor make the same statement. He contends he is, because he is underpaid in our State, but he does lack some of the other characteristics that we look at: Whether one is a drug addict or not; whether one is a marginal employment case who has a record of being in and out of the employment field; whether one has a criminal record.

There are a number of factors which we do take into consideration.

Chairman GRIFFITHS. Do you look at money?

Mrs. DAVIDSON. Certainly, to a certain extent. Money is not the exclusive factor.

Chairman GRIFFITHS. But HEW suggests that you look at time, whether someone will become a recipient in 5 years. How could you ever figure out which people are going to be recipients in 5 years?

Mrs. DAVIDSON. When you are talking about the potentially eligible, you don't need any time limit because the question you are asking cannot be answered. Obviously, you can no more determine in 5 years than you could in 2 months who was to become, in fact, a welfare recipient. But we do know certain things and I really think the drug addiction case, perhaps, is one of the clearest. We know there is a heavy correlation between poverty and drug addiction. We know the people who become drug-addicted, great numbers of them, do in fact lose their jobs They cannot hold onto them.

We know, in fact, that a great number of people who lose their jobs end up on welfare. Now, it is true, I don't think we can predict with accuracy how many, really, that is going to be. We do know that it is going to be a very large number. I think we estimate in our State something like 85 percent, from surveys we have attempted to do, on who are actually the people in drug programs.

And so we say that, yes, you can set up a system of individual eligibility, and you have people who get hired, to whom you pay State and Federal money now, to make the determination as to whether—or who—will be on the welfare rolls, by and large. In some instances, in 85 percent of the drug cases, our past experience shows us that people end up on welfare.

Let's just try to treat anybody who comes in with that problem because the likelihood is very great that he will end up on the welfare rolls. And so far as I am concerned, that basic approach is really very helpful. We are in an awful spot on eligibility for simple assistance payments.

You have read in newspapers that in every State there are ineligibles on the rolls, and even my State is included. We work very hard to make sure that only eligible people get services. And we spend lots of money on that.

Chairman GRIFFITHS. Isn't it true that most of the ineligibles who are on the rolls are there because we made some sort of error in our offices?

Mrs. DAVIDSON. That is exactly what I am trying to say. The system can become so cumbersome that you can't administer it properly. Poor people get hurt at the other end. If you are going to go to the individual eligibility concept in the services field as well as in the money field, we start to find the same kind of thing.

The whole bureaucracy is simply to determine whether somebody else can or cannot get a service. You know, the fact of the matter is that 85 percent of the drug addicts do end up on welfare. The other 15 percent of those have their own resources. That is why they don't end up on the welfare rolls. They may be very wealthy, and are not very likely to come for treatment to a public institution.

They would much prefer to pay their own way in a private institution where they feel they get better quality care. So I think there is a place for some feeling of responsibility in taking the position that it ought not to be necessary in every instance to investigate the individual's eligibility.

Chairman GRIFFITHS. Mr. Miller, when did Nevada find out that this gravy train was pulling out?

Mr. MILLER. The gravy train hit very recently. They were aware of the existing service. About a year ago we became painfully aware of this because the regional office of HEW kept bringing pressure through the director's office that our welfare administrator was not taking advantage of the Federal funds. He put it in terms that we were losing Federal funds because we weren't involved in personal service.

We have not become involved in this and as for the potential welfare recipient, as you put it, everybody in this room is a potential welfare recipient if you get sick. You can go out and comb the woods looking for the potentials rather than taking care of the ones we have. In Nevada, they become potentials when they file an application for welfare, and we will determine eligibility from the application.

Now, as for this great bureaucracy, we don't find it that way. We find if we do not check things fully—we went through such an experience where we found ourselves not doing that, and our rolls were increasing. We cut off a sizable number. We were hauled into court because we used a notification process that was claimed to be invalid, so by court order we put them back on the rolls, renotified them, and then took them off again.

There was not one case that protested our accusations that they had given us wrong information. We had not one single case of that. We took this group off, and with another survey took another group off. We did a 100-percent check and validation, and as a result of the old, straight-line projection, we are now only at less than two-thirds where we would have been under the other process.

This potential welfare recipient—I think going and spending this money for potentials means we are being endangered. We spent very conservatively. Now we are threatened with the possibility of losing some of the committed and essential services, such as homemakers, and so forth, that have proven valuable because other people have gone out and combed the woods for potentials. And everybody is a potential. You could even grab the person sitting next to you.

Chairman GRIFFITHS. Would you like to ask some questions? I am not going to attend this quorum. If you would like to ask some questions, please feel free to do so.

Representative BOLLING. I would like to have you proceed and I will stay.

Chairman GRIFFITHS. All right.

Mr. MILLER. Then we come back to our State and, there is this great thing about day care. This has become a great grab bag and what we do not have in Nevada is a problem with day care. If we can find jobs for the mother, then they can find day care. The problem is the job. We make this big to-do about no day care in Nevada and what we need is jobs.

And one of the things that we find out is that the liberal interpretation given the Secretary to implement laws has allowed this grab bag to take place. We didn't go into purchase of services because the guidelines were varying, and we find ourselves, just like title V in my State, I ended up with an audit extension and accepted the money without proper guidelines. I think this is what is going to happen now.

Chairman GRIFFITHS. Do you feel the guidelines are proper now?

Mr. MILLER. No; no. We are still waiting for the guidelines.

Chairman GRIFFITHS. Have you seen any guidelines on the subject?

Mr. MILLER. Vague ones, like just around the corner—just like prosperity in 1928, it was just around the corner.

Chairman GRIFFITHS. Are there any guidelines on purchases?

Mrs. DAVIDSON. There are draft guidelines.

Chairman GRIFFITHS. Nothing that you can refer to as determinative.

Now, have any of you been audited? Have you had a contract audited?

Mr. CARLESON. Madam Chairman, I have just got hit with a question as I was going to answer another one.

Chairman GRIFFITHS. All right.

Mr. CARLESON. As far as the kind of audit I think you are talking about, I would say probably not. I think there have been the kinds of audit that would indicate whether or not social services are being performed. I think that is why these questions are starting to spread.

In the area of potential recipients, I tend to agree with Mr. Miller of Nevada—very strongly, as a matter of fact. There are quite a few problems but a real problem has been this relatively new inclusion of potentials. The Federal definition of 5 years, of course, is, in our opinion, completely ridiculous.

We have attempted even in the areas where we are able to use some kind of definition to try to tone this down—I might add, by the way, that in California we have a slight dichotomy and some of the legislation we are operating under was passed in past years. Under our legislation, we have to recognize potential and, to a certain extent, we have to recognize the Federal definition because of our old State legislation.

So, in the administrative and executive branches, we are trying to reform the welfare system. We have to live with our own problems of our own legislation. But in any event, on two attempts we have tried to narrow the term "potential."

One was in our Welfare Reform Act in child care. The receiver of the service would have to certify that without that particular service she would be on welfare. There wasn't anything like how without it they would be or in 5 years or 4 years or 3 years. In other words, if they did not receive that particular service right then, they would be on welfare.

Another attempt, and one that we have been working on lately, relates to income. That would be if their gross income exceeded 150 percent of the standard of need, they would not be considered to be a potential. This would mean they would have to be in the low-income bracket. But, in any event, I think the real problem with potential is, as you accurately pointed out, the potential is so hard to define. Everyone, to a degree, is a potential.

The other side of the coin is that we can define a welfare recipient very easily because of the cash grant system. In California, we have been concentrating most of our efforts in the last year and a half on the cash grant side because, at least up until recently, that is where the big money has been draining. But it is the same eligibility system that Mr. Miller and I agree should probably receive even more attention from the standpoint of verification, checking, auditing, and so forth. We're setting up to assure proper identification of eligible people for the grant system.

Automatically, then, of course, it becomes the basis for eligibility for social services.

Chairman GRIFFITHS. Let me try a hypothetical case. I understand there is a county in California where every adult has been divorced once. [Laughter.]

I further understand that it is a pretty high-income county. Now, let us say that you had in that county 10 women whose husbands were making $30,000 a year. They were in their forties, never worked, and they decided to take the Julia Child course in French cooking. Taking the view that benefits can go to anybody that is going to be coming on welfare in 5 years, and the fact that everybody in the county is already divorced, and that it is entirely conceivable that those women who are divorced will be abandoned, you pay for their course. And all you are doing is supplying a service to them that might make them able to get a job as a cook.

So even if the tuition were $100, under HEW's own definition in the statute, they ought to qualify.

Mr. CARLESON. Yes.

Chairman GRIFFITHS. Obviously, you are not qualifying them.

Mr. CARLESON. Yes; we are not.

Chairman GRIFFITHS. I congratulate you, but HEW is not working it that way, you people are. You are doing a much better job than HEW.

Mr. CARLESON. I have to say this about HEW. It is awfully easy to sit here and say, yes, we are. HEW is a large organization and it has been referred to, as a lot of Government offices are, as a bureaucracy. I think there are some elements in HEW that are making a real attempt to try to bring this under control.

I think it doesn't extend throughout the entire department, however, so I hate to classify it as HEW. I think there are administrators in HEW that are attempting to. However, the real problem is the one you just explained, that once you embark on the question of potential, and in all fairness to everyone involved——

Chairman GRIFFITHS. You have agreed right there.

Mr. CARLESON (continuing). Congress, or whatever, when you start embarking on "potential," it is almost impossible to bring the definition down. If we were already taking complete care of the recipients—in other words, let's say that there is no problem, all of the services are rendered and we had extra money to——

Chairman GRIFFITHS. Like Mrs. Davidson, take care of the day care slots. Now, we are going to look for the potential.

Mr. CARLESON. Right, if, in fact, the recipients were all taken care of, and you were looking around for a way to spend money, which we are not doing, and I am sure Congress is not doing, then maybe you could consider the potential. But we set out to explore our whole welfare system.

When we started our reform task force, one of the big problems of welfare is the grant system and the social services system. We were trying to do so many things for so many people that we weren't doing enough for the people who needed it the most. Therefore, we strongly urge that if you can't go the block grant route letting the States make their determination as to which is their first choice, that you, in effect, limit services to recipients.

Chairman GRIFFITHS. You have been in the business a long time. You and Illinois have been in it longer than anybody else and I would like to know—you must have placed many contracts and you must have placed those contracts with other departments out of the government of California. You have, haven't you?

Mr. CARLESON. There have been some contracts; yes. I can get into that.

Chairman GRIFFITHS. How do you supervise those contracts?

Mr. CARLESON. This is a very good question, Chairman Griffiths. Here, again, my background is as a public administrator, new to welfare, and looking at ways to reform it, and this is the way we are trying to do it in California.

I believe that the primary role of the single State agency, which is our department of social welfare in California should be one of control and auditing rather than actually providing the services.

Now, California social services are mostly provided by the county under supervision of our State welfare department. We have been moving as much as we can to get our department out of the business of performing the services. Now, I am talking about the positive side of contracting.

Then, contracting for the service to be done either by other State departments or specialists in those kinds of services or by the county. That way you don't have the cat guarding the milk. In other words, we will be auditing their performances and their efforts and we will be administering their contracts rather than, in effect, providing the services ourselves and then turning around and auditing ourselves.

Chairman GRIFFITHS. Doesn't this create some problem within the State government? For instance, here you sit in the welfare department, and I have one of the contracts in Illinois. It was a contract to provide for forestry training for children in a penal institution.

Mr. CARLESON. Yes.

Chairman GRIFFITHS. This program had been run by the prison system for a long time.

All at once, the prisons decided to cut it out but the welfare department thinks that this is a needed service, that the children are potential welfare recipients. So they will make a contract and the welfare department takes over.

How welcome are the welfare supervisors who may go out and say to the people who have been running this program for some time, "You don't need that many people, and you are not doing it right, and we are not going to pay you that salary." What happens?

Mr. CARLESON. I think there are two things, and I am saying that now, as someone new to welfare. Very frankly, before you do what I said, which is to decide in the welfare system who is going to be the controlling agency, the auditing agency, and so forth, you have to have a philosophy that that is what it wants to do.

Now, I think that there may be some welfare departments, and I think in previous years, our department did not have that philosophy. They might administer contracts but they might have a substantial interest. My first point is that if you are going to be the department that is going to administer contracts and audits, you have to have a relatively tough attitude regarding administering public funds.

The second point is how are you received. That is very interesting. We have just started doing some of the kinds of things we are talking of, in auditing our contracts for preschool and children's centers. This is with our department of education.

Of course, in California, the department of education is not under the Governor. It is not under the State administration, the executive branch as such, and, of course, our auditing wasn't particularly well received. But we called it as we saw it, and we publicized the deficiencies and we think that through this we caused a real improvement in the administration of the program.

Chairman GRIFFITHS. As I understand this, you place the contract with another agency of government, which means you are permitted to use the amount of money that you put into that as a matching fund to get the 75 percent. The State puts in 25 and you get 75 from the Federal Government.

Now, you send in a report and a plan to HEW and say, "We are about to do this," and they say, "All right, go right on." Then you issue the contract and you start out to do this, and about 1 year later, HEW may say, "But you can't do it that way. We are not going to okay that money." When it comes time to get the money, you don't get that money.

You also run into a second problem. HEW might OK that and someday we send out the GAO to check and the GAO says "Why, they've got 25 people too many doing this work." It is not going to be some other agency that is held up to public scorn; it is going to be you.

Mr. CARLESON. That is right.

Chairman GRIFFITHS. So, you are going to have to start running some of the departments if you are placing contracts with them.

Mr. CARLESON. That is what happened in our educational thing. This is right along your case. Several years ago, prior to our time, this happened. There was a contract between education and the State department of social welfare, except that it wasn't GAO. It was a similar agency in our own State government.

There were some funds that could have been applied for, which is the other side of the coin, and also that caused an audit which indicated that they couldn't have taken advantage of this because the records weren't properly kept at that particular point in time.

Naturally, the department of social welfare would be the contracting agency, the one on whom this falls.

Chairman GRIFFITHS. Of course.

Mr. CARLESON. At that time, when I appeared before the committees, it was easy to say, because I was the new director and I wasn't in there in the past. But I agreed with the committee that, yes, the proper place for the responsibility would be on the department or the agency administering the contract. If we weren't ready to face up to it, we shouldn't be administering it.

The other side of the coin is that it has given us a little more muscle. I don't like to use the word "muscle," but we get a little more attention when we negotiate our contracts and when we administer them with other departments because they know that we are probably going to be backed by auditing agencies if we expect performance on their part.

The point you mention about a delay in getting approval, there is no question. This is almost an impossible situation to live with, expecting you are operating legitimately, and if you find later the whole program doesn't meet Federal requirements, then you have a problem. but our answer to that is to not go in that direction.

That direction we see disturbs us. In order to bring control to an open-ended program. the direction seems to be one of imposing more controls, more guidelines, more check points, and so forth. We believe that it should go the other way. Put a ceiling on the program. It shouldn't be open ended.

Our only caveat is, don't leave some of us that have been performing responsibly, dangling out there in an artificial cutback. Put a reasonable ceiling on it and tell each State that you are going to get so much money, limit it to social services, if you like, give the State the maximum amount of discretion as to how they are going to use it, and to the greatest advantage, and postaudit to make sure that the funds were earmarked for social services. Tell the States, "That is all you are going to get, and if you do a poor job, or if you decide you want to spread it thin over a lot of different programs, this is going to be your choice."

Now, this is the way we think would be best and most effective. It would solve the problems of those States that are reticent to enter the social services programs at all because of the artificial cutback. It would solve the problems, I think, that both the administration and the Congress have about this open-ended program without any controls at all.

Chairman GRIFFITHS. Mr. Miller, would you accept his suggestion that it be a block grant?

Mr. MILLER. Right.

Chairman GRIFFITHS. Especially for social services, which gives you a maximum amount of control?

Mr. MILLER. That is our stand, exactly. As long as this is on some equitable basis, the State that hasn't participated or overspent would not be penalized. We would receive an equitable amount and not be penalized because it did not send in for the several million dollars without any guidance. To go back to this, we could sustain the level of services that we have now.

Chairman GRIFFITHS. Rewarding the just is the toughest part of any of these bills. You know it always comes out that you reward the people that did the most, who used the least restraint.

Mr. MILLER. Nevada has been accountable longer than any other State. We were the first State that really hit it and we have been digging in ever since. And we feel we have been accountable and we have tried to define our eligibility system, about which we feel very strongly. Although we agree fully with the Governor of Maryland, whom I thought had the best formula, certainly we need an adequate national ceiling on expenditures, formal and equitable distribution of funds, and accountability, including a prohibition on States using the social service funds to refinance State expenditures.

Representative BOLLING. Madam Chairman.

Chairman GRIFFITHS. Yes?

Representative BOLLING. In listening to this, a question occurs to me, one that stems from my ignorance of previous proceedings. I confess that I followed your efforts with fascination and I have read the reports, but I am not current.

What is the solution in this discussion and with these answers to the problem of the flight of people, and I think there is some, from one area to the other? Are we not to have any national standards for the people of the United States with regard to welfare or social services?

Mr. CARLESON. Congressman Bolling, this has occurred to us, of course, in California, and we have brought it up because we're a large State—we are large in population and we have quite a few counties—and the State/county relationship is similar to the State/Federal relationship——

Representative BOLLING. You are rather generous in these programs in comparison with many of the other States.

Mr. CARLESON. I think California has been, and probably too much so, in many areas. This is why we have been leveling out in the last year and a half, bringing it back under control.

I am talking about the services now. Our grant rolls have dropped drastically over the last year and a half. But in any event, the thing that I concluded particularly with social services is that services are almost of an infinite number of variables.

The need of the individual, the family, the kind of service, and so forth, is so personalized and has so many variables that we find tremendous differences just between two counties, side by side. One may be an urban area. One may be a suburban, and so forth. And to try and adopt any kind of a standard will do either one of two things.

I am oversimplifying now. It will either tend to miss the real need because you set a standard that was such that you didn't want to overspend or it would, in order to make sure you took care of all things and everyone was in need, it would provide that too many people are eligible and be a tremendously costly program.

So we feel that if it really is locally oriented, it is a people-related program, such as the social services aspect of the welfare program, it is, therefore, possible that you may have a system whereby one county in the State provides little or nothing compared to another, or one State compared to another.

However, it is my observation, and that is all it is at this time, that I don't think people move from State to State because of the social services. They may move from State to State because of the welfare grants, the cash grants. I don't get the feeling—at least, not in the States that I am familiar with—that people move around because of the availability of one type of social services versus another.

I think the solution is not to try to develop a national standard or national norm for services. It is really also true of the grant, to a lesser extent.

Chairman GRIFFITHS. Interestingly enough, we heard hearings in Atlanta, and three county welfare administrators in Georgia—two from rural counties and one from Fulton County—agreed that one of the reasons Georgians moved from rural counties into Atlanta before we had medicaid was that they could get free hospitalization and free medical care there.

Mr. CARLESON. Madam Chairman, I was almost going to say, with the exception of medical services, and I didn't because in my mind, I am excluding medical services, medicaid, from the discussion. When I talk about social services, I was particularly leaving out medical. I am talking about social services.

Generally speaking, with the other social services, we haven't found that people move around because of the lack or nonlack of them. As a matter of fact, what we found is that many, many, if not most, recipients don't feel they need any social service. And maybe one of the problems is that we are mandating too many services on the recipient without consulting the recipient.

Chairman GRIFFITHS. Let me ask this question of all of you, and let's start with Mrs. Davidson. One of the suggestions that was made here yesterday by two directors was that one of the good things that had come out of the open-ended appropriations was that they had permitted the social services to be administered from a State level. You didn't really rely upon the local county to start this.

You had a central authorization. You had better leadership and it worked out better. Now, I observe that the Senate Finance Committee's revenue-sharing bill will reduce the 16 largest counties in Michigan from receiving $83 million to $7 million and there is no requirement that it be spent on social services.

What do you think about this idea, that maybe there is some advantage in having State control of this program to a larger extent?

Mrs. DAVIDSON. I am the State administrator and I must state that I have great faith in my Governor, or I wouldn't be in my present job. Obviously, when I respond to his——

Chairman GRIFFITHS. You feel it is a little prejudiced?

Mrs. DAVIDSON. It is an administrative bureaucracy grain of salt. It so happens that I started out with local government and moved to the State government, in large part, because of my belief.

Chairman GRIFFITHS. These gentlemen have, too.

Mrs. DAVIDSON. The State government could do precisely the things that were suggested by the other gentleman, apparently. Namely, to give us some real leadership and get some of the counties, particularly the more rural counties, to begin to look with us on how to solve some of the human problems.

So far as I am concerned, at least, the State has given the basic thrust to a great many of the social services programs and I can honestly say that I doubt they would have been started or put into effect without that thrust. I think that the localities are very much more concerned by tradition, rather than real interest, with the building of sewers and the building of roads and collection of garbage—the cost for which they cannot now meet themselves—than they are with the provision of human service, at least traditionally in my State.

I, therefore, have the feeling that if we go the revenue-sharing route, without a specific provision that the money be utilized for social services, whoever is going to utilize it, we are going to find large amounts of money diverted from the social services stream into other programs. In fact, it depresses me that that has already taken place in certain States as a result of the IV–A program, at least, as I understand it. In some of the States there was a utilization of funds from IV–A for the release of State funds then used for other than social services purposes.

I think that is a terrible thing to have happened. My Governor has called from the beginning not only for an adequate national ceiling, but for a provision in the law that would prevent the States from doing that. Of course, we both believe that given the present problems of government, money ought to be earmarked for social services.

Chairman GRIFFITHS. What do you think, Mr. Miller?

Mr. MILLER. I agree with her, except on one point.

When you define "social services," that leaves it broad enough, and it came to me this morning that even if it is earmarked, it does not mean welfare, necessarily. While we are thinking and talking about social services, we are meaning welfare. But the words give a broader concept to "social services."

Chairman GRIFFITHS. Let us consider child care. Would you keep child care under social services? Now, I mean child care, not just baby-sitting. What about care for children who are retarded, or who are physically incapacitated? What about that? Would you keep that in?

Mr. MILLER. Yes, that part of it. I am referring to the working mothers. Who is going to keep their children during the daytime?

Chairman GRIFFITHS. Why are you against it? You say it as though the mothers had jobs?

Mr. MILLER. If they had a job.

Chairman GRIFFITHS. Well, the real truth is that in every country in the world, most mothers actually operate that way, and Nevada is no different from other States. But for those who can't work maybe there is still advantage in having day care supplied.

Mr. MILLER. If we provided day care for these children, I don't know what we could have the mothers do except go down and pull the slot machines, because there isn't any job. We're not worse off than any other cities. If the mother has a job, then you have a need for the day care centers.

Chairman GRIFFITHS. Michigan is worse off than any other State. Michigan has about 10.7 percent unemployment.

Mr. MILLER. Then if you could provide all the day care centers in the world, where would the mothers go to work, is there any job for them?

Chairman GRIFFITHS. That is one of the real questions on the training program. Mrs. Davidson, would you like to speak to it?

Mrs. DAVIDSON. Yes. Maybe I have a novel point of view, but I did want to say this. Somehow, we have gotten day care confused with providing places for children whose mothers work. In my State, at least, that is one element, and they get the top priority in the program. The mother who has a job and has to leave her children some place so she can go to work, her child is the first one admitted in the day care program. We certainly take all kinds of other children, whose mothers don't have jobs and who have no intention of going to work, because we believe that the day care program is very much more, very different from a custodial program designed to just drop a kid off during the day.

In our view, one of the ultimate solutions for the welfare program is to have a comprehensive child development program for any poor child, any welfare recipient child, where you can put that child in an environment different from home, where you see that he gets what he needs by way of health care, where you can see that he gets what he needs in the way of proper nutrition, where you can see that he gets what he needs by way of cultural enrichment, and you can see that he gets what he needs in the way of social development, that he grows up with an image of self, with a feeling of pride, and a feeling of responsibility.

And I just want to say that I really think people have got to rethink what we are talking about in terms of social services. I get distressed when I hear people say that this is just a place to drop kids.

Mr. CARLESON. Madam Chairman, I have a comment on this, both the original question and the second part.

From the standpoint of the second, and then getting back to the original question, I don't disagree with the comments, but I agree only partly.

We feel that one of the ways to break the welfare cycle, if not the most important way, is to get the family off welfare. The cycle is such that a family stays on until the children are adults or near adults, and so forth, and then it continues on and upward. So the real goal should be to make the family self-supportive as soon as practicable.

Now, by "family," we are really talking about the mother and some children and, of course, we don't say that the educational system shouldn't do everything it can to be sure that the children are going to be ready to be self-supporting also. Therefore, we feel that the real attention should be given to making it possible for the mother to become self-supporting, to be able to take a job. And I agree with Mr. Miller, if there is no job, that is a problem.

Assuming there is a job, let's have the mother able to take the job, able to get the family off welfare and break the welfare cycle. Therefore, the concept of providing child care in one way or another for the mother to be able to work and get off welfare is a high priority.

However, I want to point something out to the committee here. Under the present system, there are more than two but there are two distinct alternatives. One is a work-related expense deduction in the welfare grant which, as you pointed out, Madam Chairman, is a fairly common way. The mother makes arrangements for her child care. Either she may have a neighbor take care of the children, she may have someone come in as a babysitter, or place it with a nursery school.

She, then, is permitted to deduct the actual cost as a work-related expense from her welfare grant.

Chairman GRIFFITHS. There is also the possibility of a babysitting allowance; isn't there?

Mr. CARLESON. This is what this is. The point I am really making, when it is provided in this way, by the work-related expense method, by far the most common method, there is. at least in our State 50 percent Federal grant, because we are talking about the welfare grant, that is affected by it.

There is pressure brought on the State not to utilize this kind of child care, but to go to a child care service function, either group child function or other provided as a service to the welfare recipient. Then you get 75 percent, the Federal maximum, instead of the 50 percent Federal match.

I think, personally, that this has not been good. I am not saying which way it should go, but I am merely saying that what it means is that there is a tendency to reduce some options we have.

Chairman GRIFFITHS. So you can get more money.

Mr. CARLESON. Yes; in order to get 75 percent Federal financing instead of 50 percent, you start limiting your options. Now, it is possible to create a purchase of service system for child care where the recipient still has quite a bit of choice. It is possible but it is not as apt to happen under the purchase of service system as it is under the system where the recipient is permitted to make the arrangements as to an alternative to provide child care through the work-related expense deduction.

Chairman GRIFFITHS. I meant to ask you, have you received a waiver in California? You are the sole supervisor of the contracts; is that right? Some States have these waivers.

Mr. CARLESON. We are not talking about medicaid?

CHAIRMAN GRIFFITHS. No.

Mr. CARLESON. We have received a recent waiver on part of our welfare reform program which relates to services for employable recipients. This is part of our program that we put together with the Governor. I believe that services to the employable recipient should be provided through the employment services department of State government rather than the social welfare department.

Therefore, we are operating under the waiver of separation of employables. We just got started and we just got this in some of the counties a year ago and we are expanding it throughout the State. It requires that welfare recipients be referred by the county welfare department to the local employment service office of State government for services. And from that point on, the social services that are provided for them are provided through the auspices of the employment departments.

So I think this is important because what we are saying here is that we believe, if we are talking about any kind of goals in the provisions of the social services, that the first goal should be for those people who are employable to have the kind of service that is going to make them self-reliant and self-sufficient.

Chairman GRIFFITHS. That is one of the things that I would like to talk about. All social services are sold to us on the theory that they are going to make the person employable, take them off welfare. It is going to strengthen family ties. It is going to reduce illegitimacy.

Do you have any proof in your State that any of these social services have done this? Do you have any quantitative or qualitative proof?

Mr. CARLESON. In our case, we have come to the conclusion that they have not had this effect, very definitely. We don't have quantitative proof that it has not done this, except we can look at the facts and it seems that the more money we spend on social services during some period of time, the rolls were growing at an even more rapid rate.

There can be all kinds of reasons for this. One thing is certain, in California, as you pointed out, we started expanding social services relatively strongly but our welfare rolls actually climbed and were heavier.

Chairman GRIFFITHS. Do you suggest that you cut out the services?

Mr. CARLESON. No; what I am saying, as I said in my statement, is if you are going to start earmarking for specific services, the precedent or priority should be given to services relating to employment. I am talking about employment services; I am not talking about employment. Services relating to employment. Service relating to seeking employment, job readiness.

And, then, of course, in addition I also have to say to somebody who thinks it is an omission, of course, services relating to child care for purposes of employment, and also for family planning, and then for protective services to the aged, the blind, the disabled, and those children that need protective services.

That is where we feel the priority should be given if the Congress does not go to a block grant method.

Chairman GRIFFITHS. That is where most of the money is going now.

Mr. CARLESON. Well, it is and it isn't. Historically, I think, the money was tending, supposedly, in those directions. The broad definition of social services that are required of the States under Federal mandate, is such that it is very easy to expand into many of the other service areas.

Chairman GRIFFITHS. Let me ask Mrs. Davidson to answer this.

In your opinion, have the social services actually contributed to lowering unemployment, strengthening family ties, and decreasing illegitimacy?

Mrs. DAVIDSON. It is a very difficult question to answer with any degree of actual statistical back-up material. Let me start by saying that I don't know who sold Congress this plan in the first place. I don't know what was reported to the Congress. The objectives that you state are not all the objectives.

We have many others as well, one of the largest of which is to reduce the dependency level, as well as getting the people off the rolls. By that, I mean the present institutionalization of people who could really take care of themselves in the home, for example. That is an objective for us. An old person can be at home if he gets a little help, if you can get someone to go to the grocery store, get someone to come in and clean up for him, and if somebody can do his laundry. And that would not be as costly as the institutional type care.

Chairman GRIFFITHS. Only women are able to see this. [Laughter.]

Mrs. DAVIDSON. You said it, and I agree. [Laughter.]

Chairman GRIFFITHS. I have been working on the Ways and Means Committee for along time to institute that.

Mrs. DAVIDSON. We work hard in our State, not only for those objectives, but also toward the small, limited kind of objectives that people become less dependent. Now in some of our programs we can show in actual numbers, cost benefits, if you will, of people who might still be on welfare.

We are paying less in both State and Federal money than we would be paying if we did not provide the services, one of those programs being the homemaker service which we run, in which most of the people who are hired are welfare recipients themselves. We immediately stop making the Federal and State payment and we pay more to them in State and Federal moneys as homemakers than when they were not working.

For a little bit of extra money, we can have the full-time value of their services. Then they do various things. Say a mother becomes sick, the child can either remain in the home with the siblings, the three children, or they can be put in foster care.

I think someone might have those figures, but by sending a homemaker to the home and keeping three children in the home for a 3-

week period, we pay much less in State dollars and Federal dollars than if we had to take them and put them in foster care homes for that term, that temporary period. We can show you how much less we pay by sending a homemaker to our old-age people and in situations like this, twice a week, than we would pay if we had to put those persons in some level of nursing care, or in intermediate care, care that older people get.

And, yes, to a limited extent, because we are not very sophisticated in our evaluation, we can show you in a number of programs that, in fact, there are cost-benefit values to the social services that we are providing. And we can do this directly. For example, Project Serve, which was a project designed to find employment.

We have the same problem with employment as Nevada. We can't find jobs for our welfare mothers.

We have designed a program under IV–A, for welfare recipients only, coming from the welfare program. Previously, in my State, we paid such a mother $2,400 a year, $1,200 Federal and $1,200 State and local. When we move the same person into something like service-related jobs, the State and local still put in $1,200, but the Federal Government now matches three times, which would be 75 percent instead of their 50 percent, which is $3,600.

You add our State and local and Federal together and you get $4,800. That becomes a full-time job in the State government. We then put these people to work as something called "Human Services Aides." They are homemakers; they are day care aides; they go to public schools, they assist teachers there; they visit the elderly, they drive them back and forth; they take people to different places, such as medical patients who have no other way of getting to medical care. I have a list of approximately 100 such functions that these people do and can perform.

The person now receives all of the fringe benefits, hospitalization, vacation, the whole thing. They have a real job.

Chairman GRIFFITHS. Are they on the State payroll?

Mrs. DAVIDSON. Yes, they are on the State payroll. They pay taxes on their income. They are self-sustaining and the welfare checks have been reduced.

Chairman GRIFFITHS. The Labor Department is refusing to permit the State of New Mexico to do that exact thing.

Mrs. DAVIDSON. It is just another instance of the great Federal Government and the State/Federal regulations, by which every State gets treated differently from every other.

Mr. CARLESON. Madam Chairman——

Mrs. DAVIDSON. I did want to finish. The value of the $4,800 worth of work is what we get out of these people. We are no longer paying them $2,400 for doing nothing but staying home. We get the value of the service, the child who has to get to that medical center, we have really done something for that kid. The people we have prevented from being institutionalized is a cross benefit, but we do think these programs are worthwhile.

Chairman GRIFFITHS. Congressman Bolling has a question.

Representative BOLLING. I have two specific questions. How long have you had this program and how many people do you have in it?

Mrs. DAVIDSON. The particular Project Serve that I am talking about was instituted last March and is a demonstration in my State. Within a month we had the maximum number that was permitted us. We have 350 people in full-time jobs on the payroll, working full time. We had two people who have dropped out and we still have 350 people on the job.

Our State legislature enacted a similar demonstration program with another 350 jobs which were in my Department. We then said, "Let's see what happens if we give them to a local CAA, a local board of education, a housing authority, or if we give them to the local government—so long as they perform a service function."

We have another 350 jobs for a demonstration of what happens if you place these people in another State department or local government jobs other than our own. In July, we had almost 350 people on board in that program and I can't tell you how many different local and other State agencies have responded. Everyone has responded just tremendously. It has really made a point because in fiscal 1971, we only placed 721 people in my State from the WIN program in jobs.

We sent 4,000 people through this and we have gotten jobs for only 721. In case you think I didn't run the program right, we had the highest percentage placement of any State in the Union in that particular year. What I am telling you is that in a period of 4 months in my State we have put virtually 700 people in jobs.

By October 1st, the entire 700 will be on board in jobs through the creation of public employment jobs that we have established through the IV–A program. There are a lot of people that are willing to work. We have over 1,000 on the waiting list to get into the WIN program. What we can't do is given them a job at the end. We have found through your IV–A method a way to do that, at some additional cost, it is true, but nonetheless ultimately at a saving for the Federal Government.

Chairman GRIFFITHS. Besides, the people are happier. The whole thing works out.

Representative BOLLING. I just want to say one word, "Congratulations."

Mrs. DAVIDSON. Thank you. All we need is enough money in the IV–A program and I can get them all placed in jobs. [Laughter.]

Mr. CARLESON. Madam Chairman, my distinction earlier was this: we are talking about the protective services for the aged, the blind, and so forth, and the protective services for the children, and so forth. And the facts that these services can to the extent permitted keep them from becoming institutionalized.

To that extent, they are more self-sufficient, I would agree, and as a matter of fact we have been doing quite a bit of this in California in the mentally retarded programs, moving people from institutions back into the community, utilizing these kinds of funds in these programs.

One of the things we found when we started to separate employable recipients from the others, and for the first time were able to get a look at it—we started out in this demonstration program by saying to the counties, "All right we are going to be entering into a complicated contract whereby the social services that you are providing for employable welfare recipients will now be provided by the local State employment office. And the social workers who have been providing those services, an equivalent number, will be transferred to the local State offices under contract. And they will perform the services under an employment environment with the idea of helping in job searching, getting people to appointments, making sure they know where the appointments are, and so forth. This is the kind of service for employment."

The strange thing is, when we actually got down and started checking into the counties, we found very little of the social services, if any, were performed in this kind of service, in this kind of an area.

Earlier when you asked whether most social services moneys aren't really being spent in these areas, I would say services that go with getting people ready for work, looking for jobs, making appointments, and all of the kinds of things that go with it have not been emphasized enough.

I want to make the distinction between the kind of self-reliance and sufficiency that goes to the aged, the blind, the child who is in need of care at home, versus the institution, which we agree with. But we are saying for the regular family, the families whose only real problem is, when you get right down to it, they don't have a job. They are not able to support themselves. That in this particular area, there should be more emphasis shown in providing those employment-related services.

Chairman GRIFFITHS. Mr. Miller, couldn't you use this type of service that Mrs. Davidson has described in Nevada?

Mr. MILLER. What we have been more successful with in Nevada is having work technicians just go out and do a simple thing, so simple that it shouldn't work. We have hired people to go out and find people who will hire welfare recipients and then take the recipient and match the job. And one-fourth as many staff members is what we have compared to the WIN program, and we get 10 times as many people jobs, and they have kept the jobs.

Getting them on the job and keeping them on are two different things.

Chairman GRIFFITHS. Well, what about the homemaker service?

Mr. MILLER. I would——

Chairman GRIFFITHS. How successful is it?

Mr. MILLER. We think it is very successful. We found that you can keep people at less expense in the home. The homemaker program is very successful.

Chairman GRIFFITHS. Well now, do you have funds large enough to take care of every need?

Mr. MILLER. We have the basic need to keep them in the home. Again, we are not an urban State—we have a lot of rural areas, miles and miles of space—but in the two largest areas we do have the homemaker service and in two of the smaller areas.

Chairman GRIFFITHS. The administrator from New Mexico stated that he checked their nursing homes and they found that 25 percent of the people in those nursing homes could have been maintained at home if there had been homemaking service available. And they were paying $420 a month in the nursing homes.

It seems to me that every State would be well advised financially to take a look at this possibility. But, consider what it would do for the women or men who would become the homemakers, those who would go there and help those people, who would have a decent job and a chance, and the pride their children would have in them doing that kind of job. I think it would be wonderful.

Mr. MILLER. I agree with it, and we hate to see poor accountability in purchase of service cause a cutback. This is one of the things we are concerned about now. We could lose the homemaker service if we get cut back in the services area. This is one of the services that we have used extensively and we find it ideal, as Maryland has stated.

Chairman GRIFFITHS. Soon they are going to have a vote on exactly this, since they have already got some money in that revenue sharing bill, carefully isolated for child services and child care. Do you think that it would be worthwhile to maintain the homemaking service?

Mr. MILLER. Yes.

Chairman GRIFFITHS. What do you think? Do you agree?

Mr. CARLESON. Let me make a distinction. We have two things in California: One is homemaker service and the other is what we call attendant care, which is an allowance. I think the distinction is important.

It is almost like the child care in the work-related-expense point we made earlier, where we have great success in all of the categories in providing, really, what is the same thing, homemaker service under attendant care programs, whereby the disabled recipients are permitted an allowance to be able to have someone live in with them, come in and care for them, and so forth, under the attendant care allowance.

Now, here again, when we do this, it is over on the grant side of welfare and we are only getting 50 percent of the homemaker services money from the Government. If you go to the homemaker services, they don't necessarily make their own choice as to who will come in and provide the services, and so forth.

Then, of course, there is not only a tendency to go to homemaker services, but it is now mandated, because we have to go to homemaker services instead of the attendant care, and, of course, we are told that it isn't that good, because we will get the 75-percent matching for the homemaker services versus the 50-percent for the attendant care.

My point would simply be this: I think both programs are good. I think many recipients are fully able to bring in their attendants and pay them if we give them an allowance for this, and with people they know, people that they have known for years, relatives, and so forth.

On the other hand, there are families and people who really can't do this, and you have to have homemaker services.

Chairman GRIFFITHS. I think the homemaker service is filling a different need for a different kind of person, for a different kind of care. You might well put your case in a nursing home. What we are talking about is a person well enough, if someone came in every 2 days—every day would be great, but in some areas, if they came in just every 2 or 3 days—and looked at them and saw that they had food in the house and that the heat was on, and that there was no real problem for them.

I would like to ask your opinion on the Revenue Sharing Act which provides $1.6 billion to be divided among the States, but does not require that they spend it on social services. Would each of you comment? And we will hear you first, Mr. Miller, on whether your State would continue to support their services at the same rate as in the past few years?

Mr. MILLER. No. I think the pressure would come to spend the money in some other way. I don't think it would go for social services.

Chairman GRIFFITHS. So you think sewage disposal and similar things would win?

Mr. MILLER. Right; something else would take precedence. If it goes on the basis that I have heard, two-thirds to the urban area, I shudder to think on what the funds would be spent. I think you can be assured that it would not be spent for social services, and then if it were spent for social services, it would be loosely defined. Certainly, welfare would be on the short end of it, if any.

Chairman GRIFFITHS. Mrs. Davidson?

Mrs. DAVIDSON. I hesitate to respond, because I have not discussed the matter with my Governor. I daresay that I share the view of the gentlemen from the other States with respect to two-thirds of the money going to the localities. I think the localities have not focused their attention on these programs. They do not know much about them and have not enough information about them to recognize their real worth.

With respect to the one-third that would remain in my State, I would certainly be most hopeful that every effort would be made by the Governor to retain the program at the same level. He believs in these programs. He believes they do result in a reduction in the ultimate State cost, in their ability to help people stay at the various levels of independence, and he believes they serve a useful function, but in the absence of having discussed this alternative with him and in the absence of enough information in regard to my State budget, I am not in a position at this point of time to make any judgment as to what would happen if that revenue-sharing bill should pass in its present form.

What it would mean to us is a 49-percent reduction. That would be one alternative, if we didn't want to put any more State money in it. If we just wanted to retain our present level, it would mean a 49 percent overall reduction in everything but the day care, for which the money has been set aside.

But in all other circumstances, the welfare department, would have to reduce 49 percent simply to break even on the State money. I would hope—and I really do believe that my Governor feels strongly enough about the program to put additional funds into the pot—to keep them running.

Chairman GRIFFITHS. One of the Southern Governors sent word yesterday that if we had his choice he would give up revenue-sharing and take the social services money.

Mrs. DAVIDSON. Given the fact that my Governor has consistently taken the position that no Federal funds from the social services program could be used to replace State funds, and it would all go back into social services for expanded and new programs, I would suspect that he would be a very strong supporter of our request for the additional State funds that we would need to continue our program.

Chairman GRIFFITHS. Mr. Carleson?

Mr. CARLESON. The question is easy to answer, but the answer would be misleading. I think that from a practical standpoint the way the $1.6 billion that you mention would be distributed would be to social services. It would fall so short of what we are actually providing right now that I think the facts of life are that it would go for that, with one exception, and that is for those funds going to local governments that aren't providing the social services, as such, in the cities which funds would not, of course, go to the social services. In California, it would be to the counties, or even to the State or, depending upon the portion or size of the amount that is in that particular bill, of course, it would go to social services.

Now, if you are saying that there were different sizes of money and merely said that the money would go to the States and wasn't specifically earmarked for social services, would it go? I would say it would depend on the amount of money that was budgeted. If it were just in the revenue-sharing package——

Chairman GRIFFITHS. It will be in the revenue sharing. It will not be earmarked.

Mr. CARLESON. I understand. What I am saying is, what is in there now, the $1.6 billion, would fall so short of what we are now spending on social services that, by the very nature of it, it would go to the social services, except that which would go to the cities.

The other problem is that the $600 million, as I understand it, is earmarked for child care and family planning. This would give us somewhat of an anomaly. At the present time, our share of that would be more, quite a bit more, than what we are actually spending on child care and family planning in California.

So our share of that would be more than we are spending, and our share of the $1 billion would be less than what we are spending.

Chairman GRIFFITHS. Have you any other questions?

Representative BOLLING. I would like to ask one other question. It may have been established in another hearing. In the beginning of the answers to your questions, there was a video made of the inability to find jobs for welfare recipients. Can you give me any idea as to what proportion of the welfare caseload in each State is connected with unemployment? What proportion or percentage, rough percentage, of the welfare caseload is connected with unemployment?

Mr. CARLESON. As far as we are saying "unemployment," you mean for the lack of jobs?

Representative BOLLING. That is right.

Mr. CARLESON. We have another factor in there. The percentage in California—we are talking about the family program, not the aged, the blind, or disabled—that relates to the employable, as we have said, would—I am trying to go to a percentage——

Representative BOLLING. I will change the question.

What percentage of the welfare recipients are considered employable?

Mr. CARLESON. We have about—let's see, somewhere between 120,000 and 170,000 who would be considered to be employable. They are the employable recipients. This would be either men or women with children under the age of 6 fitting into the category.

Representative BOLLING. What percentage is that of the total?

Mr. CARLESON. Then, if you add to that the families that would go off with the children, that would go off with them; I am having to do my mental arithmetic. I hate to try to hit the percentage on this right now.

Representative BOLLING. Is it a half, or one-third, or one-fifth, or what?

Mrs. DAVIDSON. The figure given to me in this is 36 percent. I hope it is right.

Mr. MILLER. In our State, I think we can get it down even a little closer. We do not have the unemployed father program in our State, so we have just mothers on ADC. Our employment runs according to the season, but we have anywhere from a high of 36 percent of our mothers drawing some earnings falling to as low as 26 percent when unemployment is high. So that gives you an idea that in times of high unemployment, that kind of an increase exists in our ADC load.

I think Nevada has the highest number of employed mothers of any State. Now, as to where the potential is, I would say when we are at a high of 36 percent, probably if we had every potentially employable recipient working, we might go up another 5 or 6 percent. I would say in our State that roughly 40 percent of the welfare mothers are employable, which I think is rather high. It may not be this high in other States.

Mr. CARLESON. Our percentage would not be very different. The mental arithmetic tells me that it would be somewhere in the same general category as far as employable, but I would make the distinction because you made the question easy by saying "employable versus relating to unemployment." Because some of it may be unemployment, but there are other factors that in effect make people who are employable and not working stay on the welfare rolls.

Chairman GRIFFITHS. In your judgment, Mr. Miller, what would be a subsistence living for a family of four in Nevada?

Mr. MILLER. Our needs standard for a family of four is $330, but due to the reduced formula, we only pay 55 percent of that. We don't pay the full need in Nevada.

Chairman GRIFFITHS. But in your judgment, it would be $330. Would $330 actually maintain a family of four in Nevada for 1 month at a subsistence level?

Mr. MILLER. Yes, I would say so.

Chairman GRIFFITHS. You think it would? And your judgment, Mrs. Davidson?

Mrs. DAVIDSON. I just want to make sure I understand the question. We have a State standard.

Chairman GRIFFITHS. You don't have to be bothered with that, because I don't think the State standard means a thing.

Mrs. DAVIDSON. My personal view as a human being is that it would be $6,200, this is what it would take for an average family of four.

Chairman GRIFFITHS. Mr. Carleson, what, in your judgment, would it require?

Mr. CARLESON. $315 for a family of four in California.

Chairman GRIFFITHS. All right. Aren't you paying old people, with two in a family, $300 a month in California?

Mr. CARLESON. You are talking about a——

Chairman GRIFFITHS. A family of four. What do you think they would need to live for a year in California?

Mr. CARLESON. I hope we are talking about AFDC.

Chairman GRIFFITHS. We are not talking about AFDC. Just about a family of four.

Mr. CARLESON. $315.

Chairman GRIFFITHS. You think that would take care of them in California?

Mr. CARLESON. We are talking net again, Madam Chairman.

Chairman GRIFFITHS. We are just talking about a payroll. Suppose they go on a payroll, what do you think they would need to live?

Mr. CARLESON. If we are talking about gross income, which would apply for all of the deductions that you have on a payroll, $315 runs out to something pretty close to $450 or $500 a month.

Chairman GRIFFITHS. Right.

Mr. CARLESON. It is over $400, somewhere between $400 and $450.

Chairman GRIFFITHS. In any judgment, what we have been talking about here, all of this time, is really one of the critical issues of this country. I don't think we can continue to fool ourselves. This is really one of the major issues of the country and I have yet to ask a welfare director what he thinks these people are going to need who don't come up with $4,000 or more per year for a family of four.

Mr. MILLER. Madam Chairman, this is Mr. Carleson's idea. I think I would agree with the lady from Maryland, if you are talking gross.

Chairman GRIFFITHS. Absolutely.

Mr. MILLER. What you are talking about, medical furnished and everything else, I was considering——

Chairman GRIFFITHS. I see what you are saying. If you don't furnish anything——

Mr. MILLER. I would agree that her figure is about right on the button, around $6,200 where they would have to go get their medical care and everything else.

Chairman GRIFFITHS. Now, if you could remove that medical—if we pass my medical bill next year——

[Laughter.]

Chairman GRIFFITHS (continuing). This will take care of all of us. Then what would you think a family of four would have to have? Old people, for example, need a lot of medicine. You would have to consider that. Suppose you had two children coming in, what do you think it would take?

Mr. MILLER. This medical is a big issue——

Chairman GRIFFITHS. Take out the medical.

Mr. MILLER. You don't have the medical, you have——

Chairman GRIFFITHS. If you leave out the medical, you would still have to have $4,000 or $5,000; wouldn't you?

Mr. MILLER. Right.

Mr. CARLESON. When I answered my question I was including medical. We were talking about the elements and, very frankly, Madam Chairman, our standards were recently revised by economists and other professionals in the field. If you want to make a distinction in the urban area from the rural, then that particular standard of need is the one that is found to be necessary for a family of four in California.

Chairman GRIFFITHS. I think it is quite surprising that from the heart of Mississippi and the heart of Georgia, experts said that you can't survive on less than $4,000 a year. When you begin to talk like that, really what are we talking about in welfare?

Mrs. DAVIDSON. A very large amount of money.

Chairman GRIFFITHS. Plus the fact that we have built into these laws all kinds of work disincentives. We have all kinds of incredible inequities, what one family can get in one area is vastly different from what another family can get in another area. It is totally unfair. The whole picture should be looked at, not just the cash payment, not just medicaid, not just public housing. We should be looking at the whole picture.

Mrs. DAVIDSON. I would like to say one further thing. There is such an interrelationship between our stronger feelings toward services and payments that also should not be overlooked in this consideration.

Chairman GRIFFITHS. Yes. If you could take money and make payments or services, which would you do and how would you do it?

Mrs. DAVIDSON. First, I would make the money payment and then do the services. Where I find myself today, and this is the real quandary of the whole IV–A program, is that in my State the average family of four gets $2,400. Whatever the administrator thinks, as a human being I begin to think it becomes of more value to place a child in a day care center than to give them the $500-some-odd a year, one-fourth of the $2,400, to live on.

There comes a point where the actual amount of money being spent on the child, whatever we think the child ought to have, is so little that to raise the payment 2 percent, to raise it 5 percent, would give that child another $4 a month. That child it better off, in my view, at that level of payment with a slot in a day care center than getting the extra $4 a month, $1 a week.

If we were really going to give people what it takes to live on, then I think you could begin to say, "Let's cut back on the services program. A lot of these people can solve their own problems."

That is not where most States are today. Now, in my State the payments are so low that I really do believe that the dollars we spend in the services bring more help to the family than would some slight increase, if I could ever get it from my State legislature, in dollar payments.

The first priority is adequate income, but in the real world where I live, in my State, my first priority is services because I can't come close to doing anything but getting, if I am lucky, a cost-of-living increase for my recipients this year. This will be an extra $1 a week, maybe, and a child is really much better off if his mother gets family counseling, if his sister finds out how not to become pregnant, his brother is taken and put in a drug program, if he, himself, gets into a day care center.

Chairman GRIFFITHS. Or if his eyes are tested or his hearing is tested, or if he gets medicine.

Mrs. DAVIDSON. He is really better off than if I can throw him an extra couple of bucks and go tell him to live at a level of existence that is impossible. So I really think at the juncture that most States are at today, the services program has a kind of importance that really cannot be overlooked. A massive commitment of Federal funds at this time, in my view, is one of the ways in which Congress can really help the poor people because I don't really think that we can get from this Congress, or the next one or the one after that, a $6,000 payment, a $5,000 payment, or even a $4,000 payment.

In H.R. 1, the one at best which we were talking about, the one that used to be alive—I don't know if it still is—the Ribicoff amendment, which would make it go from $3,200 or $3,400, and in 5 years it would go up to something like $4,000, is where the real world is. That is the kind of money we are talking about giving.

As a theoretical matter, of course, the money is more important But really, I do begin to believe that where we are today, where we are really coming from and how we treat the poor people, has its heart in this social services program.

Chairman GRIFFITHS. I want to thank all of you and again apologize for more members not being present today. You have given me some very valuable information and I hope I can use it to be of some help.

This hearing is adjourned.

(Whereupon, at 1:30 p.m., the subcommittee adjourned, to reconvene subject to the call of the Chair.)

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