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Congressional Record

PROCEEDINGS AND DEBATES OF THE 94th CONGRESS, FIRST SESSION

Senate

January 21, 1975

SENATE CONCURRENT RESOLUTION 2—SUBMISSION OF A CONCURRENT RESOLUTION TO DISAPPROVE 5-PERCENT CEILING ON SOCIAL SECURITY COST-OF-LIVING INCREASES

(Referred to the Committee on Finance.)

Mr. CHURCH (for himself, Mr. KENNEDY, Mr. MONDALE, Mr. ABOUREZK, Mr. LEAHY, Mr. BAYH, Mr. BROOKE, Mr. BROCK, Mr. BURDICK, Mr. CANNON, Mr. CLARK, Mr. FORD, Mr. CRANSTON, Mr. EAGLETON, Mr. EASTLAND, Mr. STONE, Mr. PHILIP A. HART, Mr. HARTKE, Mr. HASKELL, Mr. HATFIELD, Mr. HATHAWAY, Mr. HUMPHREY, Mr. INOUE, Mr. JACKSON, Mr. MCGOVERN, Mr. MUSKIE, Mr. BENTSEN, Mr. STEVENSON, Mr. JAVITS, Mr. LONG, Mr. MAGNUSON, Mr. MCGEE, Mr. MCINTYRE, Mr. METCALF, Mr. MONTOYA, Mr. MOSS, Mr. PASTORE, Mr. PELL, Mr. PROXMIER, Mr. RANDOLPH, Mr. RIBICOFF, Mr. SCHWEIKER, Mr. STAFFORD, Mr. TALMADGE, Mr. WILLIAMS, Mr. YOUNG, Mr. GARY W. HART, Mr. ROBERT C. BYRD, Mr. ROTH, Mr. HUDDLESTON, and Mr. TAFT) submitted the following concurrent resolution:

S. CON. RES. 2

Whereas, the President has proposed that the social security cost-of-living benefit increase scheduled for this July be limited to 5 percent;

Whereas, prices are rising at twice this level, imposing an especially serious burden on those Americans who must rely on social security benefit payments;

Whereas, the proposal for a 5 percent limit on social security benefit increases has caused great concern and distress to many Americans;

Whereas, the original intent of the social security cost-of-living escalator provision was to protect beneficiaries from the uncertainties of the political process during inflationary periods; Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of the Congress that no legislation imposing a ceiling on social security cost-of-living benefit increases be enacted.

MONDAY, JANUARY 27, 1975

NO 5-PERCENT CEILING ON SOCIAL SECURITY INCREASES

Mr. MONDALE. Mr. President, the introduction of this Concurrent Resolution today effectively seals the fate of President Ford's misguided proposal to limit this year's Social Security cost-of-living increase to 5 percent.

With more than a majority of the Senate now formally on record against this legislation, the more than 30 million Americans who must rely on Social Security benefits can be assured that they will receive the cost-of-living increase to which the law now entitles them.

This increase—which is scheduled to begin with the July, 1975, benefit checks—is currently estimated at around 9 percent, based on the rise in the Consumer Price Index from the second quarter of 1974 to the first quarter of 1975.

Average monthly benefits would increase from \$310 to \$337 under the projected 9 percent increase, but only \$325 under the Administration's proposed ceiling—a cut of \$12 per month.

For retired single workers, the average monthly benefit would rise from \$186 to \$202 under present projections, but to only \$195 under the Administration's proposal, a cut of \$7 a month.

With inflation continuing at double-digit levels, it is difficult to understand how the Administration can justify limiting the protection against inflation Congress has provided for those who are most vulnerable. This past year's inflation has fallen more heavily on the elderly than on most others in our society. The prices of food and fuel—which make up an unusually high portion of the budgets of older Americans—have risen much faster than other prices.

It was precisely to protect Social Security beneficiaries from the uncertainties of the political process in times of high inflation that Congress passed the Social Security cost-of-living escalator provisions in 1972. President Ford now proposes to undo this hard-won improvement. To be sure, we are told it is only for one year. But if the principle is once established that the cost-of-living escalator provisions can be ignored for short-term fiscal policy reasons, what is to prevent it from happening each time budget-makers begin searching for quick savings?

Beyond this, however, it is difficult to see how the proposed 5 percent lid on Social Security increases makes sense in terms of the President's expressed goal of increasing consumer purchasing power and stimulating the economy.

First we are told that an immediate \$12 billion rebate of 1974 taxes is needed to put more money in the hands of consumers and make up in part for the impact of inflation on their incomes. Then we are told that we must withhold \$2.5 billion of the amount Social Security beneficiaries are scheduled to receive to compensate them for inflation.

Is there some alchemy which makes tax rebates effective devices for increasing consumer purchasing power, but not Social Security payments?

It is also worth keeping in mind that most Social Security recipients have taxable incomes so low that they pay little or nothing in Federal income taxes. In fact, more than 12 million of the 21 million persons 65 and

over do not even file Federal income tax returns. Not only, therefore, are they denied part of the Social Security benefits to which they are entitled, but they are also unable to participate fully in the 1974 tax rebates from which most other Americans benefit.

Mr. President, this proposed ceiling of 5 percent is unfair to older Americans, and it makes little economic sense. I am very pleased, therefore, that a majority of the Senate has now joined in opposing this proposal. The 30 million Americans who receive Social Security payments need no longer worry about this threat to their benefits.



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PROCEEDINGS AND DEBATES OF THE 94th CONGRESS, FIRST SESSION

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WASHINGTON, TUESDAY, JANUARY 28, 1975

No. 9

Senate

By Mr. MONDALE:

S. 469. A bill to amend the Internal Revenue Code of 1954 to reduce income taxes and to repeal the percentage depletion allowance. Referred to the Committee on Finance.

ANTI-RECESSION TAX RELIEF AND REFORM ACT

Mr. MONDALE. Mr. President, I am today introducing legislation that would provide a \$12.5 billion, \$75-per-person, rebate on 1974 taxes, and a permanent net cut of \$15 billion in individual and corporate taxes.

This package would provide total stimulus to the economy of \$27.5 billion in calendar 1975, and \$15 billion a year thereafter.

It has the following components:

A \$75 per exemption rebate on 1974 taxes for low- and middle-income taxpayers—\$12.5 billion temporary stimulus in calendar 1975;

A \$225 optional tax credit which may be taken in place of the existing \$750 personal exemption, plus an increase in the low-income allowance from \$1,300 to \$2,000—\$12.2 billion a year permanent tax cut, beginning in 1975;

A modified version of President Ford's \$80 per adult payment to the poor, extending the payments to dependent children and making the phaseout more gradual—\$2.6 billion a year in payments;

A permanent increase in the investment tax credit to 10 percent for all businesses, including utilities—\$2.5 billion a year tax cut; and

Repeal of the oil depletion allowance as of January 1, 1975—revenue gain of \$2.2 billion in 1975, gradually rising to \$3.5 billion by 1980.

THE DEEPENING RECESSION

We are in the midst of the worst recession since the 1930's, and it is growing more serious each day.

Unemployment is now 7.1 percent, and heading toward 9 percent or higher before year's end.

Real GNP dropped 9.1 in the fourth quarter of last year, culminating the worst yearly decline since 1948.

The average worker's real earnings—after inflation and taxes—fell last year by 5.4 percent, the steepest decline on record.

Housing starts have fallen 35 percent in the last year to an annual rate of 868,000, the sharpest drop since 1943.

Automobile sales are 25 percent below the depressed levels of last year.

And consumer confidence has fallen to its lowest level since World War II.

Fighting recession must therefore be our most important priority in the short term. Our present energy situation is serious and it will not go away. But there are limits to what we can do to conserve energy over the very short term. If we seek to push against those limits with a program imposing sharp energy price rises on the economy, we risk pushing both unemployment and inflation to double-digit levels, with little compensating gain in energy conservation and independence.

Our economy has already been severely battered and weakened by the OPEC-induced energy price increases. There is little to be gained and much to be lost by pounding it into recession for years to come with the self-inflicted wounds President Ford has proposed in his energy package.

We must proceed at once on development of a well-constructed program to conserve energy, develop alternate sources, and reduce our dependence on foreign oil. But we must also recognize the need to balance our long-term energy needs against the seriousness of our

short-term recessionary situation. The tax package I am introducing today, therefore, concentrates on the immediate and acute problem of recession.

\$75 PER EXEMPTION ON 1974 TAXES

The first step should be a prompt one-shot rebate of approximately \$12 billion on 1974 taxes. This temporary rebate has two important advantages:

First. It provides some relief to the more than one million Americans who were employed and paying taxes in 1974, but who are now without jobs, and;

Second. It makes it possible to concentrate a large part of the stimulus in calendar 1975, when it is most needed, without eroding too severely the long-term revenue base of our tax system. While the broad outlines of President Ford's \$12.2 billion rebate plan are sound, some important changes are needed in it.

First, it must be concentrated on the low- and middle-income taxpayers who have suffered most from inflation and recession. President Ford's 12 percent across-the-board cut—even with the \$1,000 ceiling—will give fully 43 percent of the total relief to those making over \$20,000, who make up less than 15 percent of all taxpayers. It would give \$104 in relief to a family of four making \$10,000, and \$1,000 to a family making \$50,000. This is not fair. Beyond that, it will have less stimulative impact than a cut concentrated on those with lower incomes, since the affluent beneficiaries of the Ford plan are likely to save most of their rebate rather than spending it.

The plan I propose would give each individual and family a rebate of \$75 for each personal exemption listed on their 1974 tax returns. A family of four earning \$10,000 would get a rebate of \$300 under this plan, compared to \$104 under the Ford proposal. All taxpayers up to \$25,000 would get the full \$75 per-exemption credit, and it would be gradually phased out above that level so that no one earning more than \$50,000 would benefit. Nearly 83 percent of the relief would go to those under \$20,000, and 61 percent to those under \$15,000. The total cost would be \$12.5 billion, compared to \$12.2 billion under the Ford proposal.

I ask unanimous consent to have printed in the Record a table showing the impact of a \$75 per-exemption credit, as compared to President Ford's 12 percent across-the-board plan.

There being no objection, the table was ordered to be printed in the Record, as follows:

\$75 PER-EXEMPTION REBATE OF 1974 TAXES (MARRIED COUPLE 2 DEPENDENTS)

Adjusted gross income	Mondale rebate on 1974 taxes	Ford 1974 rebate
\$5,000	\$38	\$12
\$6,000	1245	29
\$8,000	300	67
\$10,000	300	104
\$12,500	300	151
\$15,000	300	204
\$17,500	300	259
\$20,000	300	319
\$25,000	300	450
\$30,000	240	618
\$40,000	120	955
\$50,000	0	1,000

¹ Total 1974 taxes.

Mr. MONDALE. Mr. President, a second problem with the Ford plan for a rebate of 1974 taxes is that the rebate is divided into two checks, half in May and half in September. The stimulus to the economy is needed immediately, and economists are nearly unanimous in the view that this \$12 billion rebate can be handled at one time without disrupting the money markets, the overwrought

imaginings of our Treasury Secretary to the contrary notwithstanding.

\$12.2 BILLION PERMANENT INDIVIDUAL TAX CUT

The legislation I propose would give a permanent \$12.2-billion-a-year tax cut to individuals by giving taxpayers the option of taking a \$225 tax credit instead of the existing \$750 personal exemption, and by increasing the low-income allowance from \$1,300 to \$2,000.

Under this plan, almost all families with incomes up to \$26,000 a year would get some tax relief. A family of four making \$10,000 would save \$387 in taxes, and a family of the same size earning \$15,000 would save \$226. Larger families would save more. A family of six making \$10,000 would save \$556, and a family of that size making \$15,000 would save \$348.

Over 82 percent of the relief would go to those making less than \$15,000 and nearly 96 percent to those making less than \$20,000. I ask unanimous consent that a series of tables showing the tax savings for families of various sizes, and the total distribution of relief by income categories, be printed in the Record at the conclusion of my statement.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. MONDALE. Mr. President, the withholding tables would, of course, be changed promptly to get this extra purchasing power into the hands of consumers as soon as possible.

This form of permanent relief has a number of advantages:

It reduces the inequity inherent in the present \$750 personal exemption, which is worth only \$105 in reduced taxes to those in the lowest bracket making \$5,000 a year, but which saves those in the highest bracket making \$200,000 a year \$525 in reduced taxes. Under an optional \$225 credit—which is subtracted directly from the tax due rather than from the income on which the tax is figured—each exemption is worth at least \$225 in reduced taxes.

The increase in the low-income allowance from \$1,300 to \$2,000 relieves a large number of low-income people from the burden of paying Federal income taxes. In addition, it provides a substantial amount of extra relief for single taxpayers, who are not as much helped by the \$225 optional tax credit as are large families. Further, the increase in the low-income allowance—or minimum standard deduction—to the same level as the \$2,000 maximum standard deduction simplifies tax return filing, making it unnecessary for many low- and middle-income taxpayers to itemize their deductions. Finally, the higher low-income allowance makes it possible for many renters with incomes under \$15,000 to obtain tax advantages similar to those received by homeowners with similar incomes who itemize their deductions.

\$80-PER-PERSON PAYMENT TO THE POOR

President Ford has proposed an innovative and constructive \$2 billion plan to make payments to those with low incomes of \$80 per adult. The payments would be reduced by \$4 for every \$25 of income over \$2,250 for single persons, or \$4,500 for married persons filing jointly. This would be a permanent program,

with the first yearly payments coming this summer.

The bill I am introducing today modifies the Ford plan somewhat by extending the \$80 payments to dependent children, and by making the phaseout somewhat more gradual—\$2 reduction for each \$25 in extra income over \$2,250 or \$4,500. The extra cost from these

changes is modest, increasing the total to only \$2.6 billion. Nearly \$2 billion of this would go to those with incomes under \$5,000, with almost all of the rest going to those between \$5,000 and \$10,000. I ask unanimous consent to have printed in the RECORD a table showing the payments that would be made to families of different sizes at different income levels.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

\$80 PER PERSON PAYMENT TO THOSE WITH LOW INCOMES

Adjusted gross income	Family size (persons)				
	1	2	3	4	5
\$2,000.....	\$80	\$160	\$240	\$320	\$400
\$3,000.....	20	160	240	320	400
\$4,000.....	0	160	240	320	400
\$5,000.....	0	80	200	280	440
\$6,000.....	0	40	120	200	360
\$7,000.....	0	0	40	120	280
\$8,000.....	0	0	0	40	200
\$9,000.....	0	0	0	0	120
\$10,000.....	0	0	0	0	40
\$11,000.....	0	0	0	0	0

10 PERCENT INVESTMENT TAX CREDIT

Mr. MONDALE. Mr. President, President Ford has proposed a 1-year increase in the investment tax credit from 7 percent—4 percent for utilities—to 12 percent, at a cost of \$4 billion, and a permanent reduction in the corporate tax rate from 48 to 42 percent, at an annual cost of \$6 billion.

The legislation I propose would provide, instead, for a permanent increase in the investment tax credit to 10 percent for all businesses, including utilities. The cost would be \$2.5 billion a year.

Many businessmen have expressed concern over rapid fluctuations in the level of the investment tax credit. Since most business capital investment decisions are made a year or more in advance, it is difficult for business to respond to short-term increases in the investment tax credit.

In addition, with business now operating at only 75 percent of capacity, with consumer demand way down, and with corporate profits—and taxes—dropping, it is uncertain how much impact a sharp one-time increase in the investment tax credit would have.

I believe, therefore, that a permanent 10-percent investment tax credit would be a more effective and carefully focused tax stimulus for business than the measures President Ford has proposed.

REPEAL OF THE OIL DEPLETION ALLOWANCE

There is no tax reform that is more overdue than repeal of the oil depletion allowance. This past year has seen an almost weekly shuttlecocking of promises and postponements. One week repeal is imminent, the next week there is another excuse for waiting until next time.

In my view, the future is now for repeal of depletion. If it is not made a part of the major tax cut package we will soon be considering, there will be further endless months of excuses, postponements, and rear guard actions by the oil lobby.

The issues are clear. We have been debating them for practically a quarter of a century. The oil industry has received incentives beyond the dreams of avarice through price increases alone in the past year. The incentive of percentage depletion is no longer justified.

The bill would therefore repeal the percentage depletion allowance for oil and gas as of January 1, 1975. However, the bill includes the provisions of the House Ways and Means energy bill of last year (H.R. 17488), keeping depletion at 22 percent for now on federally-regulated natural gas, and that subject to fixed-price long-term contracts.

The revenue gain from repealing oil and gas depletion would be \$2.2 billion in 1975, \$2.5 billion in 1976, \$2.8 billion in 1977, \$3.2 billion in 1978, \$3.3 billion in 1979, and \$3.5 billion in 1980.

CONCLUSION

Mr. President, the American people are rightly demanding action and initiative from their elected representatives. We face the worst economic crisis in a generation. It is not a time for partisan sniping, or for seeking after small advantage. We should strive for constructive compromise, and the legislation I propose today is offered in that spirit.

However, on many issues—such as energy—there may well be fundamental differences of view which cannot honestly be papered over or subsumed under

hastily-devised compromises. The challenge we face is to know which differences are fundamental and which are not, to proceed honestly toward the best resolution possible.

I ask unanimous consent that the text of the bill be printed in the RECORD at this point:

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 469

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Anti-Recession Tax Relief and Reform Act"

SEC. 2. TEMPORARY PAYMENT FOR PERSONAL EXEMPTIONS.

(a) General Rule.—The Secretary of the Treasury shall pay to each eligible individual who files a return of tax imposed under chapter 1 of the Internal Revenue Code of 1954 for the taxable year ending within or with calendar year 1974 an amount determined under subsection (b). The Secretary shall make the payment as soon as possible after the receipt of the return. For purposes of this section the term "eligible individual" means an individual—

(1) who is residing in the United States and who is a citizen of the United States or an alien lawfully admitted for permanent residence under the Immigration and Nationality Act, and

(2) with respect to whom a personal exemption deduction under section 151 of the Internal Revenue Code of 1954 is not allowed to another individual, except as provided in section 151(e) (2) of such Code, for the taxable year ending within or with calendar year 1974.

(b) Amount.—Subject to the limitation contained in subsection (c), the amount payable to an individual is \$75 (counting a husband and wife filing a joint return of tax under section 6013 of the Internal Revenue Code of 1954 as 2 individuals) plus the product of \$75 multiplied by the number of exemption deductions allowed such individual for dependents under section 151(e) of such Code for the taxable year to which the return relates.

(c) Limitation.—The amount of the payment to which an individual is entitled under subsection (b) shall be reduced by an amount which bears the same ratio to the amount of the payment (determined without regard to this subsection) as the amount by which the adjusted gross income (as defined in section 62 of such Code) of the individual exceeds \$25,000 (\$50,000 in the case of a joint return of tax under section 6013 of such Code) bears to \$25,000 (\$50,000 in the case of such joint return).

(d) Treatment as Overpayment of Tax.—For purposes of any law of the United States, any payment made under this section constitutes a refund of an overpayment of the tax imposed under chapter 1 of the Internal Revenue Code of 1954.

SEC. 3. TAX CREDITS FOR PERSONAL EXEMPTIONS AND INDIVIDUALS.

(a) In General.—Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits against tax) is amended by renumbering section 42 as section 44 and by inserting after section 41 the following new sections:

"SEC. 42. PERSONAL EXEMPTIONS.

"(a) General Rule.—At the election of the taxpayer, there shall be allowed, as a credit against the tax imposed by this chapter for the taxable year, an amount equal to \$225 multiplied by the number of exemptions to which the taxpayer is entitled under section 151. Such credit shall not exceed the tax imposed by this chapter for the taxable year.

"(b) Election.—An election under subsection (a) for a taxable year may be made at any time before the expiration of the period for filing a claim for a refund or credit of an overpayment of tax for such taxable year and shall be made in such form and manner as the Secretary or his delegate prescribes by regulation.

"(c) Denial of Deduction.—If a taxpayer elects the credit provided by subsection (a) for a taxable year, no deduction shall be allowed under section 151 for any exemption to which he is entitled under such section.

"SEC. 43. INDIVIDUAL CREDIT.

"(a) General Rule.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to \$80 (\$160 in the case of a joint return of tax under 6013) plus \$80 for each exemption allowed to such taxpayer for a dependent under section 151(e) for such year.

"(b) Limitation.—The amount of the credit allowed under subsection (a) for the taxable year shall be reduced (but not to an amount less than 0) by an amount which bears the same ratio to the amount allowed as a credit to such taxpayer under such subsection as the amount by which the adjusted gross income (as defined in section 62) of the taxpayer for the taxable year exceeds \$2,250 bears to \$1,000.

"(c) Election to Apply Credit to Preceding Year.—

"(1) In general.—At the election of the taxpayer (made at such time and in such manner as the Secretary or his delegate prescribes by regulations), the credit allowed under subsection (a) for any taxable year shall be allowed as a credit against the tax imposed by this chapter for the preceding taxable year.

"(2) Short form.—For purposes of the election under paragraph (1), the Secretary or his delegate shall make available to the taxpayer a simple form for purposes of amending his return of tax for such preceding taxable year. In addition, the Secretary or his delegate shall make a special effort, in cooperation with other Federal, State, and local agencies, to locate and inform individuals of their eligibility for the credit allowed under this section."

(b) Technical Amendments.—

(1) The table of sections for such subpart is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 42. Personal Exemptions.

"Sec. 43. Individual Credit.

"Sec. 44. Overpayments of tax."

(2) Section 37 (a) of such Code (relating to retirement income credit) is amended by striking out "and" before "section 35" and by inserting before the period at the end thereof a comma and "and section 42 (relating to personal exemptions)".

(3) Section 41 (b) (2) of such Code (relating to contributions to candidates for public office) is amended by striking out "and" before "section 38" and by inserting before the period at the end thereof a comma and "and section 42 (relating to personal exemptions)".

(4) Section 46 (a) (3) (B) of such Code (relating to the investment credit) is amended—

(A) by striking out "and" at the end of subparagraph (B),

(B) by striking out the period at the end of subparagraph (C) and inserting in lieu thereof a comma and "and", and

(C) by inserting after subparagraph (C) the following new subparagraph:

"(D) Section 42 (relating to personal exemptions)."

(5) Section 50A (a) (3) of such Code (relating to credit for expenses of work incentive programs) is amended—

(A) by striking out "and" at the end of subparagraph (D),

(B) by striking out the period at the end of subparagraph (E) and inserting in lieu thereof a comma and "and", and

(C) by inserting after subparagraph (E) the following new subparagraph:

"(F) Section 42 (relating to personal exemptions)."

(c) Refundable Credit.—

(1) Section 6201(a) (4) of such Code (relating to assessment authority) is amended by—

(A) inserting "or 43" after "section 39" in the caption of such section; and

(B) striking out "oil," and inserting in lieu thereof "oil" or section 43 (relating to individual credit)."

(2) Section 6401(b) of such Code (relating to excessive credits) is amended by—

(A) inserting after "lubricating oil" the following: ", 43 (relating to individual credit)."; and

(B) striking out "sections 31 and 39" and inserting in lieu thereof "sections 31, 39, and 43".

(d) Effective Date.—The amendments made by this section apply to taxable years beginning after December 31, 1974.

SEC. 4. INCREASE IN LOW-INCOME ALLOWANCE.

(a) In General.—Section 141(c) of the Internal Revenue Code of 1954 (relating to the low-income allowance) is amended—

(1) by striking out "\$1,300" and inserting in lieu thereof "\$2,000"; and

(2) by striking out "\$650" and inserting in lieu thereof "\$1,000".

(b) Conforming Amendment.—Section 6012 (a) (1) of such Code (relating to persons required to make returns of income) is amended by striking out "\$2,050" wherever it appears and inserting in lieu thereof "\$2,750" and by striking out "\$2,800" wherever it appears and inserting in lieu thereof "\$3,500".

(c) Effective Date.—The amendments made by this section apply to taxable years beginning after December 31, 1974.

SEC. 5. INCREASED INVESTMENT CREDIT.

(a) In General.—Section 46 of the Internal Revenue Code of 1954 (relating to amount of credit) is amended by—

(1) striking out "7 percent" in subsection (a) (1) and inserting in lieu thereof "10 percent"; and

(2) striking out "4/7 of" in subsection (c) (3).

(b) Effective Date.—The amendments made by this section apply with respect to section 38 property which is constructed, reconstructed, erected, or purchased after December 31, 1974.

SEC. 6. REPEAL OF PERCENTAGE DEPLETION FOR CERTAIN OIL AND GAS WELLS.

(a) In General.—

(1) Section 613(a) of the Internal Revenue

Code of 1954 (relating to percentage depletion) is amended by striking out "subsection (b)," each place it appears therein and inserting "subsection (b) or subsection (d)."

(2) Section 613(b)(1)(A) of such Code is amended by striking out "oil and".

(3) Section 613(d) of such Code is amended to read as follows:

"(d) Percentage Depletion for Certain Domestic Gas Wells.—

"(1) In General.—Except as otherwise provided in this subsection, in the case of any oil and gas well, the allowance for depletion under section 611 shall be computed without reference to this section.

"(2) Exemption for Regulated Natural Gas and Natural Gas Sold Under Fixed Contract.—

"(A) In general.—

"(i) Regulated Natural Gas.—Except as provided in subparagraph (B), in the case of regulated natural gas, the percentage referred to in subsection (a) shall be 22 percent.

"(ii) Natural gas sold under fixed con-

tract.—In the case of natural gas sold under a fixed contract the percentage referred to in subsection (a) shall be 22 percent.

"(B) Termination of regulated natural gas exemption.—In the case of regulated natural gas, if the summary of prices published pursuant to subparagraph (C) for any calendar year shows—

"(i) an average price per 1,000 cubic feet of regulated natural gas which equals or exceeds,

"(ii) one-sixth of the average price per barrel of domestic crude oil not subject to Federal price control,

then the allowance for depletion shall be computed for all periods after December 31 of such calendar year without reference to subparagraph (A)(i).

"(C) Compilation of data with respect to prices of regulated natural gas and domestic crude oil.—For each calendar year beginning after December 31, 1973, the Secretary or his delegate shall compile data establishing—

"(i) the average sales price per 1,000 cubic feet of regulated natural gas sold during such year, and

"(ii) the average sales price per barrel of domestic crude oil not subject to Federal price control which is sold during such year. Within 90 days after the close of any such calendar year (or, if later within 90 days after the date of the enactment of this Act), the Secretary or his delegate shall publish a summary of such data in the Federal Register. Any such summary so published shall be final and conclusive.

"(D) Authorization to compile data.—

"(1) Data from executive agencies.—In compiling the data required under subparagraph (C), the Secretary or his delegate is authorized to receive directly from any other executive department or agency of the United States information and statistics necessary for the compilation of such data. Such other executive department or agency shall furnish any such requested information and statistics directly to the Secretary or his delegate.

"(2) Purchasers and sellers to furnish information.—If no other executive department or agency of the United States is able to furnish the Secretary or his delegate the information and statistics from which the data required under subparagraph (C) can be compiled, the Secretary or his delegate may by regulation require purchasers and sellers of domestic crude oil and regulated natural gas to make such reports of sales, volumes, prices, and related information as may be necessary to compile the data required under subparagraph (C).

"(3) Definitions.—For purposes of this subsection—

"(A) Crude oil.—The term 'crude oil' includes a natural gas liquid recovered from a gas well in lease separators or field facilities.

"(B) Natural gas.—The term 'natural gas' means any product (other than crude oil) of an oil or gas well if a deduction for depletion is allowable under section 611 with respect to such product.

"(C) Regulated natural gas.—The term 'regulated natural gas' means natural gas subject to the jurisdiction of the Federal Power Commission with respect to the sale or transportation of which an order or certificate of the Federal Power Commission is in effect (or a proceeding for the issuance of such an order or certificate has been instituted), if prices taken into account directly or indirectly in the issuance of such order or certificate.

"(D) Natural gas sold under a fixed contract.—The term 'natural gas sold under a fixed contract' means domestic natural gas sold by the producer under a contract, in effect on April 10, 1974, and all times thereafter before such sale, under which the price for such gas cannot be adjusted to reflect to any extent the increase in liability of the seller for tax under this chapter by reason of the repeal of percentage depletion under this section."

(b) Effective date.—The amendments made by this section apply to taxable years beginning after December 31, 1974.

EXHIBIT 1

TABLE 1.—ESTIMATED DECREASE IN FEDERAL INDIVIDUAL INCOME TAX LIABILITY UNDER A PROPOSAL TO INCREASE THE MINIMUM STANDARD DEDUCTION TO \$2,000 AND TO GRANT AN OPTIONAL \$225 TAX CREDIT IN LIEU OF THE \$750 EXEMPTION DEDUCTION

[By adjusted gross income class, 1974 income levels]

Gross income class	Number of returns affected (thousands)			Decrease in tax liability (millions)	Percent of total relief	Percent of taxable returns	Gross income class	Number of returns affected (thousands)			Decrease in tax liability (millions)	Percent of total relief	Percent of taxable returns
	Total number with tax decrease	Number made non-taxable	Number shifting to the standard deduction					Total number with tax decrease	Number made non-taxable	Number shifting to the standard deduction			
0 to \$3,000	4,067	251	99	\$254	2.1	6.1	\$20,000 to \$50,000	5,145	1	0	\$504	4.1	13.5
\$3,000 to \$5,000	7,579	587	500	1,320	10.8	11.3	\$50,000 to \$100,000	5	(1)	0	1	.0	1.0
\$5,000 to \$7,000	8,273	449	1,020	1,850	15.2	12.4	\$100,000 and over	1	(1)	0	(1)	.0	.2
\$7,000 to \$10,000	11,428	457	1,964	2,992	24.5	17.1	Total	61,821	1,940	4,262	12,209	100.0	100.1
\$10,000 to \$15,000	15,858	177	678	3,632	29.7	23.8							
\$15,000 to \$20,000	9,477	19	0	1,657	13.6	14.7							

¹ Less than 500 returns or \$500,000.

Note: Details will not necessarily add to totals because of rounding.

EXHIBIT 1

TABLE 2.—\$225 OPTIONAL TAX CREDIT PLUS \$2,000 LOW INCOME ALLOWANCE TAX SAVINGS

[Assumes personal deductions of 17 percent of income]

Adjusted gross income	Present tax	Tax with \$225 credit	Tax saving	Adjusted gross income	Present tax	Tax with \$225 credit	Tax saving
Married couple with 4 dependents:				Married couple with 1 dependent:			
\$3,000				\$3,000			
\$5,000				\$5,000	\$208	\$0	\$208
\$6,000	\$28	0	\$28	\$6,000	362	0	362
\$8,000	312	0	312	\$8,000	694	325	369
\$10,000	586	\$30	556	\$10,000	1,010	705	305
\$12,500	976	553	423	\$12,500	1,408	1,228	180
\$15,000	1,371	1,023	348	\$15,000	1,864	1,698	166
				\$17,500	2,329	2,216	113
				\$20,000	2,848	2,753	95
				\$25,000	3,960	3,945	15
				Married couple with no dependents:			
				\$3,000	28		28
				\$5,000	\$322	0	\$322
				\$6,000	484	\$170	314
				\$8,000	837	550	287
				\$10,000	1,152	939	213
				\$12,500	1,573	1,453	120
				\$15,000	2,029	1,923	106
				\$17,500	2,516	2,441	75
				\$20,000	3,035	2,978	57
				\$25,000	4,170	4,170	0
				Single person:			
				\$3,000	138	0	138
				\$5,000	491	275	216
				\$6,000	681	465	216
				\$8,000	1,087	885	202
				\$10,000	1,482	1,365	117
				\$12,500	1,996	1,966	30
				\$15,000	2,549	2,536	13
				\$17,500	3,145	3,145	0
				\$20,000	3,784	3,784	0
				\$25,000	5,230	5,230	0

CHILD AND FAMILY SERVICES ACT

NEEDS

- The infant mortality rate in the United States is higher than that of 13 other nations.
- Each year an estimated 200,000 children are struck by handicaps which could have been prevented if their mothers had received early health care.
- Forty percent of the young children of this country are not fully immunized against childhood diseases.
- Sixty five percent of all handicapped preschool children are not receiving special services.
- There are only one million spaces in licensed day care homes and centers to serve the six million preschool children whose mothers are working.

PROPOSED SERVICES

- The bill authorizes funding for local communities and parent organizations to choose among a wide variety of child and family services, including: prenatal health care; medical treatment to detect and remedy handicaps; nutrition assistance; and day care services for children of working mothers. The bill does not provide for compulsory preschool education.

PARENT CONTROL

- Participation in all programs is totally voluntary, and limited to children whose parents request services.
- All programs would be selected, established and controlled by parents whose children participate.

FAMILY STRENGTHENING

- The bill states that "the family is the primary and most fundamental influence on children" and that "child and family service programs must build upon and strengthen the role of the family".
- The bill has been specifically endorsed as family strengthening by a wide range of civic and religious organizations including the Catholic Church, the Baptist Church, the United Methodist Church and the Lutheran Church.

COMPLETE TEXT OF THE CHILD AND FAMILY SERVICES ACT OF 1975,
S. 626. REPRINTED FROM PAGES S1641 TO S1648 OF THE FEBRUARY
7, 1975, CONGRESSIONAL RECORD.

SENATOR WALTER MONDALE

Child and Family Services

Act of 1975



United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 94th CONGRESS, FIRST SESSION

Vol. 121

WASHINGTON, FRIDAY, FEBRUARY 7, 1975

No. 17

Senate

FRIDAY, FEBRUARY 7, 1975

By Mr. MONDALE (for himself, Mr. JAVITS, Mr. ABOUREZK, Mr. CLARK, Mr. BROOKE, Mr. CASE, Mr. CRANSTON, Mr. CULVER, Mr. HATHFIELD, Mr. HATHAWAY, Mr. PHILIP A. HART, Mr. GARY W. HART, Mr. HOLLINGS, Mr. HUMPHREY, Mr. KENNEDY, Mr. MCGEE, Mr. MCGOVERN, Mr. METCALF, Mr. NELSON, Mr. PELL, Mr. RANDOLPH, Mr. RIBICOFF, Mr. SCHWEIKER, Mr. STAFFORD, Mr. STEVENSON, and Mr. WILLIAMS):

S. 626. A bill to provide for services to children and their families, and for other purposes. Referred to the Committee on Labor and Public Welfare.

CHILD AND FAMILY SERVICES ACT OF 1975

Mr. MONDALE. Mr. President, today I am privileged to introduce with the distinguished senior Senator from New York (Mr. JAVITS), and Senators ABOUREZK, BROOKE, CASE, CHURCH, CLARK, CRANSTON, CULVER, G. HART, PHILIP HART, HATHFIELD, HATHAWAY, HOLLINGS, HUMPHREY, KENNEDY, MCGEE, MCGOVERN, METCALF, NELSON, PELL, RANDOLPH, RIBICOFF, SCHWEIKER, STAFFORD, STEVENSON, and WILLIAMS, the Child and Family Services Act of 1975.

Mr. President, a companion bill is being introduced in the House of Representatives by Representative JOHN BRADEMAS, who chairs the House Select Subcommittee on Education and is a creative and forceful leader on this effort and many other efforts designed to improve opportunities for families and their children. Representative BRADEMAS is joined by Representatives ORVAL HANSEN, PATSY MINK, and MARGARET HECKLER as major sponsors of the companion bills and by over 80 other cosponsors.

Our bill is designed to provide financial assistance to help States and localities upgrade the quality and expand their services for children and families. This measure incorporates the fundamental principles and elements contained in both the child development provisions in S. 2007, the Economic Opportunity Amendments of 1971, which passed the Congress in 1971, and was vetoed by President Nixon, and in the Comprehensive Headstart Child Development and Family Services Act of 1972 which passed the Senate by a vote of 73 to 12 on June 20, 1972.

This bill is the identical bill that I introduced last year, S. 3754, on which we held hearings August 8 and 9, 1974. The only difference between the bill I introduce today, and S. 3754, is that the dates have been revised so that the planning year would begin in fiscal year 1976, rather than fiscal year 1975, and the subsequent program years would become fiscal years 1977 and 1978.

PURPOSE

Our bill seeks to help families better meet the need for quality, family-oriented, preschool programs for millions of young children whose mothers are working, or who because of inadequate resources are denied adequate health

care, nutrition, or educational opportunity.

It recognizes and specifically provides that child care programs must be totally voluntary, and must build upon and strengthen the role of the family as the primary and fundamental influence on the development of the child.

It assures that parents will have the opportunity to choose among the greatest possible variety of child and family services—including prenatal care, nutrition assistance, part-day programs like Head Start, after school or full day developmental day care for children of working mothers, in-the-home tutoring, early medical screening and treatment to detect and remedy handicapping conditions, and classes for parents and prospective parents.

THE NEED

Mr. President, the need for adequate care for the millions of children whose parents are working has increased drastically in recent decades, and continues to grow. Hearings I conducted recently in my Subcommittee on Children and Youth concerning trends and pressures affecting the American families have provided a real understanding of the needs. Permit me to cite just two findings.

First, there has been a tremendous increase in the number of mothers who are working. Consider the facts:

In 1971, 43 percent of the Nation's mothers worked outside the home, compared to only 18 percent in 1948.

One out of every three mothers with preschool children is working today, compared to one out of eight in 1948.

Thirteen percent of all children—some 8.3 million—are living in single parent families, and 65 percent of these parents are working.

More than 27 million American children under the age of 18 have mothers in the work force.

Yet, there are only about 1 million spaces in licensed day care centers to serve the 6 million preschool children whose mothers work.

Some of these children are receiving adequate care while their mothers work, but many are not. Many are left in purely custodial and unlicensed day care centers, and many others are left alone to look after themselves, because that is all their parents can afford. For example, it is estimated that at least 10 percent of the elementary school children, aged 6 to 11, whose mothers work are left alone after school to look after themselves.

In addition, Mr. President, the need for adequate child care has increased since my previous bill was vetoed. Between 1970 and 1973, for example, there has been an increase of 650,000 in the number of children whose mothers are working. And since that veto, the average family's real spendable earnings has fallen about 4 or 5 percent—increasing the difficulties of working families who do not have enough money to pay for the decent child care they want for their children.

Mr. President, the current needs and the future needs for quality day care were eloquently and powerfully described by Carmen R. Maymi, Director of the Women's Bureau, of the U.S. Department of Labor, in a speech last November. At this point I want to quote several

sections of that speech, and I ask unanimous consent that the entire text of her speech appear at the close of my remarks.

Ms. Maymi said, in part:

It is pointless to argue about whether or not mothers *should* work. The fact is that more and more women *with* children are entering the work force—most of us work because of economic reasons.

However, the employment of mothers is not the only reason many children need day care. Illness or death of the mother, mental or physical handicaps, emotional disturbances, poor family relationships, and poor living conditions are other factors. But the major demand for day care facilities stems from the employment of mothers outside of the home.

Ms. Maymi continued:

There has been a steady upward trend in the number of working wives with children. Since 1960 the labor force participation of married women with husbands present and with children under 6 years has increased from 18.6 percent to 34.4 percent. The rate of labor force participation for women who were family heads, at 54 percent, was higher than that of wives, but has remained little changed for many years.

Almost 27 million children in the United States under the age of 18 had mothers who were in the labor force in March 19. About one-fourth of these children were below regular school age and required some kind of care while their mothers worked.

Since 1970, the number of children of working mothers has risen sharply by 1.2 million, while the total number of children in families has dropped by 2.2 million. These opposing trends can be attributed to the continuing long-term rise in the number of working wives, both with and without children; a declining birth rate, and an increase in the number of families headed by a woman which is due largely to a rising divorce rate.

Over 12 million children were in families where the father was either absent, unemployed, or not in the labor force. This figure is highly significant in view of the fact that in families headed by a woman, the median income in 1973 was only \$6,195 if the mother worked and only \$3,760 if she did not.

These figures point out that the need for child care facilities is acute now and that it will increase over the years. Latest estimates indicate that care in licensed centers and homes is available for only 905,000 of the several million children needing day care. By 1985 we expect that 6.6 million mothers, aged 20 to 44, with children under age 5 will be working or looking for work. The demand for day care facilities can be expected to increase accordingly.

The problem is particularly severe for women heads of families who so often are poor. Of 6.8 million families headed by a woman in March 1974, 32 percent had incomes below the low-income level in 1973. The percent of female-head families with related children under 18 that were poor in 1973 was 42 percent for whites and 67 percent for blacks. Among families headed by Spanish-origin women with incomes below the low-income level in 1973 the figure was 51.4 percent. For families headed by a man the proportion was 6 percent.

Finally, let me include one more quote from Ms. Maymi:

The child of a working mother is not the only one to benefit from good day care. The

mother also gains. The welfare mother, of course, is freed to acquire training and a job. But it is a mistake to think of day care exclusively as a welfare measure. Middle class women struggling to provide their families with an adequate standard of living, can enter the work force as they see fit and women with professional and technical skills can continue to contribute their skills and talents to fill the needs of our society in health, science, business and industry, politics and other fields. Day care in fact, is a boon to women of all economic levels who want the freedom to choose for themselves their own life style and decide for themselves how they can best contribute to the well-being of their families.

Society, too, benefits from a day care system that assures the careful development of makes available the skills and capabilities makes available the skills and capabilities of a large segment of our human resources.

Mr. President, although some existing Federal programs, such as title IV of the Social Security Act, help provide day care for these children, much of it is inadequate. Dr. Edward Zigler, the dedicated and talented former Director of HEW's Office of Child Development, stated that in "many instances we are paying for service that is harmful to children."

Dr. Zigler's concerns about the quality of much of this day care was unfortunately borne out by a recent HEW audit of federally assisted day care programs in nine States. Auditors visited 607 centers and found that 425 failed to meet Federal health and safety requirements, and 243 failed to meet the minimal but essential Federal standards for staff-child ratios.

Mr. President, this lack of enforcement is an absolute disgrace with tragic and profound effects on children and families. Day care programs must provide safe, healthy, secure environments for children, and include educational opportunities. That is why many of us in Congress have fought to establish and maintain Federal standards and that is why they must be enforced. This is not just a technical point. It concerns nothing less than the future of hundreds of thousands of small children.

This lack of enforcement is a major reason why our bill emphasizes the provision of resources and services to upgrade existing programs; why it requires that the 1968 Federal interagency day care requirements shall apply to all programs funded under this act and cannot be watered down; and why we specifically reserve no less than 5 percent of the funds in this bill for the monitoring and enforcement of standards.

The need for improved and upgraded day care opportunities among families near but above the poverty line can hardly be overemphasized. There are 1 million children of working mothers in families with incomes between \$4,000 and \$7,000—incomes which are just a little too high to qualify for most federally assisted day care programs such as those under Head Start and title IV of the Social Security Act, and too low to afford quality day care in private programs. Indeed, as Ms. Mayni indicated, these families living in near poverty have perhaps the greatest unmet need for quality day care.

Some people would like us to believe that the day care needs of the near-poor and working parents have been adequately met by the recently enacted liberalization of income tax deductions for child care. But the facts do not support this optimism.

In response to my inquiry concerning the tax savings under this new income tax deduction, the Treasury has provided the following information:

A family of four with an income of \$5,000 which spends \$500 for child care would realize no tax savings;

A family of four with a \$7,000 income which spends \$700 for child care would realize a savings of only \$77;

A family of four with a \$10,000 income which spends \$1,000 for child care would realize only \$190 tax savings;

A family of four with an income of \$18,000 and child care expenses of \$1,000 would save \$250 in taxes.

Mr. President, our hearings on the American families revealed a second striking trend that has paralleled the dramatic increase of working mothers. Over the past several decades, America has experienced the virtual disappearance of the extended family. Testimony showed that at the turn of the century, for example, 50 percent of the homes in Boston contained parents, their children, and at least one other adult—a grandparent, an aunt, or other relative. That figure today is about 4 percent. This is representative of the decline in extended families nationally. And this has meant a tremendous decrease in the availability of relatives to look after children when both mother and father are working.

These inadequacies in our child care system can have a lasting and detrimental effect on children. Every parent knows the importance of the first 5 years of life. We know that these beginning years are the most important for a child's growth and development. These early years are the formative years—they are the years in which permanent foundations are laid for a child's feelings of self worth, his sense of self-respect, his motivation, his initiative, and his ability to learn and achieve.

Yet, the statistics I have cited already make it clear beyond any doubt that we are not offering the support many families need; and that we have particularly neglected families and children with the greatest economic and human need.

Mr. President, today there are over 3 million preschool children whose families have incomes below the poverty level, and probably an equal number of families living in near poverty. In spite of the love and attention these children receive from their families, many are growing up without the nutrition and health care during their early years that are necessary for a child to have a real chance in American life.

These are what I call "cheated children"—children who simply do not have the access to the fundamental kinds of health, nutritional, and educational care that most Americans take for granted.

Consider, for example, just two examples of our Nation's record in the area of child health:

The United States, the richest and most powerful in history, ranks only 14th in the world in infant mortality.

A quarter of a million American children are born each year with birth defects—many of which could have been prevented.

Recent findings by the Mississippi Medicaid Commission provide another sad illustration of the magnitude of children's health needs. The Commission found 1,301 medical abnormalities in the 1,178 children it examined, including: 305 cases of multiple cavities; 97 cases of faulty vision; 217 cases of enlarged tonsils; 57 cases of hernia; 48 cases of intestinal parasites—mostly hookworms; 53 cases of poor hearing; and 32 other medical conditions requiring immediate treatment.

Many poor children—Mexican American, Indians, Eskimos, Puerto Ricans, and members of other minority groups—grow up learning English as a second language, or not at all. They are confronted with an alien language and an alien culture when they begin school, often with very little preparation.

GROWING NATIONAL AWARENESS

Mr. President, our Nation is paying far too great a cost—in both human and economic terms—for this neglect. And there is growing public awareness of these needs. Of all the individuals and organizations which have identified child care and preschool education as a top priority in recent years—and the list is simply too long to include at this point—let me cite just two examples.

The 1970 White House Conference on Children—composed of a broad cross-section of over 2,000 delegates representing every walk of life across our Nation—identified as its No. 1 priority among children's services the provision

of "comprehensive family-oriented child development programs including health services, day care, and early childhood education."

Specifically, the White House Conference said:

We recommend that the Federal Government fund comprehensive child care programs, which will be family centered, locally controlled, and universally available, with initial priority to those whose needs are greatest. These programs should provide for active participation of family members in the development and implementation of the program. These programs—including health, early childhood education and social services—should have sufficient variety to insure that families can select the options most appropriate to their needs. A major educational program should also be provided to inform the public about the elements essential for quality in child care services, about the inadequacies of custodial care, and the nature of the importance of child care services as a supplement, not a substitute, for the family as the primary agent for the child's development as a human being.

The Committee on Economic Development, which is composed of some of the Nation's most respected business leaders, in a March 1971 report, told us that—

The most effective point at which to influence the cumulative process of education is in the early preschool years . . . there is evidence that effective preschooling gives the best return on the educational investment.

And both the Democratic and Republican Parties in their 1972 national platforms committed themselves to the support of increased funding for comprehensive day care programs for children.

The 1972 Democratic platform, stating a belief reflected in our bill that "child care is not a supplement, not a substitute for the family," called for:

The Federal government to fund comprehensive developmental child care programs that will be family centered, locally controlled, and universally available.

The Republican 1972 platform similarly urged:

The development of publicly or privately run, voluntary, comprehensive, quality day care services locally controlled but Federally assisted.

CHILD AND FAMILY SERVICES ACT

Mr. President, I would like to summarize at this point the key elements and principles in the legislation we are introducing today.

First, and above all, this legislation is grounded on the belief and recognition that families are the primary and most fundamental influence on children, and that child and family services programs must build upon and strengthen the role of the family. That is why our bill is designed to maximize parent control and strengthen family life. That is why the programs under this legislation are totally voluntary—available only for children whose parents request them. That is why parents whose children are served under these programs will compose at least 50 percent of the governing boards—which decide what services will be offered, which programs will be funded, and what curriculums, policies, and personnel shall be approved.

And that is why our bill provides a wide variety of services—including part-day child care such as Headstart, in-the-home services to children and their families, full-day child care, after school child care, prenatal care, medical services for new mothers to reduce the incidents of preventable birth defects, and health diagnosis and treatment programs. By a combination of these provisions—the totally voluntary nature, the parent control, and the wide variety of programs available—we are assuring that families will have the options and supports available that they find are necessary.

Second, our bill is designed to assure that any services made available are quality services. Programs funded under this act must meet the 1968 Federal interagency day care requirements, and

any improvements thereto promulgated after enactment of this bill. It is not enough simply to provide mind numbing, custodial care for children while their parents work, or health and education services that are third rate, and our bill is drafted specifically to prevent that.

Third, our bill is designed to make services available to a broad range of families who need them. For that reason, services would be free for families with incomes below the lower living standard budget as determined annually by the Bureau of Labor Statistics in the Department of Labor. This is our Government's most realistic measure of the minimum amount a family needs to survive in this country. Currently, the lower living standard budget for an average family of four is \$8,118. Under our bill services would be free to families of incomes up to that level, adjusted for family size, and a sliding fee schedule would begin at that point to permit families with incomes above that level to participate at fees they could afford. Sixty-five percent of the funds under this bill would be reserved for serving children from families with incomes up to the lower living standard budget, with up to 35 percent of the funds available to serve children with families with higher incomes.

Fourth, the authorizations in our bill are designed to provide for a 1-year phase-in for planning and training and then steady growth at amounts that could be efficiently and effectively absorbed. During the first year of the bill, we provide \$150 million for planning, training, and technical assistance.

This unique planning year is designed to assure that money which becomes available in subsequent years can be used to its full effectiveness. In the second year of the bill, \$200 million are authorized for continued planning and preparation, with \$500 million available for upgrading and improving programs. The third and final year of this bill provides a \$1 billion authorization for upgrading and improving services and programs.

Fifth, the bill provides heavy emphasis on training. Assistance is authorized to local programs for inservice-preservice training, for professional and paraprofessional personnel, especially family members and members of the community. We view this as one of the key elements in our effort to upgrade the kind of care available to children of working parents.

Sixth, the administrative or delivery system in this bill provides that programs would be administered through a system of State and local governmental "prime sponsors," if they meet the criteria and can administer programs effectively, efficiently and in a coordinated fashion. But I want to emphasize at this point that we do not have the final answer to the question of what delivery system is best. Our goal is to explore this question very deeply throughout the hearings and investigations of this bill. We want to develop a system that will insure parental

involvement, local diversity to meet local needs, and appropriate State involvement to assure coordination and maximum use of sources available. We intend to invite testimony and views from representatives from Federal, State, and local governments, child and family service specialists, as well as other experts as we seek to discover the best allocation of administrative responsibility among the various levels of government.

Mr. President, let me emphasize one final point. This bill is designed to provide the substance necessary to achieve the national commitment called for 5 years ago. It is our best thinking, after 5 years of legislative investigation, and passage of several previous bills, about the way to best provide for the wide variety of programs and services that families need. But nothing in this bill is etched in stone.

There are profound and important questions about the authorizations in this bill; about the appropriate role of the public schools in the delivery of these services; about the role of profit-making child care programs; and about the appropriate combination of State and local governments in the delivery and administration of these services.

Clearly the economic situation in our country will and should affect the consideration of this bill. Unemployment is now at the absolutely intolerable level of more than 8 percent. Families and children are also suffering from double-digit inflation. There are, obviously, many important programs in the areas of tax relief, tax reform, public service jobs, improved unemployment compensation, and other fields that require the immediate attention of the Congress and the President.

But we believe for many reasons that child and family services should continue to rank among the highest priorities of our Nation because many children need improved services and care—either through a new or an upgraded program of health or child care or other service. These investments in the early years of life are not only the most humane actions our Nation can take—they are also one of the most cost-effective. In addition, at a time of rising unemployment the child care system should be among those programs considered for its job creation capacity, because it is one of the most labor-intensive programs we have.

Permit me also to make a couple of comments concerning the budget deficit in President Ford's budget proposal, and his statement that we cannot afford, indeed that he will veto, any new programs authorizing additional Federal funding.

I am sure that all of us, in the Nation, in the Congress, and in the administration recognize that conditions are difficult. Clearly we cannot, as individual taxpayers or as a nation, afford all the programs and services we might like. Priorities must be set. But they must be done in an equitable way.

And there are clearly areas in the President's budget proposals which must be examined closely—proposals which can be and must be reduced in order to fund higher priority programs such as the one we are introducing today.

The President says he wants no new programs. Yet his budget includes \$9 billion increase for the Pentagon, a new \$6 billion tax reduction for business, and not a single proposal to close tax loopholes.

I believe it is time we started looking at tax incentives as tax expenditures, and subjecting them to the same scrutiny that we subject appropriations to. Many of them, no doubt, can be justified and will be retained. But they are all expenditures of taxpayers' money, and we should examine every one of them the same way we examine appropriations.

We should question, for example, whether it is more important to our Nation to fund a program such as this, or to continue to subsidize oil companies through the oil depletion allowance at a level of \$2.5 billion a year.

We must ask whether it is more important to our Nation to provide \$1.2 billion a year to a program designed to strengthen families and help children, or to continue the DISC program of export subsidies to big business which costs the U.S. Treasury about \$1.2 billion a year.

We must, finally, consider whether about \$400 million a year would be better invested in a program like this, or by continuing the tax deferral preference on the foreign incomes of multinational corporations.

Mr. President, these are some of the questions we hope to address in our hearings. We want the advice and counsel of families, and of a wide variety of individuals and organizations experienced and knowledgeable about child care and child services from all sections of the country as we begin hearings and investigations on this bill.

We will begin joint House-Senate hearings with the Subcommittee on Children and Youth which I chair, and the Select Subcommittee on Education, chaired by Representative BRADEMAS, on February 20 and 21 in Washington. We will also hold a joint field hearing in Chicago February 24. We intend to continue hearings in March, but the specific dates have not been set.

Mr. President, I ask unanimous consent that a section-by-section analysis of the bill, a copy of the bill itself, and a copy of the press release describing the bill be printed at this point in my remarks, along with the speech by Ms. Maymi that I referred to earlier in my remarks. I believe I speak for all the sponsors of this legislation when I say that we are open, indeed anxious, to receive suggestions and recommendations about ways to strengthen and improve this bill.



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PROCEEDINGS AND DEBATES OF THE 94th CONGRESS, FIRST SESSION

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No. 17

Senate

S. 626

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Child and Family Services Act of 1975".

STATEMENT OF FINDINGS AND PURPOSE

Sec. 2. (a) The Congress finds that—

(1) the family is the primary and the most fundamental influence on children;

(2) child and family service programs must build upon and strengthen the role of the family and must be provided on a voluntary basis only to children whose parents or legal guardians request such services, with a view toward offering families the options they believe are most appropriate for their particular needs;

(3) although there have been increased services for children of working mothers and single parents and although Headstart and similar programs have provided supplemental educational and other services for children, such services have not been made available to families to the extent that parents consider necessary, there are many other children whose parents are working full or part time without adequate arrangements for their children, and there are many children whose families lack sufficient resources who do not receive adequate health, nutritional, educational and other services;

(4) it is essential that the planning and operation of such programs be undertaken as a partnership of parents, community, private agencies and State and local government with appropriate supportive assistance from the Federal Government.

(b) It is the purpose of this Act to provide a variety of quality and family services in order to assist parents who request such services, with priority to those preschool children and families with the greatest economic or human needs, in a manner

designed to strengthen family life and to insure decisionmaking at the community level, with direct participation of the parents of the children served and other individuals and organizations in the community interested in child and family service (making the best possible use of public and private resources), through a partnership of parents, State and local government and the Federal Government, building upon the experience and success of Headstart and other existing programs.

AUTHORIZATION OF APPROPRIATIONS

Sec. 3. (a) For the purpose of providing training, technical assistance, planning, and such other activities as the Secretary deems necessary and appropriate to plan for the implementation of this Act, there is authorized to be appropriated \$150,000,000 for the fiscal year ending June 30, 1976, and \$200,000,000 for the fiscal year ending June 30, 1977, to be allocated as prescribed in section 103.

(b) There is authorized to be appropriated \$500,000,000 for the fiscal year ending June 30, 1977, and \$1,000,000,000 for the fiscal year ending June 30, 1978, except that no funds are authorized to be appropriated for either fiscal year, unless funds appropriated to carry out the Project Headstart program described in section 222(a)(1) of the Economic Opportunity Act of 1964 for such years, or for any successor program are at least equal to the greater of (1) the amount appropriated to carry out such program for the fiscal year ending June 30, 1975, or (2) the amount appropriated to carry out such program for the fiscal year ending June 30, 1976. Any such amounts appropriated for a fiscal year which are not obligated at the end of such fiscal year shall remain available for obligation until expended.

FORWARD FUNDING

Sec. 4. (a) For the purpose of affording adequate notice of funding available under

this Act such funding for grants, contracts, or other payments under this Act is authorized to be included in the appropriations Act for the fiscal year preceding the fiscal year for which it shall be available for obligation.

(b) In order to effect a transition to the advance funding method of timing appropriation action, subsection (a) shall apply notwithstanding that its initial application will result in the enactment in the same year (whether in the same appropriation Act or otherwise) of two separate appropriations, one for the then current fiscal year and one for the succeeding fiscal year.

TITLE I—CHILD AND FAMILY SERVICE PROGRAMS

OFFICE OF CHILD AND FAMILY SERVICES; SPECIAL COORDINATING COUNCIL

Sec. 101. (a) The Secretary shall take all necessary action to coordinate child and family service programs under his jurisdiction. To this end, he shall establish and maintain within the Office of the Secretary of the Department of Health, Education, and Welfare an Office of Child and Family Services administered by a Director appointed by the President with the advice and consent of the Senate, which office shall assume the responsibilities of the Office of Child Development and shall be the principal agency of the Department for the administration of this Act.

(b) A Child and Family Services Coordinating Council, consisting of the Director of the Office of Child and Family Services established under subsection (a) (who shall serve as chairperson), and representatives from the Federal agencies administering the Social Security Act and the Elementary and Secondary Education Act of 1965 and from the National Institute of Education, the National Institute of Mental Health, the National Institute of Child Health and Human Development, the Office of Economic Opportunity, the Department of Labor, and other appropriate agencies, shall meet on a regular basis, as they may deem necessary, in order to assure coordination of child and family service activities under their respective jurisdictions so as to assure—

(1) maximum use of available resources through the prevention of duplication of activities;

(2) a division of labor, insofar as is compatible with the purposes of each of the agencies or authorities specified in this paragraph, to assure maximum progress toward the achievement of the purposes of this Act;

(3) the establishment and maintenance of procedures to insure that each office or agency of the Federal Government conducting child and family services and related activities is aware of the administrative actions of other offices or agencies with respect to the provision of financial assistance to eligible applicants; and

(4) recommendation of priorities for federally funded research and development activities related to the purposes of this Act.

FINANCIAL ASSISTANCE

Sec. 102. (a) The Secretary of Health, Education, and Welfare through the Office of Child and Family Services, shall provide financial assistance for carrying out child and family service programs for children and their families under this title to prime sponsors (including educational agencies) and to other public and private nonprofit agencies and organizations pursuant to applications and plans approved in accordance with the provisions of this title.

(b) Funds available for this title may be used (in accordance with approved applications and plans) for the following services and activities:

(1) planning and developing child and family service programs;

(2) establishing, maintaining, and operat-

ing child and family service programs, which may include—

(A) part-day or full-day child care programs, in the child's own home, in group homes, or in other child care facilities, which provide the educational, health, nutritional, and social services directed toward enabling children participating in the program to attain their maximum potential;

(B) other health, social, recreational, and educational programs designed to meet the special needs of children and families including before- and after-school and summer programs;

(C) family services, including in-home and in-school services, and education and consultation for parents, other family members functioning in the capacity of parents, youth, and prospective and expectant parents who request assistance in meeting the needs of their children;

(D) social services including information, consultation and referral to families that request such services to help them determine the appropriateness of child and family services and the possibility of alternative plans;

(E) (i) prenatal and other medical care including services to expectant mothers who cannot afford such services, designed to help reduce malnutrition, infant and maternal mortality, and the incidence of mental retardation and other handicapping conditions, and (ii) postpartum and other medical services to recent mothers;

(F) programs designed (i) to meet the special needs of ethnic groups, including minority groups, Indian, migrant children, and children from families with special language needs, and (ii) to meet the needs of all children to understand the history and cultural backgrounds of ethnic groups including minority groups which belong to their communities and the role of members of such groups in the history and cultural development of the nation and the region in which they reside;

(G) food and nutritional services;

(H) diagnosis, identification, and treatment of visual, hearing, speech, medical, dental, nutritional, and other physical, mental, psychological and emotional barriers to full participation in child and family service programs;

(I) special activities designed to identify and ameliorate identified physical, mental, and emotional handicaps and special learning disabilities as an incorporated part of programs conducted under this title;

(J) programs designed to extend child and family service gains (particularly parent participation) into kindergarten and early primary grades, in cooperation with local educational agencies;

(K) other such services and activities as the Secretary deems appropriate in furtherance of the purposes of the Act;

(3) rental, lease or lease-purchase, mortgage amortization payments, remodeling, renovation, alteration, acquisition and maintenance of necessary equipment and supplies, and to the extent authorized in section 109, construction or acquisition of facilities, including mobile facilities;

(4) preservice and inservice education and training for professional and paraprofessional personnel, including parents and volunteers, especially education and training for career development and advancement;

(5) staff and other administrative expenses of child and family service councils established and operated in accordance with section 105, and of parent policy committees established and operated in accordance with section 107; and

(6) dissemination of information in the functional language of those to be served to assure that parents are well informed of child and family service programs available to them and may participate in such pro-

grams.

(c) Assistance under this title shall be made only for a program which

(1) provides for establishing and maintaining a parent policy committee to be composed of parents of children served by such program, which shall directly participate in the development and operation of such program (as described in section 107),

(2) provides for the regular and frequent dissemination of information to assure that parents of children served by such program are fully informed of program activities, and

(3) provides for regular consultation with the parents of each child regarding their child or children's development, with ample opportunity for such parents to observe and participate in their children's activities.

Sec. 103. (a) (1) From the amounts available for planning and carrying out child and family service programs under this title the Secretary shall reserve the following:

(A) not less than 10 per centum of the total amount available for carrying out this title, which shall be made available for the purposes of section 102(b) (2) (I) of this title (relating to special activities for handicapped children.);

(B) not less than that proportion of the total amount available for carrying out this title as is equivalent to that proportion which the total number of children of migrant agricultural workers bears to the total number of economically disadvantaged children in the United States, which shall be apportioned among programs serving children of migrant agricultural workers on an equitable basis;

(C) not less than that proportion of the total amount available for carrying out this title as is equivalent to that proportion which the total number of children in Indian tribal organizations bears to the total number of economically disadvantaged children in the United States, which shall be apportioned among programs serving children in Indian tribal organizations on an equitable basis;

(D) not more than 5 per centum of the total amount available for carrying out this title, which shall be made available under section 104(e) (2) of this title (relating to model programs);

(E) not less than 5 per centum of the total amount available for carrying out this title, for the purposes of section 203 of this Act (relating to monitoring and enforcement of standards).

(2) The Secretary shall allocate the remainder of the amounts available for this title, among the States and within the States among local areas, so as to provide, to the extent practicable, for the geographical distribution of such remainder in such a manner that—

(A) 50 per centum thereof shall be apportioned among the States, and within each State among local areas, in proportion to the relative number of economically disadvantaged children in each State and local area, respectively;

(B) 25 per centum thereof shall be apportioned among the States, and within each State among local areas, in proportion to the relative number of children through age five in each State and local area, respectively; and

(C) 25 per centum thereof shall be apportioned among the States, and within each State among local areas, in proportion to the relative number of children of working mothers and single parents in each State and local area, respectively.

For the purposes of clauses (A), (B), and (C) of this paragraph, there shall be excluded those children who are counted under clauses (B) and (C) of subsection (a) (1) of this section.

(b) Not more than 5 per centum of the total funds apportioned for use within a State pursuant to subsection (a) (2) may be made available for grants to the State to carry out the provisions of section 108 of this title.

(c) Any portion of any apportionment under subsection (a) for a fiscal year which the Secretary determines after notice to the States and local areas involved will not be required, for the period for which such apportionment is available, for carrying out programs under this title shall be available for reapportionment from time to time, on such dates during such period as the Secretary shall fix to other States or local areas on an equitable basis, taking into account the original apportionments to the States and local areas. Any amount reapportioned to a State or local area under this subsection during a year shall be deemed part of its apportionment under subsection (a) for such year.

(d) In determining the numbers of children for purposes of allocating and apportioning funds under this section, the Secretary shall use the most recent satisfactory data available to him.

(e) As soon as practicable after funds are appropriated to carry out this title for any fiscal year, the Secretary shall publish in the Federal Register the allocations and apportionments required by this section.

STATE AND LOCAL PRIME SPONSORS

Sec. 104. (a) In accordance with the pro-

visions of this section, a State, locality, or combination of localities meeting the requirements of this part may be designated by the Secretary as a prime sponsor for the purpose of entering into arrangements to carry out programs under this title, upon the approval by the Secretary of an application for prime sponsorship which—

(1) describes the prime sponsorship area to be served;

(2) demonstrates the applicant's capability of administering a child and family service

program meeting the requirements of this title, including the coordination of delivery of services within the prime sponsorship area of other public agencies operating programs relating to child care necessary for efficient delivery of services under this Act;

(3) provides assurances satisfactory to the Secretary that the non-Federal share requirements of the Act will be met;

(4) sets forth satisfactory provisions for establishing and maintaining a Child and Family Service Council which meets the requirements of section 105;

(5) provides that the prime sponsor shall be responsible for developing and preparing for each fiscal year a plan in accordance with section 106 and any modification thereof and for selecting or establishing an agency or agencies to administer and coordinate child and family service programs in the prime sponsorship area;

(6) sets forth arrangements under which the Child and Family Service Council will be responsible for approving child and family service plans, basic goals, policies, procedures, overall budget policies and project funding, and the selection or establishment and annual renewal of any agency or agencies under paragraph (5) of this subsection and will be responsible for annual and ongoing evaluation of child and family service programs conducted in the prime sponsorship area according to criteria established by the Secretary;

(7) provides assurances that staff and other administrative expenses for the Child and Family Service Councils and Local Program Councils and Project Policy Committees will not exceed 5 per centum of the total cost of child and family service programs administered by the prime sponsors unless such per centum limitation is increased to give special consideration to initial cost in the first operational year, in accordance with regulations which the Secretary shall prescribe;

(b) The Secretary shall approve a prime sponsorship application submitted by a locality which is a (1) city, (2) county, or (3) other unit of general local government, or by a combination of such localities, if he determines that the application so submitted meets the requirements of subsection (a) of this section and includes adequate provisions for carrying out comprehensive and effective child and family service programs in the area of such locality. In the event that the area under the jurisdiction of a unit of general local government described in clause (1), (2), or (3) of the preceding sentence includes any common geographical area with that covered by another such unit of general local government, the Secretary shall designate to serve such area the unit of general local government which he determines has the capability of more effectively carrying out the purposes of this part with respect to such area and which has submitted an application which meets the requirements of this section and includes adequate provisions for carrying out comprehensive child care and family service programs in such area.

(c) The Secretary shall approve a prime sponsorship plan submitted by a State, except for areas with respect to which local prime sponsors are or will be otherwise designated pursuant to this section, if he determines that the plan so submitted meets the requirements of this section and sets forth adequate arrangements for serving all geographical areas under its jurisdiction, and that the plan:

(1) meets the requirements of subsection (a) of this section and includes adequate provisions for carrying out child and family services programs in each such area;

(2) divides those areas within the State for which no prime sponsor has been designated under subsection (b) of this section into local service areas, with due consideration in making such decisions being given

to compactness, contiguity, and community of interest;

(3) provides:

(A) for establishing and maintaining with respect to each local service area a local program council composed so that (1) not less than half of the members who shall be chosen initially by parents who are recipients of federally assisted day care services, with equitable and appropriate consideration to parents selected by the parent members of Headstart policy committees where they exist, and at the earliest practicable times by the parent members of parent policy committees; and (2) the remainder shall be public members broadly representative of the general public, appointed by the chief executive officers or the governing bodies, as appropriate, of the units of general local government within the local program area;

(B) that the comprehensive child care and family service plan to be submitted by the State which affects each such area is developed and prepared with the full participation and approval of the appropriate local program council; and

(C) that contracts for the operation of programs through public or private nonprofit agencies or organizations shall be entered into only if previously approved by the local program council for the appropriate local service area; and

(4) contains assurances that any local program council may appeal directly to the Secretary whenever such council alleges that with respect to its portion of the child and family service plan the State has failed to comply with the provisions of such plan or the provisions of the Act.

(d) In addition to prime sponsors designated under subsections (a), (b), and (c) of this section, the Secretary may fund directly:

(1) an Indian tribe on a Federal or State reservation if he determines that such Indian tribe has the capacity to carry out child and family service programs in the area to be served;

(2) a public or private nonprofit agency, including but not limited to an educational agency or institution, a community action agency, single-purpose Headstart agency, community development corporation, parent cooperative, organization of migrant agricultural workers, organization of Indians, employer organization, labor union, or employee or labor-management organization, which submits a proposal;

(A) to provide child care and family services in an area possessing a commonality of interest where no prime sponsor has been designated, or where the prime sponsor is found not to be satisfactorily implementing child and family service programs;

(B) to provide child and family service programs on a year-round basis to children of migrant agricultural workers and their families; or

(C) to carry out model programs especially designed to be responsive to the needs of economically disadvantaged, minority group, or bilingual children and their families.

(e) When any prime sponsor is maintaining a pattern or practice of discrimination against minority group children or economically disadvantaged children, the Secretary shall designate for prime sponsorship an alternative unit of government of public or private agency or organization in the area which will equitably serve minority group children and economically disadvantaged children.

(f) The Governor shall be given not less than thirty nor more than sixty days to review applications for prime sponsorship designation submitted by any applicant within the State other than the State, to offer recommendations to the applicant, and to submit comments to the Secretary.

(g) A prime sponsorship application submitted under this section may be disapproved

or a prior designation of a prime sponsor may be withdrawn only if the Secretary, in accordance with regulations which he shall prescribe, has provided (1) written notice of intention to disapprove such application, including a statement of the reasons therefor, (2) a reasonable time in which to submit corrective amendments to such application or undertake other necessary corrective action, and (3) an opportunity for a public hearing upon which basis an appeal to the Secretary may be taken as of right.

(h) (1) If any party is dissatisfied with the Secretary's final action under subsection (h) with respect to the disapproval of its application submitted under this section or the withdrawal of its prime sponsorship designation, such party may, within sixty days after notice of such action, file with the United States court of appeals for the circuit in which such party is located a petition for review of that action. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Secretary. The Secretary thereupon shall file in the court the record of the proceedings on which he based his action, as provided in section 2112 of title 28, United States Code.

(2) The court shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code.

CHILD AND FAMILY SERVICE COUNCILS

Sec. 105. (a) Each prime sponsor designated under section 104 shall establish and maintain a Child and Family Service Council composed of not less than ten members as follows—

(1) not less than half the members of such Council shall be parents of children served in programs under this Act chosen in accordance with the provisions of paragraph (1) of subsection (b) of this section;

(2) the remaining members shall be appointed by the prime sponsor, in consultation with the parent members described in paragraph (1) to be broadly representative of the general public, including representatives of private agencies and organizations concerned with or operating programs relating to child and family services and at least one person who is particularly skilled by

virtue of training or experience in child and family services;

(3) at least one-third of the total membership of the Child and Family Service Council shall be persons who are economically disadvantaged. Each Council shall select its own chairperson; and

(4) in establishing a Child Development and Family Service Council under this section, the prime sponsor shall give due consideration to the membership of child care and day care coordinating bodies then existing in the area to be served.

(b) In accordance with procedures which the Secretary shall establish pursuant to regulations, each prime sponsor designated under section 104 shall provide, with respect to the Child and Family Service Councils established and maintained by such prime sponsor, that—

(1) the parent members described in paragraph (1) of subsection (a) of this section shall be democratically selected by parents as follows:

(A) in the case of Councils established by prime sponsors which are States, by the parent members of local program councils established under section 104(c)(3); and

(B) in the case of Councils established by prime sponsors other than States (and by States with respect to local program councils), initially by parents who are recipients of federally assisted child care services, with equitable and appropriate consideration to parents selected by the parent members of Headstart policy committees and, at the earliest practicable time, by the parent members of parent policy committees established under section 107(b)(2);

(2) the terms of office and any other policies and procedures of an organizational nature, including nomination and election procedures, are appropriate in accordance with the purposes of this Act;

(3) such Council shall be responsible for approving child and family service plans, basic goals, policies, procedures, overall budget policies and project funding, and the selection or establishment and annual renewal of an administering agency or agencies and will be responsible for annual and ongoing evaluation of child and family service programs according to criteria established by the Secretary; and

(4) such Council shall, upon its own initiative or upon request of a project applicant or any other party in interest, conduct public hearings before acting upon applications for financial assistance submitted by project applicants under this part.

CHILD AND FAMILY SERVICE PLANS

SEC. 106. (a) Financial assistance under this title may be provided by the Secretary for fiscal year 1976 and any subsequent fiscal year to a prime sponsor designated pursuant to section 104 only pursuant to a child and family service plan which is submitted by such prime sponsor and approved by the Secretary in accordance with the provisions of this title.

(b) Any such plan shall set forth a program for providing child and family service in the prime sponsorship area which—

(1) provides that programs or services under this title shall be provided only for children whose parents request them;

(2) identifies child and family service needs and goals within the area and describes the purposes for which the financial assistance will be used, giving equitable consideration to the needs of children from each minority group and significant segment of the economically disadvantaged residing within the prime sponsorship area;

(3) meets the needs of children and families in the prime sponsorship area, to the extent that available funds can be reasonably expected to have an effective impact, with priority for services to children who have not attained six years of age;

(4) provides that programs receiving funds under section 3(b) will give priority to providing services for economically disadvantaged children by reserving not less than 65 per centum of such funds for the purpose of serving economically disadvantaged children;

(5) gives priority thereafter to providing services to children of working mothers and single parents not covered under paragraph (4);

(6) provides that, to the extent feasible, each program within the prime sponsorship area shall include children from a range of socioeconomic backgrounds;

(7) (A) provides that no charge will be made with respect to any child who is economically disadvantaged, except to the extent that payment will be made by a third party; and

(B) provides, pursuant to criteria established in regulations promulgated by the Secretary as required by section 205, an appropriate and flexible fee schedule for children who are not economically disadvantaged, designed to permit enrollment or continued participation in the program as family income increases and based upon the size of the family, and its ability to pay, which shall provide for appropriately reduced charges for less than full day care, and shall provide that payment may be made in whole or in part by a third party in behalf of a family, with provision for waivers in cases of need.

(8) provides comprehensive services—

(A) to meet the special needs of minority group children and children of migrant agricultural workers with particular emphasis on the needs of children from bilingual families for the development of skills in English and in the other language spoken in the home, and

(B) to meet the needs of all children to understand the history and cultural background of minority groups within the prime sponsorship area;

(9) provides for direct parent participation in the conduct, overall direction, and evaluation of programs;

(10) provides that, insofar as possible, unemployed or low-income persons residing in communities being served by such projects will be employed therein, including in-home and part-time employment and opportunities for training and career development, provided that no person will be denied employment in any program solely on the grounds that such person fails to meet State or local teacher certification standards;

(11) includes a career development plan for paraprofessional and professional training, education, and advancement on a career ladder;

(12) provides for the regular and frequent dissemination of information in the functional language of those to be served, to assure that parents and other interested persons in the community are fully informed of the activities of the prime sponsor, Child and Family Service Council, project applicants, and parent policy committees;

(13) sets forth provisions describing any arrangements for the delegation, under the supervision of the Child and Family Service Council, to public or private agencies, institutions, or organizations, of responsibilities for the delivery of programs, services, and activities for which financial assistance is provided under this Act or for planning or evaluation services to be made available with respect to programs under this Act;

(14) provides procedures for the approval of project applications submitted in accordance with section 107, including procedures for priority consideration of applications submitted by public and private nonprofit agencies and organizations with ongoing child development programs;

(15) provides, in the case of a prime sponsor located within or adjacent to a metropolitan area, for coordination with other prime sponsors located within such metropolitan area, and arrangements for cooperative funding where appropriate, and particularly for such coordination where appropriate to meet the needs of children of parents working or participating in training or otherwise occupied during the day within a prime sponsorship area other than that in which they reside;

(16) provides for coordination of other child care and related programs (including those relating to manpower training and employment) within the prime sponsorship area with the programs assisted under this Act, including procedures and mechanisms to provide continuity between programs for preschool and elementary school children;

(17) provides for such monitoring and evaluation procedures including licensing, inspection, and enforcement activities as may be necessary to assure that programs in the prime sponsorship area funded under this Act meet the applicable Federal standards as prescribed in section 201 of this Act;

(18) provides, to the extent practicable, for the use of financial assistance and services available from State and local government, Federal sources other than those provided in this Act, and private charitable sources with respect to activities and services under the plan; and

(19) provides for such fiscal control and funding accounting procedures as the Secretary may prescribe to assure proper disbursement of and accounting for Federal funds paid to the prime sponsor.

(c) No child and family service plan or modification thereof submitted by a prime sponsor under this section shall be approved by the Secretary unless he determines, in accordance with regulations which the Secretary shall prescribe, that—

(1) the educational agency for the area to be served and other appropriate educational and training agencies and institutions have had an opportunity to submit comments to the prime sponsor and to the Secretary;

(2) each community action agency or single-purpose Headstart agency in the area to be served responsible for the administration of programs under this part or under section 222(a)(1) of the Economic Opportunity Act of 1964 has had an opportunity to submit comments to the prime sponsor and to the Secretary;

(3) in the case of a plan submitted by a prime sponsor other than the State, the Governor of that State or the State Child and Family Service Council has had an opportunity to submit comments to the prime sponsor and to the Secretary;

(d) A comprehensive child and family service plan submitted under this section may be disapproved or a prior approval withdrawn only if the Secretary, in accordance with regulations which he shall prescribe, has provided—

(1) written notice of intention to disapprove such plan including a statement of the reasons therefor,

(2) a reasonable time to submit corrective amendments to such plan or undertake other necessary corrective action, and

(3) an opportunity for a public hearing upon which basis an appeal to the Secretary may be taken as of right.

PROJECT APPLICATIONS

SEC. 107. (a) Funds may be provided by the prime sponsor for carrying out any program under such prime sponsor's comprehensive child and family service plan only to a qualified public or private agency or organization, including but not limited to an educational agency or institution, a community action agency, single-purpose Headstart agency, community development corporation, parent cooperative, organization of migrant agricultural workers, organization of Indians, organization interested in child care, employer or business organization, labor union, or employee or labor management organization.

(b) Financial assistance under this title may be provided to a project applicant for any fiscal year only pursuant to a project application which is submitted to the Child and Family Service Council by a public or private agency and which—

(1) describes the project, identifies the children and families it is designed to serve, and provides for the necessary such comprehensive services.

(2) provides for establishing and maintaining a parent policy committee composed of not less than ten members as follows—

(A) not less than half of the members of each such committee shall be parents of children served by such project, democratically selected by parents of children served by the project, and

(B) the remaining members of each such committee shall consist of (i) persons who are representative of the community and who are approved by the parent members, and (ii) at least one person who is particularly skilled by virtue of training or experience in child care, child health, child welfare, or other child care services, except that the Secretary may waive the requirement of this clause where he determines, in accordance with regulations that such persons are not available to the area to be served;

(3) provides for direct participation of such parent policy committee in the development and preparation of project applications under this title;

(4) assures that the parent policy committee shall have responsibility for approving basic goals, policies, actions, and procedures for the project applicant, and for planning, overall conduct, personnel, budgeting, location of centers and facilities, and direction and evaluation of projects, including approval of the project director and any project applications and modifications thereof;

(5) makes adequate provision for training and other administrative expenses of such parent policy committee (including necessary expenses to enable low-income members to participate in committee meetings);

(6) assures that services shall be provided without charge to any child who is economically disadvantaged except to the extent that payment will be made by a third party, and that charges will be made to any child who is not economically disadvantaged according to the fee schedule established pursuant to section 106(b)(7)(B);

(7) provides for the regular and frequent dissemination of information in the functional language of those to be served, to assure that parents and interested persons are fully informed of project activities;

(8) provides opportunities for the direct participation of parents, older siblings, and other family members in the daily activities of the programs in which their children are enrolled;

(9) assures, to the extent practicable, employment of paraprofessional aides and use of volunteers, especially parents, older children, students, older persons, and persons preparing for careers in child development and family service programs;

(10) assures that children will in no case be excluded from the programs operated pursuant to this title because of their participation in nonpublic preschool or school programs or because of the intention of their parents to enroll them in nonpublic schools when they attain school age;

(11) provides for such fiscal control and fund accounting procedures as the prime sponsor shall prescribe to assure proper disbursement of and accounting for Federal funds.

(c) A project application may be approved by a prime sponsor upon its determination that such application meets the requirements of this section and that the programs provided for therein will otherwise further the objectives and satisfy the appropriate provisions of the prime sponsor's comprehensive child and family service plan as approved pursuant to section 106.

(d) A project application from a public or private agency seeking funds under section 104(d) shall be submitted directly to the Secretary, and may be approved by the Secretary upon his determination that it meets the requirements of subsection (b) of

this section.

(e) A prime sponsor may disapprove a project application only if it provides to the project applicant a written statement of the reasons therefor. Such project applicant may submit an appeal to the Secretary requesting the direct approval of such application or modification thereof. Any such appeal shall include such comments, including the project applicant's response to the prime sponsor's statement of reasons for disapproval, as the project applicant may deem appropriate or as the Secretary may require.

SPECIAL GRANTS TO STATES

SEC. 108. (a) Upon application submitted by any State, the Secretary is authorized to provide financial assistance for use by such State for carrying out activities for the purposes of—

(1) establishing a child and family services information program, in order to improve their quality and availability and im-

prove the accessibility of such services to parents who need them;

(2) identifying child and family service goals and needs within the State;

(3) coordinating all State child and family services, and encouraging the cooperation and participation of State agencies in providing such services, including health, family planning, mental health, education, nutrition, and family, social and rehabilitative services where requested by appropriate prime sponsors in the development and implementation of comprehensive child and family service plans;

(4) encouraging the full use of resources and facilities for child and family service programs within the State;

(5) developing, enforcing, and assessing State codes for licensing child and family service facilities within the State;

(6) assisting public and private agencies and organizations in the acquisition or improvement of facilities for child and family service programs;

(7) assisting in the establishment of Child and Family Service Councils and strengthening the capability of such Councils to effectively plan, supervise, coordinate, monitor, and evaluate child and family service programs;

(8) developing information useful in reviewing prime sponsorship applications under section 104 and of comprehensive child and family service plans under section 106.

(b) In order to receive funds under this section, a State shall establish a Child and Family Service Council as prescribed in section 104(a).

(c) Funds received by the State under this section shall be in addition to any funds such State may receive under this title pursuant to an approved prime sponsorship application and comprehensive child and family service plan.

ADDITIONAL CONDITIONS FOR PROGRAMS INCLUDING CONSTRUCTION OR ACQUISITION

SEC. 109. (a) Applications for financial assistance for projects including construction or acquisition may be approved only if the prime sponsor, or the Secretary in cases of applications submitted for his approval, determines that construction or acquisition of such facilities is essential to the provision of adequate child care services, and that rental, lease, or lease-purchase, remodeling, or renovation of adequate facilities is not practicable.

(b) If any facility assisted under this title shall cease to be used for the purposes for which it was constructed, the United States shall be entitled to recover from the applicant or other owner of the facility an amount which bears to the then value of the facility (or so much thereof as constituted an approved project) the same ratio as the amount of such Federal funds bore to the cost of the facility financed with the aid of such funds unless the Secretary determines in accordance with regulations that there is good cause for releasing the applicant or other owner from the obligation to do so. Such value shall be determined by agreement of the parties or by action brought in the United States district court for the district in which the facility is situated.

(c) All laborers and mechanics employed by contractors or subcontractors on all construction, remodeling, renovation, or alteration projects assisted under this title shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5). The Secretary of Labor shall have with respect to the labor standards specified in this section the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176) and section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 276c).

(d) In the case of loans for construction, the Secretary shall prescribe the interest rate and the period within which such loan shall be repaid, but such interest rate shall not be less than 3 per centum per annum and the period within which such loan is to be repaid shall not be more than twenty-five years.

(e) The Federal assistance for construction, remodeling, renovation, alteration, or acquisition of facilities, may be in the form

of grants or loans. Repayment of loans shall, to the extent required by the Secretary, be returned to the prime sponsor from whose financial assistance the loan was made, or used for additional loans or grants under this title. Not more than 15 per centum of the total financial assistance provided to a prime sponsor under this title shall be used for construction of facilities, with no more than 7½ per centum of such assistance usable for grants for construction. Financial assistance for construction or acquisition of facilities pursuant to this Act shall be available only to public and private nonprofit agencies, institutions, and organizations.

USE OF PUBLIC FACILITIES FOR CHILD AND FAMILY SERVICE PROGRAMS

SEC. 110. (a) The Secretary, after consultation with other appropriate officials of the Federal Government, shall within eighteen months after enactment of this Act report to the Congress with respect to the extent to which facilities owned or leased by Federal departments, agencies, and independent authorities could be made available to public and private agencies and organizations, through appropriate arrangements, for use as facilities for child and family service programs under this title during times and periods when not utilized fully for their usual purposes, together with his recommendations (including recommendations for changes in legislation) or proposed actions for such use.

(b) The Secretary may require, as a condition to the receipt of assistance under this title, that any prime sponsor under this title agree to conduct a review and provide the Secretary with a report as to the extent to which facilities owned or leased by such prime sponsor, or by other agencies in the prime sponsorship area, could be made available, through appropriate arrangements, for use as facilities for child and family service programs under this title during times and periods when not utilized fully for their usual purposes, together with the prime sponsor's proposed actions for such use.

PAYMENTS

SEC. 111. (a) In accordance with this section, the Secretary shall pay from the applicable allocation or apportionment under section 103 the Federal share of the costs of programs, services, and activities, in accordance with plans or applications which have been approved as provided in this title. In making such payment to any prime sponsor, the Secretary shall include in such costs an amount for staff and other administrative expenses for the Child and Family Service Councils and for parent policy committees, consistent with limitations contained in this title.

(b) The Secretary shall pay from funds appropriated under section 3(a) for fiscal year 1976 an amount equal to 100 per centum of the cost of planning, training, and technical assistance.

(1) Except as provided in paragraphs (2) and (3) of this subsection, the Secretary shall pay from funds appropriated under section 3(b) for fiscal year 1977 an amount not in excess of 90 per centum and from funds appropriated under section 3(b) for fiscal year 1978 and subsequent years an amount not to exceed 80 per centum of the

cost of carrying out programs, services, and activities under this title. The Secretary may, in accordance with such regulations as he shall prescribe, approve assistance in excess of such percentage if he determines that such action is required to provide adequately for the child and family service needs of economically disadvantaged children.

(2) The Secretary shall pay an amount equal to 100 per centum of the costs of providing child and family service programs for children of migrant agricultural workers under this title.

(3) The Secretary shall pay an amount equal to 100 per centum of the costs of providing child and family service programs for children in Indian tribal organizations under this title.

(c) The non-Federal share of the costs of programs assisted under this title may be provided through public or private funds and may be in the form of cash, goods, services, or facilities (or portions thereof that are used for program purposes), reasonably evaluated, or union or employer contributions. Fees collected for services shall not be used for the non-Federal share, but shall be used by the prime sponsor to improve and expand programs under the comprehensive child development and family service plan.

(d) If, with respect to any fiscal year, a prime sponsor or project applicant provides non-Federal contributions or any program, service, or activity exceeding its requirements, such excess may be applied toward meeting the requirements, for such contributions for the subsequent fiscal year under this title.

(e) No State or unit of general local government shall reduce its expenditures for child development or child care programs by reason of assistance under this title.

TITLE II—STANDARDS, ENFORCEMENT, AND EVALUATION

FEDERAL STANDARDS FOR CHILD CARE

SEC. 201. (a) (1) Within six months after the enactment of this Act, the Secretary may, after consultation with other Federal agencies and with the approval of the committee established pursuant to subsection (d) of this section, promulgate a common set of program standards which shall be applicable to all programs providing child care services under this or any other Federal Act, to be known as the Federal Standards for Child Care. If the Secretary disapproves the committee's recommendations, he shall state the reasons therefor.

(2) Such standards shall replace but shall be consistent with the Federal Interagency Day Care Requirements as approved by the Department of Health, Education, and Welfare, the Office of Economic Opportunity, and the Department of Labor on September 23, 1968. The 1968 requirements will continue to apply to all applicable programs until program standards authorized by subsection (a) are in effect.

(3) Not less than sixty days prior to implementation of program standards pursuant to subsection (a) of this section, the Secretary shall submit such proposed program standards to the Committee on Labor and Public Welfare of the Senate and the Committee on Education and Labor of the House of Representatives. Upon majority vote of either Committee within such sixty days disapproving such proposed program standards, such standards shall not take effect.

(b) The Secretary shall establish policies and procedures, in accordance with regulations which he shall prescribe, to assure that all programs and projects assisted under this Act address, on a continuing basis, the individual need of and the appropriateness of child and family service for very young children served—

(1) any program or project providing care outside the home for very young children

shall be reviewed and evaluated periodically and frequently by the Secretary, to insure that it meets the highest standards of quality; and the Secretary may reserve such funds as he deems necessary from funds available under this Act for the purpose of evaluation, by appropriate persons, of programs under this Act in order to insure compliance with subsections (a) and (b) of this section.

(2) no program or project described in clause (1) of this subsection shall be approved for assistance under this Act unless it is specifically authorized and approved by the Secretary.

(c) (1) Upon determination that a prime sponsor or project is in violation of one or more of the provisions of this section, the Secretary shall give immediate public notice of such determination to such prime sponsor or project and, if such violation or violations have not been corrected, shall commence action within ninety days of such determination to withhold funds under section 204.

(2) Upon determination that a project is in violation of one or more of the provisions of this section, the prime sponsor shall give immediate notice of such determination to such project and, if such violation or violations have not been corrected, shall commence action within ninety days of such determination to withhold funds under section 204.

(d) The Secretary shall, within sixty days after enactment of this Act, appoint a Special Committee on Federal Standards for Child Care, which shall include parents of children enrolled in Headstart and child care programs, representatives of public and private agencies and organizations administering such programs, specialists, and other public and private providers of child and family services, individuals engaged in licensing activities, and others interested in services for children. Not less than one-half of the membership of the committee shall consist of parents of children participating in programs conducted under title I of this Act and section 222(a) of the Economic Opportunity Act of 1964 and title IV-A of the Social Security Act, or other public programs providing child and family services. Such committee shall participate in the development of Federal Standards for Child Care and modifications thereof as provided in subsection (a).

(e) In no event shall any prime sponsor or program or project receiving assistance under this Act reduce the quality of services provided under this Act below the standards established in this section.

DEVELOPMENT OF UNIFORM CODE FOR FACILITIES

SEC. 202. (a) The Secretary shall, within sixty days after the date of enactment of this Act, appoint a special committee to develop a uniform minimum code for facilities, to be used in licensing child and family services facilities. Such standards shall deal principally with these matters essential to the health, safety, and physical comfort of the children and the relationship of such matters to the Federal Standards for child care developed under section 201.

(b) The special committee appointed under this section shall include parents of children enrolled in comprehensive child services programs and representatives of State and local licensing agencies, public health officials, fire prevention officials, the construction industry and unions, public and private

agencies or organizations administering comprehensive child services programs, and national agencies or organizations interested in services for children. Not less than one-half of the membership of the committee shall consist of parents of children enrolled in programs conducted under this title, section 222(a)(1) of the Economic Opportunity Act of 1964, and title IV of the Social Security Act.

(c) Within six months of its appointment, the special committee shall complete a proposed uniform code and shall hold public hearings on the proposed code prior to submitting its final recommendation to the Secretary for his approval.

(d) The Secretary must approve the code as a whole or secure the concurrence of the special committee to changes therein, and, upon approval, such standards shall be applicable to all facilities receiving Federal financial assistance under this Act or in which programs receiving such Federal financial assistance are operated; and the Secretary shall also distribute such standards and urge their adoption by States and local governments. The Secretary may from time to time modify the uniform code for facilities in accordance with the procedures described in subsections (a) through (d).

PROGRAM MONITORING AND ENFORCEMENT

Sec. 203. The Secretary shall provide, through the Office of Child and Family Services, for regular and periodic monitoring and programs under this Act to assure compliance with the child care standards and other requirements of this Act, and shall provide for the establishment and maintenance of sufficient trained staff in such office to accomplish the purpose of this section.

WITHHOLDING OF GRANTS

Sec. 204. Whenever the Secretary, after reasonable notice and opportunity for a hearing to any prime sponsor, or project applicant, finds—

(1) that there has been a failure to comply substantially with any requirement set forth in the plan of any such prime sponsor approved under section 106; or

(2) that there has been a failure to comply with applicable standards pursuant to section 201; or

(3) that there has been a failure to comply substantially with any requirement set forth in the application of any such project applicant approved pursuant to section 107; or

(4) that in the operation of any plan, program, or project carried out by any such prime sponsor, or project applicant or other recipient of financial assistance under this Act there is a failure to comply substantially with any applicable provision of this Act or regulation promulgated thereunder;

the Secretary shall notify such prime sponsor, project applicant, or other recipient of his findings and that no further payments may be made to such sponsor, project applicant, or other recipient under this Act (or in the Secretary's discretion that any such prime sponsor shall not make further payments under this Act to specified project applicants affected by the failure) until he is satisfied that there is no longer any such failure to comply, or that the noncompliance will be promptly corrected. The Secretary may authorize the continuation of payments with respect to any project assisted under this Act which is being carried out pursuant to such plan or application and which is not involved in any noncompliance.

CRITERIA WITH RESPECT TO FEE SCHEDULES

Sec. 205. (a) Not later than one hundred and eighty days after the enactment of this Act, the Secretary shall by regulation establish criteria for the adoption of fee schedules by prime sponsors as provided in section 106(b)(7)(B) of this Act. Such criteria shall be designed to permit enrollment or continued participation in the program as family income increases, shall be based on family size, and ability to pay, and shall provide for appropriately reduced charges for less than full-day care, and shall be appropriately adjusted for regional and urban-rural differences in the cost of living or determined by the Bureau of Labor Statistics.

(b) Not less than sixty days prior to implementation of the criteria established by the Secretary pursuant to section 106(b)

(7)(B), the Secretary shall submit such proposed criteria to the Committee on Labor and Public Welfare of the Senate and the Committee on Education and Labor of the House of Representatives. Upon a majority vote of either committee disapproving such proposed criteria, such criteria shall not take effect and the Secretary shall within sixty days promulgate revised criteria. Such revised criteria, and any revision to criteria established pursuant to this section shall be subject to the requirements of this section.

EVALUATION

Sec. 206. (a) The Secretary shall make an evaluation of Federal involvement in child and family services, which shall include—

(1) enumeration and description of all Federal activities which affect child and family service programs;

(2) analysis of expenditures of Federal funds for such activities and services;

(3) determination of the effectiveness of such activities and services;

(4) the extent to which preschool, minority group, and economically disadvantaged children and their parents have participated in programs under this Act; and

(5) such recommendations to Congress as the Secretary may deem appropriate.

(b) The results of the evaluation required by subsection (a) of this section shall be reported to Congress not later than two years after enactment of this Act.

(c) The Secretary shall establish such procedures as may be necessary to conduct an annual evaluation of Federal involvement in child and family services programs, and shall report the results of each such evaluation to Congress.

(d) Prime sponsors and project applicants assisted under this Act and departments and agencies of the Federal Government shall, upon request by the Secretary or the Comptroller General of the United States make available, consistent with other provisions of law, such information as the Secretary determines is necessary for purposes of making the evaluation required under subsection (c) of this section, or the Comptroller General determines is necessary for an independent evaluation.

(e) The Secretary may enter into contracts with public or private nonprofit agencies, organizations, or individuals to carry out the provisions of this section.

(f) The Secretary shall reserve for the purposes of this section not less than 1 per centum, but not more than 2 per centum, of the amounts available under section 3(b) of this Act for any fiscal year.

TITLE III—RESEARCH AND DEMONSTRATIONS

Sec. 301. (a) The Secretary is authorized to carry out a program of research and demonstration projects, which shall include but not be limited to—

(1) research to develop techniques to measure and evaluate child and family services, and to develop standards to evaluate professional and paraprofessional child and family service personnel;

(2) research to test preschool programs emphasizing reading and reading readiness;

(3) preventive medicine and techniques and technology, including multiphasic screening and testing, to improve the early diagnosis and treatment of diseases and learning disabilities of preschool children.

(4) research to test alternative methods of providing child and family service;

(5) evaluation of research findings and the development of these findings and the effective application thereof;

(6) dissemination and application of research and development efforts and demonstration projects to child and family service and related programs and early childhood education, using regional demonstration centers and advisory services where feasible;

(7) production of informational systems and other resources necessary to support the activities authorized by this Act; and

(8) a study of the need on a nationwide basis for child and family services programs and of the resources, including personnel, which are available to meet this need.

(b) In order to carry out the program provided for in this section, the Secretary is authorized to make grants to or enter into contracts or other arrangements with public or nonprofit private agencies (including other Government agencies), organizations, institutions, and individuals.

(c)(1) The Secretary shall coordinate, through the Office of Child and Family Services established under section 101(a), all child and family services research, training, and development efforts conducted within the Department of Health, Education, and Welfare and, to the extent feasible, by other agencies, organizations, and individuals.

(2) Funds available to any Federal department or agency for the purposes of this title shall be available for transfer, with the approval of the head of the department or agency involved, in whole or in part, to the Secretary for such use as is consistent with the purposes for which such funds were provided, and the funds so transferred shall be expendable by the Secretary through the Office of Child and Family Services established under section 101(a), for the purposes for which the transfer was made.

(d) The Secretary shall conduct special demonstration, and model programs, which demonstration, and model programs shall be subject to the fullest extent practicable to each of the requirements with respect to project applications under section 107.

(e) The Secretary shall report to Congress not later than September 1, 1976, summarizing his activities and accomplishments under this section during the preceding fiscal year and the grants, contracts, or other arrangements entered into and making such recommendations (including recommendations for legislation) as he may deem appropriate.

TITLE IV—TRAINING OF PERSONNEL FOR CHILD AND FAMILY SERVICES

PRESERVICE AND INSERVICE TRAINING

Sec. 401. The Secretary is authorized to make payments to provide financial assistance to enable individuals employed or preparing for employment in child and family services programs assisted under this Act, including volunteers, to participate in pro-

grams of preservice or inservice training for professional and nonprofessional personnel, to be conducted by any agency carrying out a child and family services program, or any institution of higher education, including a community college, or by any combination thereof.

TECHNICAL ASSISTANCE AND PLANNING

Sec. 402. The Secretary shall, directly or through grant or contract, make technical assistance available to prime sponsors and to project applicants participating or seeking to participate in programs assisted under this Act on a continuing basis, to assist them in planning, developing, and carrying out child and family services programs.

TITLE V—GENERAL PROVISIONS

DEFINITIONS

Sec. 501. As used in this Act, the term—

(1) "Secretary" means the Secretary of Health, Education, and Welfare;

(2) "State" means the several States and the District of Columbia, Puerto Rico, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands;

(3) "child and family service programs" means programs on a full day or part-day basis which provide or arrange for the provision of the educational, nutritional, health, and other services needed to provide the opportunity for children to attain their full

potential, including services to other family members;

(4) "children" means individuals who have not attained the age of fifteen;

(5) "economically disadvantaged children" means any children of a family having an annual income below the lower living standard budget (adjusted for regional and metropolitan, urban, and rural differences, and family size), as determined annually by the Bureau of Labor Statistics at the Department of Labor;

(6) "handicapped children" includes mentally retarded, hard of hearing, deaf, speech impaired, visually handicapped, seriously emotionally disturbed, crippled, or other health impaired children who by reason thereof require special education and related services;

(7) "program" includes any program, service, or activity, which is conducted full- or part-time in the home, in schools, or in child facilities;

(8) "parent" means any person who has primary day-to-day responsibility for any child;

(9) "single parent" means any person who has sole day-to-day responsibility for any child;

(10) "working mother" means any mother who needs child or family service in order to undertake or continue full- or part-time employment, training, or education outside the home;

(11) "minority group" includes, but is not limited to, persons who are Negro American Indian, Spanish-surnamed American, Portuguese, or Oriental, and, as determined by the Secretary, children who are from environments in which a dominant language is other than English and who, as a result of language barriers, may need special assistance, and, for the purpose of this paragraph, "Spanish-surnamed Americans" includes, but is not limited to, persons of Mexican, Puerto Rican, Cuban, or Spanish origin or ancestry;

(12) "bilingual" includes, but is not limited to persons who are Spanish-surnamed Americans, American Indian, Oriental, Portuguese, or others who have learned during childhood to speak the language of the minority group of which they are members and who, as a result of language barriers, may need special assistance;

(13) "local educational agency" means any such agency as defined in section 801(f) of the Elementary and Secondary Education Act of 1965;

(14) "unit of general local government" means any political subdivision of a State having general governmental powers.

NUTRITION SERVICES

Sec. 502. In accordance with the purposes of this title, the Secretary of Health, Education, and Welfare shall establish procedures to assure that adequate nutrition services will be provided in child and family services programs under this Act. Such services shall make use of the special food service program for children as defined under section 13 of the National School Lunch Act of 1946 and the Child Nutrition Act of 1966, to the fullest extent appropriate and consistent with the provisions of such Acts.

SPECIAL PROVISIONS

Sec. 503. (a) The Secretary shall not provide financial assistance for any program under this Act unless the grant, contract, or agreement with respect to such program specifically provides that no person with responsibilities in the operation of such program will discriminate with respect to any program, program participant, or any applicant for participation in such program because of race, creed, color, national origin, sex, political affiliation or beliefs.

(b) No person in the United States shall on the ground of sex be excluded from participation in, be denied the benefits of, be subjected to discrimination under, or be

denied employment in connection with, any program or activity receiving assistance under this Act. The Secretary shall enforce the provisions of the preceding sentence in accordance with section 602 of the Civil Rights Act of 1964. Section 603 of such Act shall apply with respect to any action taken by the Secretary to enforce such sentence. This section shall not be construed as affecting any other legal remedy that a person may have if that person is excluded from participation in, denied the benefits of, subjected to discrimination under, or denied employment in connection with, any program or activity receiving assistance under this Act.

(c) The Secretary may make such grants, contracts, or agreements, establish such procedures, policies, rules, and regulations and make such payments in installments and in advance or by way of reimbursement, or otherwise allocate or expend funds made available under this Act, as he may deem necessary to carry out the provisions of this Act, including necessary adjustments in payments on account of overpayments or underpayments. Subject to the provisions of section 204, the Secretary may also withhold funds otherwise payable under this Act in order to recover any amounts expended in the current or immediately prior fiscal year in violation of any provision of this Act on any term or condition of assistance under this Act.

(d) The Secretary shall not provide financial assistance for any program, service, or activity under this Act unless he determines that persons employed thereunder, other than persons who serve without compensation, shall be paid wages which shall not be lower than whichever is the highest of—

(1) the minimum wage which would be applicable to the employee under the Fair Labor Standards Act of 1938 (29 U.S.C. 206), if section 6(a)(1) of such Act applied to the participant and if he were not exempt under section 13 thereof;

(2) the State or local minimum wage for the most nearly comparable covered employment; or

(3) the prevailing rates of pay for persons employed in similar occupations by the same employer.

(e) The Secretary shall not provide financial assistance for any program under this Act unless he determines that no funds will be used for and no person will be employed under the program in this construction, operation, or maintenance of so much of any facility as is for use for sectarian instruction or as a place for religious worship.

SPECIAL PROHIBITIONS AND PROTECTIONS

Sec. 504. (a) Nothing in this Act shall be construed or applied in such a manner as to infringe upon or usurp the moral and legal rights and responsibilities of parents or guardians with respect to the moral, mental, emotional, physical, or other development of their children. Nor shall any section of this Act be construed or applied in such a manner as to permit any invasion of privacy otherwise protected by law, or to abridge any legal remedies for any such invasion which are otherwise provided by law.

(b) The Secretary is directed to establish appropriate procedures to insure that no child shall be the subject of any research or experimentation under this Act unless the parent or guardian of such child informed of such research or experimentation and is given an opportunity as a right to except such child therefrom.

(c) A child participating in a program assisted under this Act shall not undergo medical or psychological examination experimentation or research, immunization (except to the extent necessary to protect the public from epidemics of contagious diseases or in cases of medical emergencies where parental consent cannot be readily obtained), or treatment without the written permission of his parent or guardian based upon

full understanding of the procedures and possible consequences.

PUBLIC INFORMATION

Sec. 505. Applications for designation as prime sponsors, comprehensive child development plans, project applications, and all written material pertaining thereto shall be made readily available without charge to the public by the prime sponsor, the applicant, and the Secretary.

REPEAL OR AMENDMENT OF EXISTING AUTHORITY AND COORDINATION

Sec. 506. (a) After consultation with the head of any agency of the Federal Government immediately responsible for providing Federal assistance for and family services, child care, and related programs, including title I of the Elementary and Secondary Education Act of 1965, section 222(a)(2) of the Economic Opportunity Act of 1964, title VII of the Housing and Urban Development Act of 1966, title I of the Demonstration Cities and Metropolitan Development Act of 1966 and titles IV and VI of the Social Security Act, the Secretary of Health, Education, and Welfare shall establish regulations to assure the coordination of all such programs with the programs assisted under this Act.

(b)(1) Section 203(j)(1) of the Federal Property and Administrative Services Act of 1949 is amended by striking out "or civil defense" and inserting in lieu thereof "civil defense, or the operation of child care facilities".

ties".

(2) Section 203(j)(3) of such Act is amended—

(A) by striking out, in the first sentence, "or public health" and inserting in lieu thereof "public health, or the operation of child care facilities";

(B) by inserting after "handicapped," in clause (A) and clause (B) of the first sentence the following: "child care facilities"; and

(C) by inserting after "public health purposes" and the second sentence, the following: "or for the operation of child care facilities".

ACCEPTANCE OF FUNDS

Sec. 507. In carrying out the purposes and provisions of this Act, the Secretary is authorized to accept and use funds appropriated to carry out other provisions of Federal law if such funds are used for the purposes for which they are specifically authorized and appropriated.



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