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1st Session

SENATE

REPORT
No. 93-94

THE RISE AND THREATENED FALL OF SERVICE PROGRAMS FOR THE ELDERLY

A REPORT

OF THE

SUBCOMMITTEE ON FEDERAL, STATE, AND COMMUNITY SERVICES

OF THE

SPECIAL COMMITTEE ON AGING UNITED STATES SENATE

TOGETHER WITH
MINORITY AND SUPPLEMENTAL VIEWS

MARCH 28, 1973.—Ordered to be printed

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PREFACE

How shall older Americans receive social services:

As welfare clients, entitled to help only because their incomes fall below a certain level?

As a special group, served solely through the Older Americans Act?

As private purchasers (limited, of course, to those who can afford services, when those services can be found)?

One of the most commonly heard complaints in the field of gerontology is that not one community in the United States has a genuinely effective coordinated service network for its elderly residents.[1]

An old person who simply wants information may find that he has to go to several public or private agencies, and even then he may be unable to piece together the information into a cohesive package for practical use.

Medical services are often segregated from social services; senior centers are often used only by a small but informed minority; a number of small information and referral services, may operate in the same community unknown to each other, or ignoring each other.

Quite often, those most in need of services do not receive them because they (1) don't know about them (2) may not fall neatly into the category which will "qualify" them for one service or another or (3) cannot reach the services because they have no transportation.

Such problems have arisen partially because social services in this Nation usually develop on a one-at-a-time, meet-a-new-crisis basis. Some have traditionally been provided by voluntary agencies, such as visiting nurse services. Others have been largely provided by government, such as social service "Case" work. The task of "putting it all together" has largely been unmet for all age groups.

SOCIAL SECURITY SERVICES

For these reasons, the decision in 1962 to authorize services[2] for those not actually receiving welfare assistance—for those who could be regarded as potential or past recipients—was of considerable interest to those concerned about developing a service network for the elderly.

[1] At the White House Conference on Aging in December 1971, the Section on Facilities, Programs and Services declared: "In addition to adequate income, an effective network of facilities, programs and services must be readily available and accessible to permit them to exercise a wide range of options, regardless of their individual circumstances or where they happen to live." In 1969, the Gerontological Society issued a report which said that to date no community in the United States had developed a comprehensive network of services for the aging and the aged, nor had a full range of service alternatives been developed to meet the varied and changing needs of the population. See pp. 69–73, *A Pre-White House Conference on Aging Summary of Developments and Data,* issued by the Senate Special Committee on Aging, November 1971, for additional discussion.

[2] Through Titles I, IV, X, XIV, & XVI of the Social Security Act. See Part Two of this report for information on utilization & other details of the Social Services program.

Here was an opportunity to use significant amounts of Federal funding—75 cents out of every dollar committed—for sustained, orderly development of *systems*, not just programs or projects. Slowly, between 1962 and 1972, States began to make increasing use of the Social Security service provisions.

OLDER AMERICANS ACT

In 1972, also, the Congress and the Administration—prompted by the forthcoming expiration of the Older Americans Act [3] on June 30 of that year and responding to emphatic recommendations of the White House Conference on Aging—advanced legislative proposals calling for a new strategy and increased resources to help meet service needs of the elderly.[4]

Key to the Administration strategy—adopted later by the Congress in a bill finally passed in both Houses by October 1972—was the idea of establishing a partnership approach in the delivery of services. Under the Older Americans Act, State and local units on aging—as well as new sub-State regional level units called "planning and services areas"—were to act as brokers, bringing together available services with those who need the services.

One major source of services, of course, would be those available under the Social Security amendments.

The idea was—and is—to make full use of all sources of services in order to develop comprehensive service networks intended to help, first, those older Americans most in need, and then others.

Where services did not exist, they could be developed as demonstration projects or under other authority, either in the Social Security titles or under the Older Americans Act.

Where public programs failed to offer a service, they could be purchased from private providers.

In addition to providing needed nutrition, transportation, and legal services, the Older Americans Act could provide a useful function by providing expertise and some assistance in establishing offices on aging. Such agencies, by providing day-to-day advocacy and research functions, could help develop informational services and activities that are needed even in the most affluent of communities.

However, the Administration opposed the broad range of services contained in the Older Americans Act.

Overwhelmingly supported in Congress, the proposed Older Americans Comprehensive Services Amendments were nevertheless pocket vetoed by the President on October 28. There was, however, a strong Congressional rush for reenactment of the legislation early in 1973.[5]

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[3] See Appendix 1 of this report for additional information on the Older Americans Act and its working relationship, present and potential, with Titles I, IV, X, XIV, and XVI of the Social Security Act.

[4] The White House Conference on Aging Section on Government and Non-Government Organization recommended (Dec. 1, 1971) that a much stronger Federal agency on aging be established. Its recommendation was similar to that of an Advisory Council to the Senate Committee on Aging in November 1971, an Advisory Group to the Secretary of Health Education, and Welfare in early 1972, and a Presidential Task Force on Aging in April 1970.

[5] The Senate, on February 20, 1973, passed a revised version of the 1972 Older Americans Act amendments.

REVENUE SHARING

Still another possible source of support for service programs emerged in 1972: revenue-sharing. With high-level encouragement,[6] the elderly were urged to seek a fair share from this new experiment.

As for revenue-sharing, there is little reason to believe—at this early date in the history of that program—that it will be widely used to serve the elderly.[7] Misgivings about future use are common. For example, former Administration on Aging Commissioner William D. Bechill has said:

> Unlike some others, I do not have much faith in social services for the elderly being funded under revenue-sharing approaches. There may be some communities who will do so, but the pattern across the country will be uneven.[8]

And what is patently clear from our past experience, unless we earmark program funds specifically for the elderly, they are effectively excluded from the benefits of those programs.

While the question on revenue-sharing remains unsettled in the current Congress, a more immediate threat to the orderly evolution of a social service delivery system for the elderly has arisen.

It was voted into being by the Congress, at administration urging in a hurried attempt to put a ceiling on the spiralling costs incurred through the "open-ended" Social Security services.[9]

But even during the early months of implementation, the new restrictions are threatening widespread disruption of existing or planned programs for the elderly. The sudden impact of the new ceiling has thrown programs into disarray and produced unfortunate disruptions in needed services.

But a more direct and far-reaching threat developed on February 16 when the Department of Health, Education, and Welfare proposed regulations which would further restrict the usefulness of the Social Security service programs.

That announcement was accompanied by the official recounting of "horror stories" intended to prove that the Social Security service funds had been misused or wasted.

It is unfortunate indeed that an administration chooses to ignore the many successful programs which have served the elderly and other Americans with the help of the 75–25 matching Federal funds.

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[6] See Appendix 3 for joint letter by national organizations on aging and statement by Arthur Flemming, Special Consultant to the President on Aging, urging such action.

[7] At a hearing by the Senate Subcommittee on Intergovernmental Relations on February 22, mayors of eleven cities made it clear that they had reservations about revenue-sharing. Typical of the criticism was this comment from Seattle Mayor Wesley C. Uhlman:

"Most of us have applauded the President's idea of the New Federalism and revenue-sharing, but it has not turned out to be the saviour of the cities we thought it would be. Instead, it's a Trojan Horse, full of impoundments and cutbacks and broken promises."

[8] See Appendix 3, item 2, for summary of findings from questionnaires sent by the Senate Committee on Aging to members of the Urban Elderly Coalition. This limited survey yielded very little evidence of early use of general revenues for services to the elderly. A more general survey made by the Senate Subcommittee on Intergovernmental Relationships yielded returns from 750 municipalities by February 15, 1973. Although some encouraging examples of the use of general revenues for services to all age groups were cited (in Dearborn, for example, the entire revenue-sharing allotment will be used to build two high-rises for low-income elderly after the Department of Housing and Urban Development turned down a grant application), there was little evidence to suggest that revenue-sharing will be used to provide social service to the elderly and other age groups.

[9] See Part Two for details of the $2.5 billion ceiling and new eligibility requirements.

In Massachusetts, for example, funds from Social Security titles have a major part in current plans to establish "home care corporations" which would prevent needless institutionalization by offering such services as home making, "chores," and transportation. Just this month, the Commonwealth Executive Office of Elder Affairs signed contracts to establish four such home care units. Others are to follow.

Of course cost controls must be imposed, and they must be effective. Any "open-ended" grant program is certain to cause problems of one kind or another.

But there is a difference between killing off programs indiscriminately and taking constructive action to reduce costs.

We all know, or should know, that so-called "economy cutbacks" can cost far more than they save when they are based upon inadequate information, poor judgment, and lack of concern about people who need help.

To return to the Massachusetts situation, State officials are now concerned about the future of home care corporations. If, for example, homemaker services became optional instead of mandated—as the new regulations specify—a major component of the program could be seriously weakened. A significant, innovative program which has been planned by the Executive Office of Elderly Affairs could be crippled.

This report provides information that should receive serious consideration at this time, when proposed regulations are under consideration and when time yet remains to correct unfortunate consequences of actions already taken.

Furthermore, this report serves as only an introductory statement. Of necessity, it must focus upon Social Security services. But many other issues related to social services for older Americans also deserve consideration and should receive careful inspection at this critical time in the development of social services for *all* older Americans who need them.

Finally, a word of thanks should be given to the National Council on the Aging, which provided useful information about the pervasiveness of the immediate problem described on the pages that follow. In addition, the NCOA authorized its Public Policy Specialist, Mrs. Jane Bloom, to write the excellent paper which serves as Part 2 of this report. Another essential task was performed by Mr. Peter Dickinson, former editor of *Harvest Years* and now consultant on aging. On short notice, Mr. Dickinson agreed to make field visits and take other actions which enabled him to make the report which appears as Part 3.

Thanks to them and Committee staff, the report will be published early enough for its recommendations to receive attention while there is still time to act on them.

Senator EDWARD M. KENNEDY,
Chairman, Subcommittee on Federal, State, and Community Services; Special Committee on Aging.

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MARCH 28, 1973.—Ordered to be printed

Mr. KENNEDY, from the Special Committee on Aging, submitted the following

REPORT

together with

MINORITY AND INDIVIDUAL VIEWS

PART 1

INTRODUCTION

A major new threat to the orderly development of social services for older Americans was announced on February 16, 1973, by Health, Education, and Welfare Secretary Caspar Weinberger.

He proposed new regulations which would drastically curtail the practical usefulness of the social services provisions in Titles I, IV, X, XIV and XVI of the Social Security Act. These federally-supported programs have not only helped to meet present needs, but have served as an essential component of truly comprehensive service networks of the future.

HEW's proposed action—when added to a $2.5 billion ceiling and narrowed eligibility requirements voted by the Congress last year with enthusiastic administration encouragement—threatens to undo progress made slowly since 1962.

It was in that year that the Social Security Act[1] was amended in order to authorize Federal support for services not only to present welfare recipients, but to potential and past clients.[2]

[1] Changes in welfare—or old age assistance—laws are usually made through amendments to the Social Security Act. Hence, the service programs authorized for old age assistance recipients are usually referred to as Social Security Service Programs and will so be designated in this report.

[2] The significance of this provision to the elderly was described by Ellen Winston, former Commissioner, Welfare Administration, Department, HEW at a speech before the Gerontological Society in 1968. She said:

"Actually, there are very few former recipients of old age assistance, since one of the characteristics of the program is that once on the program, the older person is unlikely to have a change in circumstances which would make him ineligible * * *. On the other hand, for persons with low incomes between 65 and 70 years of age not on assistance, the chances of requiring old age assistance and/or social services with advancing age are substantial. The trend in the public social services today is toward services that will be not only located close to where large concentrations of individuals needing such services live but also that they will be available to persons at all social and economic levels. The importance of the definition of potential becomes important because if a State should expand its service program to include potential need for old age assistance, well over half of all elderly people might be assumed to fall within present and potential groups of beneficiaries of over 10 million older persons."

The driving concept for such broadened eligibility—as far as the elderly were concerned—was to provide practical help that would enable old persons to take care of themselves right in their own homes, unless they were absolutely in need of institutional care.

Another major purpose was to break patterns of withdrawal that lead to isolation and chronic emotional or physical ailments. It was felt that services could thus help *prevent* many of the problems that take a heavy toll both in human misery and in the use of public funds.

States put the Social Security funds to widely varying uses, but by 1972 there was strong sentiment for cost controls because of the "open-ended" nature of the Federal share.

Nevertheless, actions taken in 1972 and now in 1973 have gone too far in the opposite direction.

Even before the proposed regulations were announced, wholesale cutbacks were causing major problems.

—One of the early effects was denial of services to many elderly who otherwise would have been able to avoid dependency status.

—Incongruous interpretations of the stricter eligibility requirements have resulted in confusion and dwindling utilization of services.

—In some States, programs which had been ready to take the next steps in extending services are already endangered or curtailed. Washington State, for example, had hoped to put a project called DARE (Diversified Activities and Recreation Enterprises) on a statewide basis. Since November 1971, DARE had served an average of about 2,000 aged, ill, and handicapped residents of some 20 skilled nursing homes and intermediate care facilities. Monitoring teams have reported that the program helps the nursing staff by enabling them to concentrate more on medical care; that it has given patients incentive to become interested in the world around them; *that it has actually lessened distribution of tranquilizing drugs because of natural release of tension during activities;* and that it "has publicized a new image of care facilities and increased recreational services in those facilities."

Now, instead of going statewide, DARE is limited to two counties and is without an assured source of funding.

—In Georgia, State officials had moved systematically since the 1967 amendments to plan and administer a comprehensive program of social services. The $2.5 billion ceiling came when Georgia was providing over $79 million of social services to eligible Georgia families and individuals of all categories; the ceiling reduced that amount to $56.6 million and the new eligibility requirements reduced the number further. Many social service programs—such as the home health project described in Part 2 of this report—were threatened with discontinuation.

A survey conducted late in December by the Georgia Department of Human Resources noted:

> While the actual cutbacks in Title XVI aging programs have been acute, the *potential* impact of the revisions appear to be of even greater magnitude. First of all, the advocates for elderly services under Title XVI were just initiating major programs at the time that the Revenue Sharing Act restrictions were enacted. This, in effect, has meant that many programs that were being planned to provide much-needed services to Georgia's residents may never be implemented—particularly at levels required to make significant impact on the needs of Georgia's some 368,000 elderly residents over age 65.[3]

—In Pennsylvania, State officials report these facts: 1.2 million elderly (aged 65 and over) reside in Pennsylvania; 24 percent are below the poverty level, but only 5 percent receive old age assistance. Approximately 70 percent of the elderly currently receiving social services are non-welfare recipients; with the new eligibility restrictions approximately 20,000 older persons, who are poor but not on welfare, will be excluded from receiving social services. Pennsylvania now provides services under contracts which are out of compliance with the new HEW regulations. Members of its Congressional delegation have introduced legislation—intended to relieve Pennsylvania and other States from making a harsh decision suspending services which officials know are vitally-needed, or asking an already strained State budget to find funding. At the moment, there is no assured source of State funds in sight.

All of the examples given thus far in this report (and those described in more detail in Part 2) occurred *before* Secretary Weinberger announced the proposed regulations on February 16.

Those regulations, however, are certain to accelerate the disintegration process, because they would:

—More closely define a "potential" welfare recipient in terms of income and assets. Income could not exceed an amount one third above a State's level of eligibility for receipt of financial assistance. Resources must not be greater than that amount allowed for financial assistance.

—Reduce the time of "past" welfare recipient to three months, and "potential" welfare recipient to six months. Thus, for the elderly, a potential recipient of welfare assistance would have to be a person of at least age 64½, whereas, under current law, persons aged 60 can be considered as "potential."

—Eliminate sources of matching for the State and local share which have been crucial in many areas. Donated private funds or in-kind contributions could not be considered as the State's share in claiming Federal reimbursement.

—Create an entangling system of redtape[4] which would obscure the purpose of social service delivery. Redeterminations of eligi-

[3] Full text of a report from the Georgia Department of Human Resources appears as Appendix 2.

[4] The Washington Post, in an editorial called "The Social Services Fund," on February 18, gave this estimate of the situation: These regulations are a reversion, almost to the point of parody, to the worst traditions of an ingrown and paternalistic bureaucracy. A state can extend services to an individual person, under this program, only after a social worker has drawn up a "service plan" for that person, proving his eligibility, listing what services he is to receive, showing how they will lead to "goals" and setting "target dates for goal achievement." . . . Boom days are ahead for the paper industry and for the legion of minor clerks who will crank the wheels inside this large new welfare machine. But for that part of the population which is poor, and may actually need help, the outlook is not so jolly.

As a budget device, the new regulations amount to impoundment by redtape. Although the authorization is $2.5 billion, Mr. Nixon's budget provides only $1.9 billion for it next year. The administration is clearly counting on the weight of the regulations to prevent the states from obtaining their full allotments.

bility would now be made quarterly for the current welfare recipient, within three months for the "past" recipient, and within six months for the "potential" recipient.

The Subcommittee on Federal, State, and Community Services of the Senate Special Committee on Aging believes that the proposed regulations are unwarranted and dangerous.

- **Social Security services were meant to mesh with those provided by the Older Americans Act (see Appendix 1 of this report). At a time when the Older Americans Act is about to be extended and probably broadened considerably, wholesale cutbacks elsewhere are unfortunate and will, in the long run, prove costly.**
- **In addition, services now provided to older Americans from other sources—such as the Office of Economic Opportunity and the model cities program are now endangered. To cut Social Security services at this time is to invite rapid disintegration of community resources that have been many years in developing.**
- **Furthermore, there is great danger that anticipated support from revenue-sharing may not materialize, or arrive so late in the day that it will be necessary to start once more from scratch.**
- **What is vitally needed is a full-scale review of *all* sources of services for older Americans beginning with (1) interim action to prevent abandonment of worthwhile projects that have been funded largely through the Social Security service amendments and (2) detailed analysis of linkages between the Older Americans Act—when it is extended—and other endangered sources of services.**

PART 2

SOCIAL SERVICES FOR THE ELDERLY—EVOLUTION, UTILIZATION, AND COMPLICATIONS

As explained in Part 1, the immediate issue on social services for the elderly is the promulgation of regulations which would seriously curtail the usefulness of Social Security services for the elderly.

The full significance of these regulations—and the $2.5 billion ceiling and new eligibility requirements voted as part of the Revenue-Sharing Act last October—cannot readily be understood without further discussion of the origins of the Social Security services funding authorization, the utilization patterns that were developing at the time the Revenue-Sharing Act was passed, and current complications.

The following account* gives details on these matters.

I. *Origins*

The original Social Security Act of 1935 did not specifically recognize "social services" as a program for which Federal funding would be available. Its objective was to assure security against the risks of income loss caused by retirement; later, coverage was extended to include income protection against disability and death of the breadwinner. The absence of social services in the public assistance titles reflected the thinking of the time that the limit of legitimate Federal concern rested with providing minimum income levels for persons not able to earn a living.[1]

It soon became apparent, however, that the needs of many poor and disabled recipients of financial assistance extended far beyond monetary payments. The aged faced such problems as living arrangements, loneliness, the need for help with personal care, and a multiplicity of other needs which money alone could not remedy; disabled and blind persons faced comparable situations, complicated by their need for specialized services not readily available for purchase. The State welfare departments thus began to respond to these other needs in an informal way, and gradually "social services" were incorporated as an accepted part of State welfare programs.

In 1956, the Act was amended to make clear that the concept of administrative costs included "services" provided by the State agencies. The amendment was viewed by Congress not so much as a change in the law but as an endorsement of the existing practice of claiming Federal matching funds for social services to welfare recipients.[2]

A significant stride forward for these human services was made in the 1962 amendments to the Social Security Act, when Federal matching monies were made available for social services designed to prevent or reduce dependency, help strengthen family life, or attain capability for self-care and self-support. It had become clear that the availability of various helping services to those who needed them—regardless of

*Prepared for this report by Mrs. Jane Bloom, Public Policy Specialist, the National Council on the Aging.

[1] National Assembly for Social Policy and Development, *Redesign of the National Social Services System*, draft pamphlet, October 4, 1972, p. 4.

[2] "Proposals for Limiting Federal Expenditures for Social Services", Congressional Research Service, Library of Congress, August 23, 1972, p. 5.

their economic status—was a necessary ingredient of community life. Moreover, it was found that such a social service network could prevent poverty and help persons to live independently, rather than to be institutionalized at a much higher public cost. It was the growing recognition of this fact which led to the 1962 amendments.

"Social Services" as now developed are authorized under the public assistance titles of the Social Security Act: Title I—Old Age Assistance; Title IV—Aid to Families of Dependent Children; Title X—Aid to the Blind; and Title XIV—Aid to the Permanently and Totally Disabled. At one time, each State was required to administer a separate State plan for the aged under Title I, another for the blind under Title X, and still a third plan to serve the disabled under Title XIV. Congress recognized the inefficiency, the duplication of efforts, and the added administrative costs of maintaining three distinct programs for adult recipients. Accordingly in 1962, Congress enacted Title XVI ("Grants to States for Aid to the Aged, Blind or Disabled, or for such Aid and Medical Assistance to the Aged") which enables States to operate a "combined adult program" with attendant savings in administrative costs. Although about 40 percent of the States have adopted Title XVI, the remainder continue to provide services to the aged through the other adult titles.[3]

II. *Social Services Provisions for the Elderly*

The primary purpose of the Act's social services program for adults is to reduce dependency and promote the opportunity for independent living and self-support to the fullest possible extent. In the case of the elderly, such services are also intended to support a variety of living arrangements as alternatives to institutional care. Certain kinds of services must be provided by every State to meet these requirements while other kinds are optional. Overall, there had been a large area of discretion at the State level with regard to the extent and kinds of services which might be offered.

Mandatory services for the aged, blind, and disabled, include: information and referral without regard to eligibility for assistance; protective services; services to enable persons to remain in or to return to their homes or communities; supportive services that will contribute to a "satisfactory and adequate social adjustment of the individual"; and services to meet health needs.

Optional services which States may elect to include in their State plan for the aged, blind and disabled encompass three broad categories: services to individuals to improve their living arrangements and enhance activities of daily living; services to individuals and groups to improve opportunities for social and community participation; and services to individuals to meet special needs.

Until recently, States have also been allowed great leeway in determining categories of eligibility to receive these mandatory and optional services. In addition to all aged, blind or disabled persons who presently receive welfare payments, the State could elect to provide services to *former* recipients of financial assistance or to *potential* welfare recipients; this latter category included persons who are not money payment recipients but are eligible for Medicaid, persons who are likely to become welfare clients within 5 years, and

[3] Jane Bloom and Robert Cohen, *Social Services for the Elderly: Funding Projects in Model Cities Through Titles I and XVI of the Social Security Act*, National League of Cities and National Council on the Aging, July 1972, p. 10.

persons who are at or near the dependency level. In effect, a city agency could run a homemaker program for the elderly serving only 50 percent actual Old Age Assistance recipients and 50 percent marginal income "target area" residents deemed to be "near the dependent level."

Under the 1962 amendments, matching was available for this myriad of services on a ratio of 75 percent Federal funds to 25 percent State funds. Further, there had been no ceiling placed on the expenditures; funding was therefore referred to as "open-ended," whereby Congress was authorized to appropriate as much money as needed to match State expenses on a 75–25 basis. Although the law authorized the HEW Secretary to prescribe limitations with respect to certain services, the amount of Federal funding for which a State could qualify had been essentially a function of its willingness to raise the 25 percent non-Federal share and its ingenuity in designing or redesigning programs that could qualify as "social services."

The Department of Health, Education and Welfare's Social and Rehabilitation Service, the agency with responsibility for these social services, estimated that 1.9 million adults received one or more social services during 1972 under Titles I, X, XIV, and XVI.[4] Because some States have been more aggressive and imaginative in obtaining these funds than others, there have been large differences among States in the amounts spent per recipient. Alaska, for example, spent about $1,397 annually per welfare client for social services, while New York spent $242 and Mississippi spent $7.[5]

Without a ceiling, Federal expenditures for social services have increased at a dramatic rate. In fiscal year 1969, HEW distributed $354 million for the program; in 1970, the cost rose to $522 million, and in 1971 to $746 million.[6] The Federal spending in fiscal 1972 more than doubled that of 1971, for a total of $1,546,756,000;[7] of this total, approximately $439,200,000 were spent under the aged, blind, and disabled categories.[8] Further, if the fourth quarter rate of social services spending for fiscal 1972 were annualized, the total Federal amount would approach the $2.5 billion mark.

III. *New Restrictions for Social Services*

The main focus of debate surrounding the social services program has been on the funding mechanism discussed above, not on the validity of the services themselves. The funding is constructed in such a way as to eliminate executive and congressional control over either the allocation or the dollar amounts involved, resulting in this rambling, unplanned, and unevaluated growth.

Former Secretary Richardson testified in this regard:

> . . . we have no good way to this point of ascertaining the effectiveness of the expenditures . . . We are convinced in a vague sort of way it is a good thing but we have no clear-cut way of determining whether or not and to what extent we are getting our money's worth.[9]

[4] John Twiname, Social and Rehabilitation Service Administrator, in letter to Senator Frank Church, January 11, 1973.
[5] John Iglehart, "HEW Program Doubles in Size as Officials Scramble to Check its Growth," *National Journal*, Vol. 4, No. 25, June 17, 1972, p. 1007.
[6] Senate Committee on Finance, Hearings on Revenue Sharing, July 20, 1972.
[7] Ibid.
[8] Twiname, January 11th letter to Senator Church.
[9] Senate Appropriations Committee, Hearings on 1971 HEW Budget, p. 1942.

The Senate Appropriations Committee took action on the measure, adopting a $2.5 billion ceiling for social services within the 1973 HEW appropriations bill (H.R. 15417). Although the ceiling was not approved by the House-Senate Conference Committee, the Committee's report stated that "the conferees agreed with the basic premises of the Senate amendment: (1) to insure fiscal control over a program which is presently increasing at an alarming rate and (2) to insure that funds are disbursed prudently and effectively." The report further instructed HEW to submit a comprehensive plan for controlling these costs.

President Nixon vetoed the bill in August, 1972, stating:

> Elementary fiscal responsibility demands that this loophole for unlimited Federal funds for undefined (social) services must be closed now. The Congress must harness this multi-billion-dollar runaway program by enacting a social services spending ceiling."[10]

The social services controversy continued to rage during congressional consideration of the Social Security Amendments (H.R. 1) and the Revenue Sharing Act (H.R. 14370) in the fall. Several newspapers termed the open-ended program "back door revenue sharing" and the "$5 billion error." It was unfortunate indeed that the total facts about the program—its merits as well as its drawbacks—could not be provided in the midst of such one-sided publicity. Senator Roth well summarized the situation:

> At this time, there is no single person or agency who knows how many State programs are being financed under social services; similarly, nobody knows exactly what the State programs are. . .
>
> . . . I consider this program too important for a decision as to its future to be based solely on personal conjecture or speculation.[11]

The final decisions made about the social services program did, however, in the end rest largely on speculation. With regard to the elderly, HEW remains unable to provide a categorical breakdown by State for expenditures to date, annualized fourth quarter rates by categories, and amounts received by recipients. This information, as SRS Administrator Twiname recently wrote, is "not available under (HEW's) present reporting system."[12]

A number of new restrictions, including a $2.5 billion ceiling, were thus enacted on October 20, 1972 as part of the Revenue Sharing Act (P.L. 92–512). The language in the conference report read:

> Under the substitute, Federal matching for social services under programs of aid to the aged, blind, and disabled and aid to families with dependent children would be subject to a State-by-State dollar limitation, effective beginning with fiscal year 1973. Each State would be limited to its share of $2,500,000,000 based on its proportion of population in the United States. Child care, family planning, services provided to a mentally retarded individual, services related to the treatment of drug addicts and alcoholics, and services provided a child in foster care could be provided to persons formerly on welfare or likely to become dependent on welfare as well as present recipients of welfare. At least 90 percent of expenditures for all other social services, however, would have to be provided to individuals receiving aid to the aged, blind, and disabled or aid to families with dependent children. Until a State reaches the limitation on Federal matching, 75 percent Federal matching would continue to be applicable for social services as under present law.

[10] House Document 92–343.
[11] Senator Roth, "Social Services Program," *Congressional Record*, Sept. 7, 1972, p. S14259.
[12] Twiname letter to Senator Church, January 11, 1973.

IV. *Effect of Changes*

The new law means that Federal funding of social services under Titles I, IV, X, XIV, and XVI of the Social Security Act is now limited to no more than $2.5 billion per year—fully eliminating the open-ended basis for the program. The amount allotted to each State is based on population; thus a State which has 10 percent of the national population would have a limit on social services funding equal to $250 million (10 percent of the total ceiling). It should be noted, however, that no dollar amount by category is mandated within the ceiling, e.g., a State which receives $250 million in Federal funding may spend what it wishes for services to the elderly under its Title I or XVI program. The elderly could receive all or none of the $250 million, based on State discretion.

The Federal allotments by State for fiscal years 1973 and 1974 are as follows:[13]

Federal allotment for fiscal years 1973 and 1974

Total	$2,500,000,000	Missouri	$57,063,250
		Montana	8,632,000
Alabama	42,140,000	Nebraska	18,308,750
Alaska	3,901,750	Nevada	6,327,000
Arizona	23,351,250	New Hampshire	9,256,500
Arkansas	23,747,250	New Jersey	88,446,250
California	245,733,250	New Mexico	12,786,000
Colorado	28,297,500	New York	220,497,250
Connecticut	37,001,750	North Carolina	62,597,750
Delaware	6,783,250	North Dakota	7,587,500
District of Columbia	8,980,250	Ohio	129,457,750
Florida	87,149,500	Oklahoma	31,623,000
Georgia	56,667,000	Oregon	26,196,500
Hawaii	9,712,500	Pennsylvania	143,180,250
Idaho	9,076,250	Rhode Island	11,621,500
Illinois	135,076,500	South Carolina	31,995,250
Indiana	63,522,250	South Dakota	8,152,000
Iowa	34,612,500	Tennessee	48,395,000
Kansas	27,109,000	Texas	139,854,750
Kentucky	39,607,000	Utah	13,518,500
Louisiana	44,661,250	Vermont	5,546,750
Maine	12,354,000	Virginia	57,195,250
Maryland	48,695,250	Washington	41,335,750
Massachusetts	69,477,000	West Virginia	21,382,250
Michigan	109,036,000	Wisconsin	54,265,750
Minnesota	46,774,250	Wyoming	4,142,000
Mississippi	27,169,000		

NOTE: With respect to fiscal year 1973 only, each allotment set forth above will be adjusted as provided in section 403 of Public Law 92–603, 86 Stat. 1487, so that the State, for the first quarter of Fiscal Year 1973, will receive Federal grants in amounts determined under applicable provisions of the Social Security Act (without regard to section 1130 thereof), but not to exceed $50,000,000. In no case will a State receive less than the allotment set forth above.

[13] *Federal Register*, Vol. 37, No. 252, Dec. 30, 1972.

Although many believe that an overall $2.5 billion ceiling is a sound concept, these same supporters have raised four major questions with regard to the limit:

—First, criticism has centered on the allotment formula itself; instead of distributing the monies on the basis of straight population, it is strongly felt that the formula should reflect the more concentrated needs of urban areas and those with larger proportions of low-income residents.

—A second criticism lies with the reallocation procedures. During Senate consideration of the ceiling, Senators from urban States were successful in gaining approval of an amendment which provided that any portion of a State's allocation which was not used would be distributed among the other States. This provision was, however, eliminated by the House-Senate conferees; as a result, any portion of the allocation which a State does not seek will revert to the Treasury. For example, if a State uses only $100 million in Federal funding of its allotted $150 million, the $50 million "surplus" cannot be carried forward into a future fiscal year nor can it be redistributed to other States which exceed their limits.[14]

—The third criticism concerns the retroactive imposition of the ceiling, which further worsens the impact of the new restriction. Because there is no "hold harmless" provision, States which have incurred service expenditure obligations in the time frame July–October, 1972, are solely responsible for these obligations to the extent that they exceed the new *ex post facto* formula allocation. It is felt that allowances should be built in so that the limits, retroactive to July 1, 1972, do not require agencies now spending at higher levels to decimate their programs later in the fiscal year.

—Lastly, the provision does not contain a State-to-local allocation formula and actually has no language mandating State pass-over to localities. In effect, cities with enormous social service outlays have no guarantee that their States will pass any of the State allotment on to them; the States will receive their share based on population, but the cities will not receive funding on the same basis. It is thus feared that the cities' allotment will be highly arbitrary, giving excessive consideration to political elements in the State.

While only five States[15] will receive fewer Federal dollars under the new ceiling than they received in fiscal 1972, it is important to point out that many more States will receive less than their fourth quarter annualized rate of spending. And almost all States which had just begun to realize the potential of the Titles I and XVI program for the aged will find their expansion plans thwarted.

Another newly enacted provision limits the eligibility for these services. As reported earlier, any program which had provided services to past, present, or potential welfare recipients were eligible to receive funding; now 90 percent of the allocated Federal matching dollars must be spent on *current* welfare recipients (in this case, Old

[14] The state will continue to be eligible, however, for its full $150 million in future years if it increased its expenditures.
[15] Alaska, Delaware, Washington, New York, and the District of Columbia.

Age Assistance recipients) and only up to 10 percent on past or potential recipients. There are six categories which are exempt from this 90–10 welfare/non-welfare eligibility ratio, but services to the elderly are not among the exempted categories.

Thus, services to the aged are subject to the stipulation that at least 90 percent of the funds be expended on behalf of elderly welfare recipients.[16]

As a result of the new 90/10 eligibility restrictions, many senior centers and other providers of service have been cut off from funding by their State welfare departments. One recent letter stated:

> Your contract is hereby terminated. . . . It is our understanding that approximately 50 percent of the clients served in your program are recipients of public welfare. We will be glad for you to . . . . determine if a new program proposal can be developed so that we can limit our purchase of service to the (welfare) recipient.

Several such agencies are protesting the new eligibility requirements and refusing to submit adjusted program proposals for continued funding. In New York City, for example, the program's administrator has recommended that the $6.7 million of Title XVI monies for senior centers be forfeited if HEW persists in this "new means test."[17] Because only 20 percent of the city's 70,000 senior center members have been welfare recipients, State and local financing is being urged to take the place of Federal Title XVI money in an effort to prevent the "tearing apart" of the centers.

The full impact of the new restrictions is yet to be realized. Some agencies providing these social services have been given short-term "reprieves" while new funding sources are sought or new proposals written. And, because of the poor accounting procedures, it has proved impossible to obtain a listing of all Titles I and XVI projects now in operation throughout the country; thus any thorough analysis of these projects' fate cannot be accomplished. Whether elderly programs are being hurt more by the new 90–10 eligibility criteria than the ceiling is still a matter of conjecture.

Several social services projects which have recently been curtailed are summarized in Part 3 of this report to better acquaint the reader with the effects that the new law has had upon both the agencies involved and their elderly users of service.

V. *HEW's Proposed Social Services Regulations and Other Complicating Factors*

On February 16, 1973, HEW's Social and Rehabilitation Service issued proposed regulations which explain how the new law will be interpreted and implemented by the State welfare agencies.[18]

[16] The 90/10 Rule need not apply to each individual services program, like Senior Center Services, but rather applies to a State-wide average for all services and client groups (except the 6 groups exempted from the 90/10 rule). Thus, some projects could have 100% welfare recipients and other projects only 50%, providing that the State-wide average is 90/10. In light of the paper work involved, however, it seems likely that States will opt for an across-the-board 100% participation for welfare clients and none for others.
[17] Jule Sugarman, "New U.S. Senior Center Rule Decried," *New York Times*, January 18, 1973.
[18] See Appendix 4, for full reprint of February 16 Proposed Regulations.

By curtailing the program's scope, restricting the use of private monies, and further limiting the number of persons eligible, the HEW proposal—if finalized—will most certainly keep Federal outlays for social services well below the $2.5 billion ceiling established by Congress; it seems likely, in fact, that only $1.7 billion will be allowed to be spent through the administration's regulations.

The most controversial stipulation in the proposal is the denial of the use of donated private funds or in-kind contributions as the State's share in claiming Federal reimbursement. Private funds, such as those gathered from community drives, have been widely utilized in several States for matching purposes on a 75–25 ratio. A local United Way, for example, was able to donate $100,000 for expansion of senior center services; the city or State could then apply to the Federal government for $300,000 in matching funds for the center expansion, receiving back a total of $400,000. It has been estimated that private donations of this sort totaled roughly $150 million a year.[19]

Federal officials have argued, however, that the money is not really "donated" to the State, but rather it has become a bookkeeping transaction to get more Federal aid.[20] In response to this proposal, forty-six Senators wrote HEW Secretary Weinberger:

> This proposed change would seriously undermine the excellent private-public partnership approach to human problems that now exists. . . . These kinds of cooperative efforts should be encouraged rather than discouraged.[21]

Although Federal matching for private funds is disallowed, it should be noted that State and local government money can still be used as the 25 percent non-Federal share.

Another proposed alteration affects mandated and optional services. The number of required services has been reduced and the number of optional services increased. Each elderly recipient must be provided with at least one of the following defined services "which the State elects to include in the State plan": chore services, day care for adults, education services, employment services, foster care for adults, health-related services, home delivered or congregate meals, homemaker services, home management and other functional educational services, housing improvement services, protective services for adults, special services for the blind (of whom approximately 50 percent are over the age of 65) and transportation services.[22]

The definitions of "former" and "potential" recipients also have been substantially changed in the draft regulations. The definition of "potential" welfare recipients has been altered to "persons who are likely to become welfare recipients within *six months*," instead of the previous definition of *five years*. This regulation—if finalized—would disentitle persons under the age of 64½ from receiving social services under Titles I and XVI. "Former" welfare clients will qualify for only three months instead of two years.

[19] "HEW Is Planning Changes in Matching Grants for Social Services," *New York Times*, February 13, 1973.
[20] "Welfare Spending Would Be Curbed Under HEW Plan," *Wall Street Journal*, Feb. 16, 1973.
[21] Austin Scott, "HEW Defends New Cutback Rules," *Washington Post*, February 16, 1973, p. 1.
[22] § 221.5. Statutory requirements for services, "Services Programs for Families and Children and for Aged, Blind, or Disabled," Proposed Rule Making, *Federal Register*, Vol. 38, No. 32, Feb. 16, 1973, p. 4609.

A general tightening of reporting requirements has also been proposed. Quarterly recertification of applicants, instead of the previous yearly recertification, to establish eligibility for services is one such requirement. Another is found in § 221.8 of the proposed regulations entitled "Individual Service Plan". Basically the section will mean that no elderly person can receive any services until a social worker has drawn up a "service plan" for him. The plan lists services that will be received, proves eligibility for the services, explains how the services will lead to "goals",[23] sets "target dates for goal achievement", and presents the extent and duration of the provisions of each service. To make matters worse, the person's plan must be reviewed at least every 6 months, more often if necessary.

A recent newspaper editorial called these reporting restrictions "a reversion, almost to the point of parody, to the worst traditions of an ingrown and materialistic bureaucracy," adding:

> Boom days are ahead for the paper industry and for the legion of minor clerks who will crank the wheels inside this large new welfare matching. But for that part of the population which is poor, and may actually need help, the outlook is not so jolly.[24]

Two other elements in the proposal deserve mention. First, social service programs cannot pay for the subsistence needs of the poor in institutions nor can they finance medical care. Second, if the regulations are finalized, States will have to expand existing activities to claim Federal funds and cannot reorganize activities under the welfare department for the same purpose. Presumably, this regulation would eliminate abuses in which States had received social service grants and then applied the funds to other uses or paid for existing State programs by shifting them to the State welfare agency.

In a news briefing on the proposal, HEW Secretary Weinberger said that the intent of the regulations is to give the States greater freedom to focus the pared Federal funds on welfare recipients.

"We are saying," added Philip Rutledge, acting administrator of the Social and Rehabilitation Service, "that since there is a ceiling and States have to be more careful, we are trying to give them more of an option." [25]

Whether the aged get *any* of the funds allotted is one such option left to the States; another, previously discussed, is which services the elderly will get if the State does elect to include them.

Elizabeth Wickenden, professor of urban affairs at the City University of New York, termed this aspect of the proposal as consistent with the current philosophy of the Administration: "They have on one hand loosened up insofar as the State decision-making is concerned. . . . And on the other hand they've tightened eligibility on who can get the service." [26] The proposal is also in line with the administration's philosophy on Federal spending; it is virtually certain that the redtape imposed on the States through the regulations will prevent them from obtaining their full allotments.

[23] In the case of adults, the specific goals to be achieved are limited to the following: to achieve and maintain personal independence, self-determination and security, including the achievement of potential for eventual independent living.
[24] "The Social Services Fund," *The Washington Post*, February 18, 1973.
[25] Austin Scott, "HEW Defends New Cut-Back Rules," *The Washington Post*, February 16, 1973.
[26] Austin Scott, "Cutbacks Planned in Social Services," *The Washington Post*, February 12, 1973.

The public will have until March 19th to make comments, suggestions, and objections to the draft proposal [27] before it is issued in final form. HEW is aiming for an effective date of April for most provisions although some would take effect earlier.

VI. *More HEW Rulings*

Another HEW restriction is likely to further limit Federal funding in an effort to tighten the policing of eligibility requirements. The December 5, 1972, *Federal Register* published HEW draft regulations which, if finalized, will withhold $223 million in matching funds for the last half of fiscal year 1973 and $456 million for fiscal year 1974 as penalties for ineligible or overpaid welfare recipients. The amount withheld will be in proportion to the percentage of ineligible or overpaid recipients found on each State's rolls as determined by a scientific sample.

If totally successful, the program would eliminate about 700,000 persons now receiving Aid to Families with Dependent Children (Title IV) and another 147,000 aged, blind and disabled persons on welfare rolls in twenty-one States.[28] This regulation will also mean that at least 90 percent of these 147,000 adults will become ineligible for social services—since only 10 percent of social services funding can be spent on "former" recipients.

[27] Comments must be submitted in writing to the Administrator, Social and Rehabilitation Service, HEW, 330 Independence Avenue, S.W., Washington, D.C.

[28] Austin Scott, "31 States Hire Law Firm To Fight Welfare Cut", *The Washington Post*, December 21, 1972.

PART 3

WHAT IS HAPPENING TO PEOPLE

New restrictions on social services under the Social Security Act have been in effect for only a few months. (See Parts 1 and 2 for details.)

And yet, the Senate Special Committee on Aging has already learned of situations under which the cutbacks are causing hardships and difficulties which may well prove to be costly exercises in false economy.

On the following pages, a sampling [1] of such situations is provided. It is based upon field visits, interviews, and telephone conversations.

It should be remembered that the problems described in this part of the report were caused solely by the provisions of the law enacted in October. The new regulations announced in February by the Department of Health, Education, and Welfare would certainly intensify such problems, should they become official policy after March 19 unless successfully challenged.

I. MINNESOTA: IMPACT ON SENIOR CITIZENS CENTERS OF MINNEAPOLIS, AND OTHER PROGRAMS

The program of Senior Citizens Centers, headquartered at 1505 Park Ave., Minneapolis, demonstrates the need and effectiveness of social services for the elderly. Karl Dansky is Executive Director and Robert Light is Director of Social Services.

The basic purpose of the agency is "to provide social, recreational, and informal education opportunities to all members of the United Fund Area sixty years and older, through nonsectarian day centers."

The headquarters is located in a public housing project for the elderly and thus is accessible to a large number of clients. Its funding is a good example of private donations at work; the project receives its 75 percent Federal funding by utilizing the county's United Fund monies as the 25 percent match.

In 1971 the United Fund and Hennepin County Welfare department negotiated a Purchase of Service contract. This contract made it possible for Senior Citizens Centers ("SCC") to provide a professional worker for every 500 apartment units. The SCC has put most of the purchase of service budget into line staff where it would directly benefit the elderly. Last year it cost SCC about $55 per apartment unit to provide a social worker, a para-professional group work assistant, and supportive office and administrative staff. This year it would cost closer to $60 per unit.

During the past years the SCC staff has worked to develop significant services to enable the elderly to remain independent. Some services are provided at no cost to seniors. For example:

[1] Prepared by Mr. Peter Dickinson, former editor of *Harvest Years* and now a writer and consultant on aging.

- Sears and National Stores provide free portal-to-portal bus shopping service each month for nearly 1,500 elderly.
- Bob Light of SCC worked out a proposal with the City Relief Department to sell food stamps in all elderly hi-rise housing.
- Through close cooperation between the SCC and the Public Health Nurses, over 2,000 persons are receiving preventive health care. The nursing service alone makes significant dollar savings for the Federal and local governments.

For instance, Bob Light tells of the diabetic lady who needed insulin injections. At most this would require about 5 minutes of professional attention. If the lady had to go to a nursing home or to hire a nurse for the injections, the cost would be prohibitive. However, a social coordinator at the SCC found a retired nurse who gave the necessary injections free of charge.

In another case, a lady who needed an enema called up the Public Health Service and was told that it would cost $16 to receive one. But an SCC social coordinator was able to find a nurse who showed the lady how to administer the enema herself, thus saving the county considerable expense.

If these and other elderly had to go to a nursing home (cost $14 to $22 a day) to receive five minutes of treatment, it would cost the county far more than the $50 per apartment unit per year which the SCC charges.

However, Karl Dansky, Director, recently wrote in a letter to the National Council on the Aging: ". . . the language in the Revenue Sharing Bill, by not exempting services to the elderly, completely nullifies our project.

> **"Our project, we believe, successfully demonstrates that a nonprofit agency could successfully utilize United Fund matching funds to provide social group work and information and referral services to 7,000 elderly residents of public housing and their neighbors . . .**
>
> "While this service was becoming more restrictive due to the eligibility standards being imposed, at least we were able to attract the residents. Of these, 50 to 90 percent are potential OAA or medical assistance clients. Now, by applying the new restrictions we would be limited to serving only about 45 percent of the residents, and that only by applying a *means test.*
>
> "We are currently trying to impress the County Welfare Department to accept a blanket coverage or else we will be placed in a position of urging clients to go on the Welfare rolls against their wishes and at the taxpayer's expense. Also, many marginal residents may have to face institutionalization at taxpayers' expense, too."

On Thursday, Jan. 4, Mr. Dansky received word that the county will fund the program at the same level as last year, but that he won't be able to add or increase services. In addition, he won't be able to fill staff vacancies.

He adds: "We'll also be spending a lot of money filling out papers to establish eligibility, rather than providing services."

Two Other Programs in Jeopardy

Two programs of the Ebenezer Society, a Minneapolis based nonprofit society owned by 46 member congregations of the American Lutheran Church, are in jeopardy because of the funding ceiling and eligibility restrictions. They are:

1. *The Model City Protective Service Project* is a three-year research and demonstration project funded by HEW, administered by the Minnesota Governor's Council on Aging, and operating partially on private funds.

The purpose of the project is to act as surrogate or guardian for those elderly who might be physically or mentally unable to manage their own affairs. Often, this involves some substantial sums of money that might be in danger. In one case, the project was able to provide guardianship for a lady whose attorney was milking her of some $22,000.

In another case, a lady had all the assets in her name, but seemed likely to be survived by an invalid husband. A probate judge suggested joint tenancy with survivorship rights so the estate would not shrink before it reached the bereaved husband (who would have to rely on welfare during the probate period). Joint tenancy was achieved; the lady did die; and the transaction of the estate to the husband was automatic and immediate, without probate or welfare.

At one time Edward L. MacGaffey, Director of Protective Services, had two full-time social workers and one lawyer and consulting psychiatrist, plus a secretary. The program was running about $60,000 a year.

The services provided kept many people from losing all their money or going on welfare. But without funding and with the eligibility restrictions, many elderly who need this service would have to go on welfare.

2. *Maintaining the Growing Edge* is a creative mental health and rehabilitation program aimed at enabling older people to regain their mental and emotional awareness and allowing them to function as responsible, rational members in their own family or peer group. Funding until now has been through a local fraternal organization. A grant application for approximately $400,000 has been submitted to NIMH.

Thanks to a sensitive staff and creative therapy, the program has brought many persons back to reality. For instance:

Ninety-seven-year old Ole (not his real name) lived in a fantasy of memories and wandered frequently prior to the program. After several months of treatment, he is able to accept and cope with reality and accept the present.

—Eighty-six-year-old Stella was strong-willed, loud and temperamental, and extremely self-centered. Now she has a much brighter, more controlled relationship with other individuals, and the group, and has become a helpful, positive person.

—Tom and Kara (not real names) are in their seventies. They both had become confused, disoriented, and out of touch with reality. Because of the program, they have been able to return to their home environment.

While these programs have proven themselves, prospects for continuing them are dim. Dr. MacGaffey said that the main hope for the Protective Service project was tendering it to the public welfare agency, but "at this point it looks hopeless because of eligibility restrictions." The best hope for the mental health program is a grant from the NIMH, but this, too, looks bleak. The only other resource might be private money (foundations), but this may not be too feasible at this time.

Elsewhere in Minnesota

Programs that seem especially threatened on a State level are information and referral services and health and welfare services. Especially affected would be Homemakers and Meals on Wheels programs as well as bus service to shopping centers.

Gerald A. Bloedow, Executive Secretary of the Governor's Citizens Council on Aging, said that the State welfare department had projected some $96 million for programs but will actually get only about $46 million for adult services.

Eligibility restrictions are as important as the ceiling limit, says Rich Nelson, Assistant Director of the Social Service Division of the Department of Public Welfare. He points out that in one month (May 1972) of 2,883 elderly receiving services, only about 1,322 were receiving some sort of grant money. Health needs topped the list of services, followed by Homemaker-Housekeeping, protection, education and training, family counseling. If there is no lifting of restrictions or replacing of Federal funds. Mr. Nelson estimates that about 1,200 of the elderly served during that month would be ineligible.

On the State level, Mr. Bloedow reported that most revenue sharing money would go to reduce taxes and to buy capital equipment for fire departments, etc. He said: "Any local community must bring pressure and establish need to get money for social services."

II. ILLINOIS: STATEWIDE IMPACT AND SPECIFIC EFFECTS IN CHICAGO

The ceiling limit and qualifications restrictions under Title XVI would seem to have tremendous impact on programs in the State of Illinois.

Robert Benson, Chief of the State Office of Social Services, points out that in 1972 the State spent some $181 million on social services, and the State estimated it would need some $211.6 million in 1973. But under the ceiling it expects to get only $115 million—requiring a cut of almost 50 percent.

Mr. Benson says that persons most affected will be those under public aid and mental health—and especially the impaired aged program.

Such programs have been providing services to many former and potential recipients, and the 90/10 eligibility requirements may cut out many people from needed programs. According to recent figures, some

34,327 persons were receiving OAA and medical payment, and some 41,664 were receiving medical assistance alone. However, Mrs. Betty Breckinridge, Assistant Chief for Programs, Offices for Services for Aging of the Illinois Department of Public Aid, estimates that there are some 250,000 elderly in the State who live below the poverty line.

A recent study released by the Chicago Mayor's Office for Senior Citizens, shows that 26 percent of the people aged sixty to ninety-nine in Chicago feel they do not have enough money to meet basic needs and 28 percent sometimes have to skip meals.

Other figures were equally depressing, yet 93 percent of the elderly were qualified voters, and 95 percent voted in the 1968 Presidential election and 75.6 percent said they voted in the last primary. In Illinois, 25.3 percent of the voters are over age 60.

How the Mayor's Office Views the Situation

About one-third of the elderly live in Chicago and about one-half of Illinois' elderly live in the county area. Andree Oliver, Assistant Director of the Mayor's Office for Senior Citizens, and Lillian Mavrin, Specialist in Aging with the Mayor's Office, expressed concern about threatened protective services for the elderly.

Although the Mayor's Office for Senior Citizens is primarily a planning and coordinating agency, it is also engaged in research and demonstration projects. One project—the Senior Central—has as its objective the development at the State level of adult social services under Title XVI.

Mrs. Oliver and Mrs. Mavrin are concerned about the whole range of services to keep the elderly out of institutions—particularly Health and Homemakers programs. Said Mrs. Oliver: "Any cutback is a cutback from zero. Most victimized will not be those persons on OAA but those who fall between. The biggest need is for money to deliver services to the elderly. Also needed is transportation to take older people to services or services to the elderly."

Mrs. Oliver and Mrs. Mavrin don't feel that revenue sharing will help much—that it might be an excuse not to fund programs.

Services for the Impaired Elderly: A Program in Jeopardy?

"Services for the Impaired Elderly" is a joint venture of the Illinois Department of Public Aid and the Council for Community Services in Metropolitan Chicago. It is designed to provide quality service (Homemaker-Home Delivered Meals, etc.) who without this service might have little choice as to whether or not to enter institutional care. To assure quality service, six voluntary and one public agency have been directly involved in service delivery and research.

A three-year demonstration program, funded by the National Institute of Mental Health and the National Center for Health Services Research and Development, terminated on August 31, 1972. The new program, funded under Title XVI of the Social Security Act began on September 1, 1972. The planning and research aspects of the demonstration project will continue until March 1, 1973.

This program offers the following services:

- Information, Referral and Brief Service
- Casework Assessment
- Casework Counseling
- Service Coordination
- Medical and Psycho-Social Diagnosis
- Home Health Care
- Financial Management
- Legal Guardianship
- Other Legal Services
- Transportation
- Cash for Emergencies
- Volunteers' Services

Approximately 1,500 clients would be served, for whom approximately 8,000 units of service would be provided at a cost per unit of $88.

Robert Adams, Assistant Executive Director of the Council for Community Services, says that he is most concerned about having to renegotiate new funds in March, and the possibility of having to restrict client eligibility. He says that only 27 percent of active cases are OAA recipients and 73 percent are borderline under the eligibility requirements, and this would require redrawing the whole program. "If we have to limit services to OAA recipients then persons would have to get on OAA to get services."

He also said that it would be questionable if revenue sharing funds would filter down to programs such as his. "If we must find fresh money, there's no way for volunteer agencies. We should be able to take present money and be able to get matching funds on that and be held accountable for better services."

The Services for the Impaired Elderly Project strives to accomplish three objectives: (1) extension of service to an especially vulnerable group of people; (2) maximum leverage for the voluntary dollar; (3) the launching of a sophisticated service delivery system which maximizes public-voluntary agency cooperation and integrates a variety of specialized services. Used as a model project, it could set the stage for a statewide system of services to the aged.

How Senior Centers View the Situation

The Senior Centers of Metropolitan Chicago's programs—including an Outreach program of bringing services to the elderly—are financed by corporate and community funds. However, Jane Connolly, Director, and Madeline Armbrust, Program Director, expressed concern for those protective services projects that are funded under Titles I and XVI.

In a letter to Mrs. Jane Bloom of the National Council on the Aging, Miss Armbrust said: "The limitations of Title XVI could play some havoc with the Protective Services Project in Chicago—especially the 90 percent quota of public aid clients. Right now only about 30 percent of the clients are on OAA."

Both Miss Connolly and Miss Armbrust don't feel that revenue sharing will help much. Like others, they feel that the money in the City of Chicago will go for police and fire equipment and salaries and not for social services for the aged. However, she feels that revenue sharing money might help some programs outside the City of Chicago.

Also, Miss Connolly says that because of restrictions, programs operating with Federal funding must lower their standards. She adds: "We don't want to get involved with government funds—that would mean we'd have to curtail some programs."

III. WASHINGTON, D.C.: THE THREAT TO COLUMBIA SENIOR CENTER

Columbia Center is new: it opened on September 20, 1972 in order "to enhance the mental and physical well-being of the elderly in Service Area #7 by providing them Social Services, Educational, and Recreational opportunities."

These services include:

Social Services: Crises intervention and advocacy; Homemaker services; Housekeeping service; Private residential placement; Friendly visits; Food stamp and Social Security counseling.

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be discontinued and cutback. Especially hard-hit will be programs serving the elderly (See Appendix 2 for details).

2. With the ceiling and eligibility restrictions, Jim Parham, Deputy Commissioner of the State Department of Human Resources, estimates no way of continuing to serve potential candidates. Especially hit will be the statewide nutrition program.

Affected will be programs of the Department of Human Resources, six priority aging planning areas, local housing authorities, model cities agencies, and other local public and private agencies which plan and/or administer programs for Georgia's elderly.

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Also, Georgia had planned to use Title XVI funds to provide supportive services (transportation, information and referral, counseling, etc.) for its statewide nutrition program. But with the cutbacks and eligibility restrictions, this program will have to be curtailed or cut back on a statewide basis.

In a report on the impact of Title XVI revisions on his State's programs, Frank Newton, consultant to the State Department of Human Resources, said:

"If provisions are not made and means of funding these most vital programs are not made available, all of the months and years of committed planning, coordination, and dedication of local and State, private and public agencies will be of little value. And, the elderly residents of Georgia will once again hear that they are being excluded from much needed services—words they have heard too often in the past when other age groups have received top priority in funding for human services."

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The Athens Community Council on Aging, a private non-profit agency representing service agencies, civic groups and churches, had developed a comprehensive Home Care and Community Services program for older adults.[1]

These services were to help older people remain in their homes. Primary beneficiaries were those who needed Homemaker-Home Health Aide and/or related services (Information and Referral, Home Delivered Meals, Day Care, Auxiliary Home Services). Secondary beneficiaries were able-bodied mature adults who received specialized training and full or part time employment.

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It was hoped that this program would serve as a model to be expanded throughout the State. However, with the new ceiling, the program budget is being cut some $104,000 and staff has been cut by 24 persons. Also, under new guidelines and State mandates, the program is being re-designed to serve *only* public assistance clients with recontracted funds. In the State of Georgia, due to cutbacks in Title XVI funds, the allowance of the 10 percent margin is not included in the new Revenue Sharing Act revisions. Ultimately, many borderline cases will now have to seek welfare certification in order to receive needed services. The proposed new budget would serve approximately 52 percent of current caseload who use collectively about 62 percent of current resources under the previous budget. (The new contract, January 1–June 30, 1973, calls for a budget of $126,000 Title XVI funds.)[2]

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The following examples show what the loss of services to specific cases will cost the individual and the community:

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If they cannot be served by ACCA they both would have to be institutionalized at a cost to the taxpayer of $330 per month per person plus an additional $100–$130 per month per individual to meet local costs of nursing home care.

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There are also many persons who live alone or live with a disabled spouse who need assistance in preparing meals, transportation to shopping, paying monthly bills, transportation to the doctors and the clinics, and need some personal care. If ACCA is not able to provide these and other supportive services to meet the many and varied needs of older persons in the Athens-Clarke County area, many would have to be institutionalized at a minimum cost of approximately $430–$460 per month. ($330 is the cost to the taxpayer plus Medicaid for physician costs, prescriptions, etc. Those not able to provide the differential for local facilities have to be dismembered from the community to Dublin, Georgia or other facilities which will receive patients at the public assistance level, thus, further straining an already traumatic situation.) Others' expectations for living at home would be greatly enhanced for a long period of time if they could secure services offered by ACCA such as a hot meal delivered to their homes with its daily person contact, telephone reassurance, plus the knowledge of being able to get emergency help when needed. Unfortunately, strictures placed upon the agency by new funding guidelines, both State and Federal, inhibit extending these services to many who need small services but who will need much greater services at a much greater cost if they cannot get these services now. ACCA officials stress that in order to achieve a creative joining of local, State and Federal funds it is important that these funds be used with as much discretion and flexibility as is necessary so that the whole of the county's elderly population may look to the community for a resource, when their needs exceed their own capacity to meet these needs.

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Both Miss Connolly and Miss Armbrust don't feel that revenue sharing will help much. Like others, they feel that the money in the City of Chicago will go for police and fire equipment and salaries and not for social services for the aged. However, she feels that revenue sharing money might help some programs outside the City of Chicago.

Also, Miss Connolly says that because of restrictions, programs operating with Federal funding must lower their standards. She adds: "We don't want to get involved with government funds—that would mean we'd have to curtail some programs."

III. WASHINGTON, D.C.: THE THREAT TO COLUMBIA SENIOR CENTER

Columbia Center is new: it opened on September 20, 1972 in order "to enhance the mental and physical well-being of the elderly in Service Area #7 by providing them Social Services, Educational, and Recreational opportunities."

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SUPPLEMENTAL VIEWS OF MR. FONG

While I am generally familiar with the purpose of new regulations proposed by the Department of Health, Education and Welfare for services under Titles I, IV, X, XIV, and XVI of the Social Security Act, I find it necessary to withhold judgment on the issues and recommendations discussed in the Subcommittee report.

Since no hearings were held and the Subcommittee did not meet as a body on these complex and difficult matters so that we could get all points of view before coming to conclusions, substantive comment now is inappropriate.

Hiram L. Fong.

APPENDIXES

Appendix 1

RELATIONSHIP BETWEEN OLDER AMERICANS ACT AND SOCIAL SECURITY SERVICES

This report deals primarily with services provided under Social Security titles.

However, the full significance of those services cannot be understood without some analysis of a service delivery strategy outlined by the administration during discussion of the Older Americans Comprehensive Services Amendments of 1972.

Those amendments, enacted by the Congress but then pocket-vetoed on October 28, would have increased the funding available to the Administration on Aging for some services. But a primary goal of the administration was establishment of sub-State service units which could act as coordinators of services available through the Older Americans Act and *through all other federally-assisted sources.*

In the following report,* the interrelationship of the Older Americans legislation (which was re-enacted in the Senate on February 20) to the Social Security services is discussed in detail.

OLDER AMERICANS COMPREHENSIVE SERVICES AMENDMENTS OF 1972

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a mechanism which would bring into existence the skills of management and organization in the delivery of such services.[4] Referring to the elderly, the Legislative History of the Amendments states that "no other group is affected by the activities of so many departments and agencies with so few results."[5] There are over 150 programs which benefit the elderly and are administered in almost every department of the Federal Government.[6]

In pointing up the shortcomings of the seven years of experience with the Older Americans Act, the then Secretary of the Department of Health, Education, and Welfare, Elliot L. Richardson, stated at hearings:

> Too often, objectives have not been clearly specified, Federal resources have not been targeted in areas of greatest need, other public and private resources have been underutilized and (un)coordinated—and the catalytic effect which might have been achieved has not been.[7]

A major objective of the 1972 Amendments, then, was to make maximum use of limited Federal resources so as to initiate, expand or otherwise improve the supply of services for older people.[8] The State grant program under Title III was substantially revised in order to provide for a better organization scheme at the State and local levels[9] thereby encouraging the targeting of Federal resources in areas of greatest need by requiring governors to designate priority sub-State planning areas.[10] The Title III funds were recognized as not being sufficient to fund a comprehensive services system completely, but were intended to be used as an incentive and catalyst.[11] The 1972 Amendments envisioned the development of a type of "partnership of older citizens, parents, community, and community, State and local governments, with appropriate assistance from the Federal Government."[12] This newly developed mechanism would thus act as a type of go-between, a broker, in bringing together the suppliers and the recipients of services.[13] For example:

> In a community where a homemaker service would be in critical need, the broker might bring together the Community College, the State Employment Service, the Welfare Department, and a senior center.[14]

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Interlocking the Older Americans Act with other funding resources is at the crux of the 1972 Amendments. Speaking on behalf of the National Association of Social Workers, Inc., Mr. Stanley J. Brody testified at hearings on the bill that "we endorse the inclusion of the Nutrition program in the Older Americans Act . . ." and added "Congress may appropriately want to insist on a requirement of inclusion specifically of programs under Titles 1, 16, 18 and 19 of the Social Security Act within each State plan to guarantee maximum integration of existing major human service programs."[16]

As stated, the 1972 Amendments intend to target the delivery of comprehensive social services to those whose need is the greatest. The concept of "need" applies to those elderly who are most vulnerable to the loss of independence, rather than "need" based solely upon financial situation.[17] While programs authorized under the Older Americans Act have never depended upon the income of the receivers of services as the sole criteria for eligibility, the Committee on Labor and Public Welfare in its report accompanying the 1972 Amendments stated:

> Until such services are available for all older Americans, the State agencies, in dividing States into planning service areas and developing comprehensive coordinated service programs (should) give special consideration to the needs of the low income elderly.[18]

However, even though Congress recognized the generally greater need of services by lower income elderly, the application of any type of means test would never be tolerated as an element in the administrative mechanism.

Congress, in passing the Comprehensive Service Amendments, recognized that "for many older persons, (social) services can mean the difference between living independently in their homes or being—all too often—unnecessarily and prematurely institutionalized at a much higher public cost."[19] The paradox in public policy is that programs are designed to pay too little to keep elderly persons at home but will readily pay an average of $400–500 a month to keep the same persons in an institution.[20] For many older persons, the difference between independence and incapacity can be as little as one hot meal a day.

Provision was made in the 1972 Amendments for the integration of Title VII nutrition programs into the comprehensive and coordinated social services systems funded under Title III. Thus the role of nutrition services would be developed as part of the total spectrum of services.

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> fed because they are not able to get out often enough to shop for themselves and where the cycle of discouragement has a cumulative effect on their general well-being.[21]

Although directed toward geographic areas with higher concentrations of lower income elderly, the nutrition programs funded under Title VII would not apply individual means tests. An applicant provider under Title VII would have to establish a social program in conjunction with a hot meals program. Although there is provision in Title VII for funding of supportive services, the applicant would more likely attempt funding under Title 1 or 16 of the Social Security Act. However, under current legislation, programs funded under the Social Security Act must be directed principally toward recipients of Old Age Assistance. Although up to 10 percent of expenditures on services (statewide) funded under the Social Security titles can be directed toward the categories of "former" and "potential" welfare recipients, too many administrators, for the sake of simplification, are directing Social Security programs to welfare recipients exclusively. For those which still allow up to 10 percent non-welfare participation the application of a means test has occurred. Thus the implementation of Title VII nutrition programs could in some instances be totally negated, while in others it could become engulfed in the effects of means tests.

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SUPPLEMENTAL VIEWS OF MR. FONG

While I am generally familiar with the purpose of new regulations proposed by the Department of Health, Education and Welfare for services under Titles I, IV, X, XIV, and XVI of the Social Security Act, I find it necessary to withhold judgment on the issues and recommendations discussed in the Subcommittee report.

Since no hearings were held and the Subcommittee did not meet as a body on these complex and difficult matters so that we could get all points of view before coming to conclusions, substantive comment now is inappropriate.

Hiram L. Fong.

APPENDIXES

Appendix 1

RELATIONSHIP BETWEEN OLDER AMERICANS ACT AND SOCIAL SECURITY SERVICES

This report deals primarily with services provided under Social Security titles.

However, the full significance of those services cannot be understood without some analysis of a service delivery strategy outlined by the administration during discussion of the Older Americans Comprehensive Services Amendments of 1972.

Those amendments, enacted by the Congress but then pocket-vetoed on October 28, would have increased the funding available to the Administration on Aging for some services. But a primary goal of the administration was establishment of sub-State service units which could act as coordinators of services available through the Older Americans Act and *through all other federally-assisted sources.*

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Appendix 2

REPORT BY THE GEORGIA DEPARTMENT OF HUMAN RESOURCES

Office of Aging

IMPACT OF TITLE XVI REVISIONS ON GEORGIA'S ELDERLY SOCIAL SERVICES PROGRAMS

Background and Purpose

The Georgia Department of Human Resources has State responsibility for the development, administration and coordination of social services for eligible families and individuals throughout Georgia. These services are authorized under the U.S. Social Security Act, as amended, (Titles I, [Old Age Assistance]; IV–A [Aid to Families with Dependent Children]; X [Aid to the Blind]; XIV [Aid to the Permanently and Totally Disabled], and XVI [Combination of the three adult categories, as chosen in Georgia] and are intended to preserve, rehabilitate, reunite and strengthen eligible families or individuals or assist members of families or individuals or assist members of families to attain or retain capability for maximum self-support and personal independence.

The State of Georgia has moved systematically since the 1967 amendments of the Social Security Act were enacted to plan and administer a comprehensive program of social services to meet the needs of Georgia's needy families and individuals. However, through Congressional and Presidential action, the Revenue Sharing Act [P.L. 92–512, October 21, 1972] contains a number of restrictive amendments to all social service programs and more particularly to the elderly services funded under Title XVI of the Social Security Act, including a $2.5 billion national ceiling on these formerly "open-ended" programs.

Equally and possibly more detrimental to Georgia's efforts to develop a comprehensive network of elderly social services have been limitations set on the provision of services to old age assistance recipients. Whereas the former Social Security provisions allowed elderly social service programs to provide services to past, present or future recipients of financial assistance, the new Social Security Act provides that no more than 10 percent of the State's Federal allotment of social service funds can be utilized for services to past or potential recipients while the other 90 percent shall be expended for services to current recipients only. The Revenue Sharing Act specified five exceptions to the 10 percent limitation, but these exceptions [child care, family planning, mentally retarded, drug addicts and alcoholics, and child foster care] will have only a negligible impact on the bulk of Georgia's Title XVI efforts. In addition, recent Department of Health, Education and Welfare program regulations have brought about even greater cutbacks in the use of Title XVI funds through a shortened time framework for past and potential recipients.

In an effort to ascertain a quick assessment of how the recent Social Security Act revisions are impacting on Georgia's elderly residents, the Department of Human Resources, Office of Aging has contacted several appropriate State and local agencies which plan and/or administer social services programs for the State's elderly residents to ascertain their views on the impact of Title XVI revisions and cutbacks. Due to time constraints imposed in carrying out this survey, it is necessarily only a sample of the anticipated negative impact on senior citizen services. The total impact on the recent revisions of Title XVI are very difficult to ascertain without a more detailed, comprehensive survey. Nonetheless, the results of this rapid survey indicate the tremendouse negative impact which the Title XVI revisions are having on Georgia's elderly social services programs.

The agencies surveyed included the Georgia Department of Human Resources [Community Services and Office of Aging], six priority aging planning areas, local housing authorities, model cities agencies, select Area Planning and Development Commissions and other appropriate local public and private agencies which plan and/or administer programs for Georgia's elderly residents.

At the time the Revenue Sharing Act was enacted [October 21, 1972], Georgia was providing over $79 million of social services [either through direct services or purchase of services] to eligible Georgia families and individuals of all categories. With the maximum ceiling placed upon Georgia's programs at some $23 million lower [$56.6 million], the State had no choice except to discontinue many social services that had been long in planning and many that had been actually serving thousands of needy Georgians. Hit hardest by the State allotment ceiling was Georgia's elderly residents. Attachment A identifies the actual terminations of Title XVI programs in Georgia.

While the actual cutbacks in Title XVI aging programs have been acute, the *potential* impact of the revisions appear to be of even greater magnitude. First of all, the advocates for elderly services under Title XVI were just initiating major programs at the time that the Revenue Sharing Act restrictions were enacted. This, in effect, has meant that many programs that were being planned to provide much needed services to Georgia's residents may never be implemented—particularly at levels required to make significant impacts on the needs of Georgia's some 368,000 elderly residents over age sixty-five.

The following represents a sample of potential cutbacks in Title XVI funds in Georgia due to the recent Social Security Act amendments. The services proposed were as follows:

(1) *Community Services:* These are services that had been proposed to the Department of Human Resources. The actual finalized proposals were on hand and awaiting final review and approval when the recent revisions were enacted.

(2) *Areawide Aging Agencies/Select APDC's:* The Department of Human Resources; Office of Aging, has funded [Under Title III of the Older Americans Act] five (5) priority multi-county agencies to plan, administer, coordinate and evaluate major elderly services programs. Each aging planning agency is now

in the final steps of planning and will be needing the financial resources identified in order to implement the desired social services. Since these priority aging planning areas have significant number and percentages of residents which would have qualified under the older provisions of Title XVI [past, and potential recipients], most of the planned services were to be funded with Title XVI financial assistance.

Also, since Georgia is to receive only limited funding under the Title VII [Older Americans Act] Nutrition Program for the Elderly, the State had anticipated using Title VII funds for raw food costs and Title XVI assistance for all other supportive services such as transportation, outreach, information and referral, health and welfare counseling, recreation, shopping assistance, nutrition education and other needed services. This would have allowed Georgia to develop a meaningful nutrition program for the elderly. Now, with the Social Security Act ceiling and eligibility restrictions, it will be impossible to develop a comprehensive nutrition program on a Statewide basis.

In addition to Georgia's priority aging planning areas, the Department of Human Resources had established a network of community human resource planning and coordination through Georgia's multi-county Area Planning and Development Commissions. Each multi-county planning program had been established under Title IV-A and XVI and each contained a viable planning component on the needs, problems and opportunities of the elderly. It was anticipated that each APDC would develop a meaningful areawide program for the aging which would seek Title XVI financial assistance for operational social services. A select number of these APDC's have been included even though many of them are still in their early stages of planning.

ATTACHMENT A—*Actual title XVI losses (for elderly)*

Name of program	Amount of cut	Number served	Number of staff cut	Services terminated
Senior personal services project (Atlanta Model Cities) 51.3H.[1]	$87, 961	100	12	Day care center, meal delivery to homes, social services (evaluation and assessment of each client; information and referral).
Federal	−65, 971			
Social services for the elderly (Atlanta Housing Authority) 84.3.[1]	759, 744	4, 650	77	Information and referral, health maintenance, counseling and guidance, homemaker service, activities to alleviate loneliness, employment, friendly visiting and chore service, transportation, nutritional component, training, recruitment and training volunteers to work with elderly.
Federal	−569, 808			
Athens Community Council on Aging 55.7 [1]	160, 620	900	14	Information and referral, service interlinkage, coordination of volunteer program, homemaker and home/health aide services.
Federal	−120, 465			
National Council of Jewish Women 57.2 [1]	13, 070	2, 400	2	Information and referral, maintain resource file on all services for the elderly, training of volunteers, improve community understanding of services for elderly.
Federal	−9, 802			
Alma-Bacon community services for senior citizens program (Alma-Bacon Model Cities) 53.0.[1]	178, 924	6, 000	23	Transportation, education and enrichment, consumer education, homemaker services.
Federal	−134, 193			
Alert West End to Available Resources for the Elderly 85.7.[1]	13, 200	184	1	Outreach; information and referral.
Federal	−9, 900			
Savannah senior citizens progam (Savannah Model Cities) 88.0.[1]	268, 834	1, 700	38	Homemaker; chore aide; day care; nutrition; prescription delivery; medical transportation; cultural enrichment; issuance of discount cards, food stamps, and bus tokens.
Federal	−201, 625			

[1] May renegotiate for services to current recipients only.

ATTACHMENT B.—*Potential title XVI losses (for elderly)*

1. Community Services Division, Department of Human Resources

Agency	Services	Estimated expenditures	Estimated number to be served
Albany-Daugherty County Council on aging	"Meals-on-wheels" to elderly in public housing	41, 136	100
Project Focus Salvation Army, Visiting Nurses Association, National Council of Jewish Women.	Senior citizen center, homemaker—home health services and information and referral.	98, 531	1, 000
Church Women United, Atlanta	Advocacy for elderly, home visits, transportation, chore services, trips, health services and information and referral.	25, 000	
Clayton County EOA (Senior Citizens Day Care Center).	Outreach, educational programs, health delivery systems, transportation, homemaker services, information and referral.	43, 589	
Housing Authority of Camilla	Various services to elderly public housing tenants	3, 000	
DeKalb County Health Department	Prevention of diseases and disability. Develop nursing care services in a complex setting.	100, 000	(1)

[1] Elderly of DeKalb County.

Appendix 3

MATERIAL RELATED TO REVENUE SHARING

Enactment of revenue-sharing legislation (The State and Local Fiscal Assistance Act of 1972) raised the possibility of a new source of funding for social services to older Americans.

Early response to the bill included a letter from Dr. Arthur Flemming, Chairman of the Post Conference Board of the White House Conference on Aging. He urged leaders of national organizations on aging to urge members to do "everything possible to obtain for older persons a fair share of these new Federal dollars." The text of Dr. Flemming's appeal and the joint letter appear as Item One of this Appendix.

To make an early appraisal of the actual and potential usefulness of Revenue Sharing in terms of services to the elderly, the Senate Committee on Aging on January 4, with the cooperation of the Urban Elderly Coalition, wrote to 38 cities for a preliminary report. A summary of those findings appears as Item Two of this Appendix.

Finally, Item Three is a reprint of an article written by one of the early advocates of revenue sharing, Mr. Walter W. Heller, in the Wall Street Journal of February 22, 1973. Mr. Heller first recommended revenue sharing while serving as Chairman of the Council of Economic Advisers under President Johnson. He is now Regents' Professor of Economics at the University of Minnesota.

ITEM ONE: LETTER BY DR. ARTHUR FLEMMING TO NATIONAL ORGANIZATIONS AND RESULTANT JOINT LETTER

POST CONFERENCE BOARD OF THE
WHITE HOUSE CONFERENCE ON AGING,
Washington, D.C., October 20, 1972.

Mr. FOSTER J. PRATT, *President, American Association of Retired Persons.*
Mr. THOMAS G. WALTERS, *President, National Association of Retired Federal Employees.*
Mr. HOBART C. JACKSON, *Chairman, National Caucus on the Black Aged.*
Dr. DAVID G. SALTEN, *President, National Council on the Aging.*
Mr. NELSON H. CRUIKSHANK, *President, National Council of Senior Citizens, Inc.*
Mr. JOSEPH A. FITZGERALD, *President, National Retired Teachers Association.*

GENTLEMEN: The enactment into law of the Revenue Sharing Act opens up some new opportunities for progress in the field of aging.

Under this Act a total of $5.64 billion dollars will be paid to 38,000 States and communities throughout the United States during the fiscal year ending June 30, 1973.

The State government will be entitled to receive one-third of the amount allocated to that State. The remaining two-thirds of the State allocation will be divided among the units of local government, namely, counties, cities and towns.

Local government must use the monies they receive for priority areas of public safety, environmental protection, public transpotration, health, recreation, libraries, social services for the poor or *aged*, and financial administration.

The enclosed fact sheet provides additional information relative to the new law.

It is clear that some of the Revenue Sharing funds that are made available to State government could be used to strengthen programs in the field of aging.

It is likewise clear that some of the new Federal funds made available to counties, cities and towns could and should be used for social services for older persons. In addition, programs that are worked out for the use of these funds by local governments in such areas as public safety, environmental protection, public transportation, recreation and libraries can and should include special provisions for dealing with the needs of older persons.

It is essential, however, for representatives of organizations of older persons to take the initiative in order to make sure:

—that a meeting is called at the local level of interested organizations and agencies in both the non-governmental and the governmental sectors
—that such a meeting include those voluntary organizations that have demonstrated a genuine concern for the needs of older persons
—that the meeting results in the development of a specific proposal for assisting older persons in the community in question
—that when the proposal is submitted to the appropriate governmental unit there is a clear indication that the proposal has the support of many citizens within the community.

I am delighted to note that all of the organizations to which this letter is addressed have agreed in a joint statement to take this initiative in alerting the communities of the nation to the possibilities outlined in this letter. This is a new and challenging opportunity for action in the field of aging that can be of help to *today's* older persons.

Very sincerely and cordially yours,

ARTHUR S. FLEMMING,
Chairman.

[Enclosures.]
Dictated and signed in his absence.

FACT SHEET ON REVENUE SHARING AND PROGRAMS FOR OLDER PERSONS

In October, 1972 Congress passed and the President signed a historic new law whose formal title is the State and Local Fiscal Assistance Act of 1972, more commonly known as Revenue Sharing. Because this resource is potentially a significant source for financing programs to meet the needs of older persons, those concerned with developing such programs need to understand, at least in basic outline, how the new law will work. (Services to the poor and the aged have been designated a priority area.)

Revenue Sharing provides for the distribution, with virtually no strings attached, of large amounts of Federal resources to 38,000 State and local governments. Revenue Sharing permits State and local officials to determine the purpose for which available Federal funds shall be spent.

The new law provides that for the last half of fiscal year 1972, $2.65 billion will be distributed; for fiscal year 1973, $5.64 billion; for 1974, $6.05 billion; for 1975, $6.20 billion; for 1976, $6.35 billion; and for the first half of fiscal 1977, $3,325 billion. Each State will receive its share of these funds based on whichever one of the two formulas gives the State the most money. These formulas take several factors into account including State-local tax efforts, the size of the population, and the amount of poverty present in the State's population. The amounts each State will receive for *Fiscal Year* 1973 are shown in the following table:

REVENUE SHARING, FISCAL 1973[1]

	Amount of revenue sharing		*Amount of revenue sharing*
Alabama	$116,100,000	Montana	$20,600,000
Alaska	6,300,000	Nebraska	42,900,000
Arizona	50,200,000	Nevada	11,100,000
Arkansas	55,000,000	New Hampshire	15,200,000
California	556,100,000	New Jersey	163,600,000
Colorado	54,600,000	New Mexico	33,200,000
Connecticut	66,200,000	New York	591,400,000
Delaware	15,800,000	North Carolina	135,500,000
District of Columbia	23,600,000	North Dakota	19,700,000
Florida	146,000,000	Ohio	207,000,000
Georgia	109,900,000	Oklahoma	59,400,000
Hawaii	23,800,000	Oregon	56,200,000
Idaho	19,900,000	Pennsylvania	274,000,000
Illinois	274,700,000	Rhode Island	23,600,000
Indiana	104,300,000	South Carolina	81,500,000
Iowa	77,000,000	South Dakota	25,100,000
Kansas	52,800,000	Tennessee	98,400,000
Kentucky	87,300,000	Texas	244,500,000
Louisiana	113,600,000	Utah	31,400,000
Maine	31,100,000	Vermont	14,800,000
Maryland	107,000,000	Virginia	105,200,000
Massachusetts	163,000,000	Washington	84,100,000
Michigan	221,900,000	West Virginia	52,300,000
Minnesota	103,900,000	Wisconsin	133,900,000
Mississippi	90,700,000	Wyoming	9,700,000
Missouri	98,800,000		

Of these amounts, each State Government is entitled to *one-third* which it may use for virtually any purpose it wishes. The remaining *two-thirds* of the funds made available to the State must be passed on to counties, cities and towns. Local governments may use these funds for the priority areas of public safety, environmental protection, public transportation, health, recreation, libraries, financial administration, and *social services for the poor or aged.*

In addition to using these funds for current expenditures in the priority areas, local governments may use funds for legally authorized capital expenditures. Neither the State nor the local shares of Revenue Sharing may be used to match other Federal grants.

Each jurisdiction receiving funds under revenue sharing must publish its plan for the use of the funds prospectively. Likewise, at the conclusion of the period for which funds were made available, the jurisdiction must publish the actual uses to which the funds were put. Both instances of publishing must take place in a newspaper(s) whose coverage includes the entire jurisdiction.

By the end of October, 1972 the first distribution of $2.65 billion will be made. In January, 1973 another distribution of $2.65 billion will be made. Thereafter, payments will take place quarterly.

It is clear, therefore, that under the new Revenue Sharing Act the case for new, expanded, and/or improved programs for older persons must be made to each and every State and local governmental unit receiving funds under the new Act; and approaches must be made immediately before decisions are made which do not provide for utilizing a portion of the Revenue Sharing funds in the field of Aging.

[1] Source: Joint Committee on Internal Revenue Taxation; Census Bureau.

AMERICAN ASSOCIATION OF RETIRED PERSONS
NATIONAL ASSOCIATION OF RETIRED FEDERAL EMPLOYEES
NATIONAL CAUCUS ON THE BLACK AGED
NATIONAL COUNCIL ON THE AGING
NATIONAL COUNCIL OF SENIOR CITIZENS, INC.
NATIONAL RETIRED TEACHERS ASSOCIATION

Each of the signators to this statement has received the attached letter from the Chairman of the Post-Conference Board of the White House Conference on Aging together with the fact sheet referred to in the letter.

We believe that the new Revenue Sharing Act does provide the members of all of our organizations with an opportunity to obtain for older persons and their communities, the needed Federal dollars for support of special programs in the field of aging, and to stimulate greater response to the needs of older persons in programs designed to serve the needs of the entire community.

It is clear, however, that if older persons are to share in the benefits from these dollars we must act and act quickly.

We are especially desirous of our members doing everything possible to obtain for older persons a fair share of these new Federal dollars that are being allocated to counties, cities, and towns. We are heartened by the fact that the new law establishes as one of its priorities at the level of local government "social services for . . . aged." Unless we are alert to our opportunities, this could end up as only a paper recognition of our needs.

Services for older persons must be included in Revenue Sharing by local governments at the outset. If they are not, plans for the use of these funds will become frozen and it will be increasingly difficult for older persons to obtain anything approaching a fair share.

This means that our members must quickly work with the appropriate organizations and agencies, both non-governmental and governmental, in local communities to develop proposals for the consideration of the governmental bodies that will be spending these new Federal dollars, and they must make it clear that their proposals are being supported by a large number of citizens in the community.

We are contacting our members immediately to call their attention to this opportunity and to urge them to take the initiative in calling together immediately the representatives of private and public agencies, in helping to develop specific proposals, and in rallying support for those proposals. We intend to give our local units vigorous support in this endeavor.

We hope that many communities will see this as an opportunity to obtain the funds which will enable them to make a start in the direction of developing a plan for the coordination of services for older persons in a community. Some communities will feel that other needs are more pressing. We have confidence in the decisions that will be made at the local level.

We recognize that older persons can also benefit from revenue sharing funds made available to State Governments. We are urging our State offices to make vigorous representations to Governors in the interest of having some of these funds used to strengthen the State programs on aging.

Our principal concern is that the needs of older persons be recognized—not passed over—as the nation shares these Federal dollars with States and local governments.

FOSTER J. PRATT,
President, American Association of Retired Persons.
THOMAS G. WALTERS,
President, National Association of Retired Federal Employees,
HOBART C. JACKSON,
Chairman, National Caucus on the Black Aged.
DAVID G. SALTEN,
President, National Council on the Aging.
NELSON H. CRUIKSHANK,
President, National Council of Senior Citizens, Inc.
JOSEPH A. FITZGERALD,
President, National Retired Teachers Association.

ITEM TWO: SUMMARY OF REPLIES TO COMMITTEE ON AGING QUESTIONNAIRE

Members of the Urban Elderly Coalition—an organization established in 1972 to represent municipal, county, and regional agencies on aging—cooperated with the Senate Committee on Aging to take an early sampling of uses to which the revenue-sharing has been put.

Questionnaires were sent to 38 localities, and 14 replies were received. Several respondents indicated that the program was still so new that it would be difficult to determine long-term trends. The responses, however, provide some useful information about the present situation and possible later developments.

A. Cities in Which No Specific Allocations Have Yet Been Made

Chicago, Cincinnati, Newark (N.J.), Omaha, South Bend (Ind.), Tucson, and Allen County (Pennsylvania) report that no specific allocations have yet been made for the elderly. In some, such as Cincinnati, the 1973 budget had not then been proposed, although there was some hope that future allotments would be made. In Omaha, the emphasis was to be put on capital improvements, such as a riverfront development program. The Allen County Council on Aging reported that neither Fort Wayne nor the county has decided how to spend revenue-sharing funds.

Although there was some pressure for tax relief, attention is turning to capital improvements.

The Newark Senior Citizens Commission Director reported his office has been informed that elderly citizens there cannot look forward to receiving one dollar of revenue-sharing. He added: "All of these funds, we are told have long since been committed in other urgent directions." In South Bend, it appeared that a "cultural center has the inside track," even though REAL Services of that city submitted a proposal calling for a comprehensive Service Center. The Chicago Director of the Mayor's Office for Senior Citizens reported that the initial revenue sharing grant there will be used to reduce the property tax.

In Tucson, all of the first round of funding has been directed toward street improvement, but some thought is being given to city funding of Model Cities programs that may be discontinued.

One director of a municipal office on aging, in a letter to the director of a YMCA seeking revenue funds—commented:

"It is imperative that federal housing programs for the elderly and programs in many other areas be maintained and increased, *along with revenue sharing* (emphasis added.) It is imperative that we focus our main attention and energies, and those of the elderly also, on the forthcoming budget battle of the administration and the Congress about these programs, and not on the diversionary revenue sharing backfires the national administration seems so anxious to have lit."

B. Cities in Which Some Allocation Has Been Made

1. Dallas reported that an undetermined minor amount has been reserved to cover loss of revenue due to a $3,000 Tax Exemption for the elderly adopted since November, and that one bookmobile would be provided for the elderly.

2. Detroit plans to allot $50,000 for Jan. 1–June 30, 1973 and approximately $90,000 for the full year following to establish a Mayor's Senior Citizen Commission. It is hoped that multi-service centers be established later on with satellite centers for direct local services.

3. Kansas City, Missouri, has allocated $100,000 to establish a model project on nutrition to serve 1,200 meals per day over a 6-month period. The project will include both group meals and Meals on Wheels and "will tie in with existing Title III projects of the Older Americans Act. Within two years, revenue-sharing funds would be committed to funding of the Model Cities Program, and the city agency on aging will submit a proposal for the use of revenue-sharing funds for a dial-a-ride system between health facilities and congregates of the elderly.

4. San Antonio has costed priority items of specific benefit to the elderly at approximately $335,000. The reply adds:

"Expected funds are included in the category "Social Services." While no specific amount can be identified, the elderly will be co-beneficiaries with other residents in the other priority areas."

For example, a "Project Outstretch" permits the City to join in partnership with appropriate neighborhood agencies and Churches for the provision of uniform delivery services and special attention will be given to "areas of elderly concentration."

5. St. Louis has allocated $75,000 for a mobile health van, but the respondent indicated that future revenue sharing funds will probably be used to cover salary increases for city employees.

C. Cities With Large-Scale Proposals for Future Use

1. In Pittsburgh, funds have been allocated generally for capital improvements, but it is expected that general revenue-sharing may in the future support two ongoing programs for the elderly: Mayor's Office for the Aging (established in 1973) and a senior citizens recreation program sponsored by the Department of Parks and Recreation.

2. Seattle reports that no specific allocations have yet been made, but "an unknown amount may go for subsidy of transit under a new 10 cent fare or $2 per month pass for 65 and older citizens" also change from city to county-wide "metro" transit—no means test." The reply also says: "The elderly will be considered as a priority target group. Mayor and Council are very much concerned. Situation is, however, very confused at the monment. Planning just getting under way in substance."

ITEM THREE: ARTICLE BY WALTER HELLER, FROM WALL STREET JOURNAL OF FEBRUARY 22, 1973

The Side-Effects of Nixon's Budget

(By Walter W. Heller)

In critiques of the President's budget, as in other matters, it's not just *what* you say but *how* you say it.

On "Meet the Press' last week I called attention to the sharp swing from stimulus to restriction in the Nixon budget. I noted that the full-employment budget, as measured in the national income accounts (the best shorthand way of gauging the budget's impact on the economy), will shift from a deficit rate of about $15 billion in the current quarter to a small surplus at the end of the year. Although I consciously avoided condemning this shift as too restrictive, I did characterize it as "slamming on the brakes."

That did it. The news dispatches (as well as a scientific sample of three viewers I questioned) confidently asserted that I had condemned the budget as too restrictive. Well, is it or isn't it? In the best tradition of economics, let me answer: "It depends."

It depends largely on the course of Federal Reserve policy. If tough fiscal restraint enables the Federal Reserve to pursue a more moderate monetary policy and avoid a credit crunch, the sharp swing in the budget deficit may be about right. But if the budget cutback is coupled with a ferociously tight monetary policy that would level the economy off at 4½% or more unemployment or cut the growth of real GNP down to a 2% or 3% rate, the budget swing would be too sharp.

Given the likely slippage on the spending side, Mr. Nixon's crusade against tax increases, and the painful costs of a credit crunch, the President may be right in erring on the side of fiscal tightness in the face of a surging economy.

Not that the choice between bearing down on the fiscal brakes and bearing down on the monetary brakes can be made in a vacuum. One has to weigh the respective side effects. Much of the objection to tight money is distributional, namely, that it unduly squeezes housing, small business, and state-local government. So if Mr. Nixon achieves a tight fiscal policy mainly by squeezing civilian programs and low-income recipients rather than pruning the Pentagon or taxing the well-off, the choice between the two policies on social grounds becomes less clear-cut.

MILITARY FAT

Relentless, even ruthless, in its pursuit of evil among social programs, the Nixon budget shows no comparable ruthlessness in paring military fat or challenging tax privilege:

Item: In spite of saving about $4 billion on Vietnam, the fiscal 1974 defense budget goes up $4 billion, for a total rise of $8 billion in non-Vietnam spending.

Item: In the name of cutting waste and inefficiency, subsidies for low-income housing are being summarily suspended; but the even more inefficient and wasteful tax give-away of about half a billion dollars in tax shelters for real estate investments is left untouched.

Item: Mr. Nixon wrings his hands over our unbearable tax burdens ("more important than more money to solve a problem is to avoid a tax increase," he said recently), blithely ignoring the fact that federal income tax rates have been cut by over $20 billion since he took office and more than twice that in the past decade.

Item: The White House takes pride in noting that "human resource" expenditures will rise faster than the military budget, but fails to mention that the great bulk of that rise is in Social Security benefits, self-financed by a giant increase of $10 billion in harshly regressive payroll taxes.

Item: Mr. Nixon is proud of redeeming his promises to hold spending and deficits in check, but what of his pledges (1) to provide possibly $7½ billion in rehabilitation aid to the two Vietnams? (2) to make property tax relief for the elderly "a first order of business in our next budget"? (3) to press ahead on welfare reform, any delay in which, he told us a year ago, would be "unwise" and "cruel"? Not a word and not a dime in the budget to redeem these pledges.

So much for priorities. What about economy and efficiency? Most economists will applaud White House moves to trim pork barrel projects, stop the flow of aid to wealthy school districts that are "federally impacted," end 2% REA loans, drop subsidies for farm exports, drag the limestone lobby away from the public trough, and so on. In other words, many of Mr. Nixon's "one hundred budget blows" do hit the right targets.

But, in killing or gutting programs for urban renewal, model cities, community action, public service employment, college student loans, and the like, Mr. Nixon is on highly debatable ground.

The projected liquidation of the Community Action Program is a puzzling and poignant case in point. Here is a program that—after many trials and much error—was making steady progress in the complex and difficult task of helping the poor help themselves. And an administration "utilization survey" of 591 Community Action agencies had just concluded that the program offers "genuine help in making the decentralization of government succeed during the next few years" and that "the picture clearly shows that the administration's redirection of Community Action was on target."

Ironically, a President professing a deep commitment to decentralization and citizen participation is about to kill one of the few programs that was making documented progress on both fronts. Even more revealing of the administration's mentality are:

Its sly directive to scuttle OEO by June 30 before its supporters "could muster enough strength or will to put Humpty-Dumpty together again."

The statement by the executor of the program, Howard Phillips, that he will liquidate the program with relish.

Apart from such inconsistencies, Mr. Nixon's budget fails to recognize that a program that's worse than it might be is not necessarily worse than none. Mr. Nixon needs to be reminded that getting rid of the program doesn't get rid of the problem.

Congress, in turn, needs to be reminded that saving the program doesn't necessarily solve the problem. Goaded by the President's arrogation of power, by his disdainful view of Congressmen as irresponsible instruments of special interests, and by his effort to give the 1974 budget the status of revealed truth, the Congress is venting its anger by trying to push questionable programs back on the budget. Instead, it should be hammering out alternatives that will strike the country as more reasonable and humane.

Both arrogance and anger are expensive luxuries, mortal enemies of rationality in the budget process. Far better that the White House should treat the Congress as a coordinate branch of government and seek a detente which recognizes (1) that the Democratic Congress also enjoyed a big victory at the polls in November and has every right to participate in the setting of budget priorities: and (2) that a cooperative advance toward a more rational budget, with some give on both sides, could pay rich dividends.

WHAT'S NEEDED

What would be the course of reason in a joint reconsideration of the 1974 budget?

First, all hands need to recognize that the tasks government has to tackle today—whether to curb pollution from 40,000 different sources, or upgrade the education of the disadvantaged, or assure decent medical care for the aged—are vastly more complex and demanding than such earlier tasks as transferring money to the unemployed and building highways and dams. This consideration calls for lesser promises and greater patience.

Second, we need to define much more sharply the optimum role of the federal government in its various fields of responsibility. As Charles Schultze has pointed out, this requires a careful sorting out of functions according to the type of federal support that will be most efficient and effective, for example:

Often, direct income support is best, as in the case of the aged, the blind, and the working poor.

To reduce sharp disparities in the ability of local units to supply government services, the revenue sharing instrument is appropriate.

In services like education and health with large geographical "spill-over effects," the national purpose can be served best by categorical aids (specifying not so much *how* the money should be spent, but *where* and on *whom*).

Certain critical services like medical care for the poor may have to be provided directly.

In others, as in preserving the environment, enacting taxes and effluent charges to make pollution costly and pollution abatement profitable may be even more urgent than a step-up in budget spending.

Third, once the priorities of Mr. Nixon's budget are recognized as other than God-given money will have to be pried loose for such thrusts as a better welfare system, decent health insurance, and major efforts to equalize education and restore hope and opportunity to the inner cities and ghettos. This may require invading the sanctity of the military budget and the tax sanctuaries that are left untouched in Mr. Nixon's program.

Fourth, Congress should speedily equip itself with budget procedures and staff that will enable it not only to work within viable budget ceilings, but also to make informed cost-benefit judgments on such pigs-in-the-poke as the $1.3 billion-apiece Trident submarine.

Had Mr. Nixon approached Congress with a "let's reason together" attitude rather than trying to shove his budget intact down its throat (there is, he said in italics, "no room for the postponement of the reductions and terminations proposed in this budget."), one might be more sauguine about a rational process of budgeted reformation. Instead, he has thrown down the gauntlet, and Congress has picked it up.

A PROBLEM OF RHETORIC

Finally, while Mr. Nixon's budget *actions* are a mixture of good and bad, I find little of redeeming social value in his budget *rhetoric.* When a President urges citizens "to get big government off your back and out of your pocket," treats Congress with disdain, and conducts a national crusade against taxes, he can only defeat his own broader purposes.

Instead of restoring self-reliance, he is putting self-interest on a pedestal. Instead of restoring confidence in government, he is inviting contempt for government in general and Congress in particular. Instead of focusing efforts on a higher quality of life, he is appealing to instincts of crass materialism. Instead of "if at first you don't succeed, try, try again," his implicit motto on social programs seems to be, "if at first you don't succeed, give up."

The battle of the budget may yet result in progress toward more rational and efficient budget-making. But somehow, a crusade to think small, think simple, and think selfish does not strike me as the best path to either personal salvation or national greatness.

Appendix 4

[From the Federal Register, Vol. 38, No. 32—Feb. 16, 1973]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Social and Rehabilitation Service

[45 CFR Parts 220, 221, 222, and 226]

SERVICE PROGRAMS FOR FAMILIES AND CHILDREN AND FOR AGED, BLIND, OR DISABLED INDIVIDUALS: TITLES I, IV (PARTS A AND B), X, XIV, AND XVI OF THE SOCIAL SECURITY ACT

Notice of Proposed Rule Making

Notice is hereby given that the regulations set forth in tentative form below are proposed by the Administrator, Social and Rehabilitation Service, with the approval of the Secretary of Health, Education, and Welfare. The amendments in general revise, combine and transfer to a new Part 221 the regulations for the Family Services and Adult Services programs (in Parts 220 and 222), and purchase of service (in Part 226). The revisions eliminate several administrative requirements; reduce the number of required services—in recognition of the limitation on Federal funds available for service expenditures—and increase the number of optional services; specify the goals to which services must be directed; clarify the State agency's responsibility for determination and redetermination of eligibility for services shorten the period of eligibility for former and potential recipients; amend the provisions on Federal financial participation to add the limitations imposed by recent legislation and to clarify the proper scope of Federal funding; and require written agreements for purchases of services.

The proposed regulations do not affect current provisions in Part 220 applicable to the work incentive program (WIN) and to child welfare services (CWS). Amendments to those portions of Part 220 will be published separately.

It is the intent of the Depatment to maintain in the final regulations the effective dates that are specified throughout the proposed amendments.

Prior to the adoption of the proposed regulations, considerations will be given to any comments, suggestions, or objections thereto which are submitted in writing to the Administrator, Social and Rehabilitation Service, Department of Health, Education, and Welfare, 330 Independence Avenue SW., Washington, DC, on or before March 19, 1973. Comments received will be available for public inspection in Room 5121 of the Department's offices at 301 C Street SW., Washington, DC on Monday through Friday of each week from 8:30 a.m. to 5 p.m. (area code 202-963-7361).

Dated: February 12, 1973.

PHILIP J. RUTLEDGE,
Acting Administrator, Social and Rehabilitation Service.

Approved: February 13, 1973.

CASPAR W. WEINBERGER,
Secretary.

Chapter II, Title 45 of the Code of Federal Regulations is amended as follows:

PART 220 [AMENDED]

(1) Part 220 is revoked, except for §§ 220.35, 220.36, and 220.61(g) (relating to the WIN program under title IV-A of the Social Security Act), and §§ 220.40, 220.49, 220.55, 220.56, 220.62, and 220.65(b), and Subpart D (relating to the CWS program under title IV-B of the Act). The content of the revoked provisions is revised and transferred to a new Part 221, which, to the extent indicated therein, shall be applicable to the WIN and CWS programs under such Part 220.

PARTS 222, 226 [REVOKED]

(2) Parts 222 and 226 are revoked, and their content is revised and transferred to the new Part 221.

PART 221—SERVICE PROGRAMS FOR FAMILIES AND CHILDREN AND FOR AGED, BLIND, OR DISABLED INDIVIDUALS: TITLES I, IV (PARTS A AND B), X, XIV, AND XVI OF THE SOCIAL SECURITY ACT

(3) Part 221 is added to Chapter II to read as set forth below.

Subpart A—Requirements for Service Programs

Sec.
221.0 Scope of programs.
221.1 General.
221.2 Organization and administration.
221.3 Relationship to and use of other agencies.
221.4 Freedom to accept services.
221.5 Statutory requirements for services.
221.6 Services to additional families and individuals.
221.7 Determination and redetermination of eligibility for services.
221.8 Individual service plan.
221.9 Definitions of services.
221.30 Purchase of services.

Subpart B—Federal Financial Participation

TITLES I, IV-A, X, XIV AND XVI

221.51 General.
221.52 Expenditures for which Federal financial participation is available.
221.53 Expenditures for which Federal financial participation is not available.
221.54 Rates and amounts of Federal financial participation.
221.55 Limitations on total amount of Federal funds payable to States for Services.
221.56 Rates and amounts of Federal financial participation for Puerto Rico, the Virgin Islands, and Guam.

TITLES I, IV-A, IV-B, X, XIV AND XVI

221.61 Public sources of State's share.
221.62 Private sources of State's share.

AUTHORITY: Section 1102. 49 Stat. 647 (42 U.S.C. 1302).

§ 221.0 Scope of programs.

(a) Federal financial participation is available for expenditures under the State plan approved under title I, IV-A, IV-B, X, XIV, or XVI of the Act with respect to the administration of service programs under the State plan. The service programs under these titles are hereinafter referred to as: Family Services (title IV-A), WIN Support Services (title IV-A, Child Welfare Services (title IV-B), and Adult Services (titles I,X, XIV, and XVI)). Expenditures subject to Federal financial participation are those made for services provided to families, children, and individuals who have been determined to be eligible, and for related expenditures, which are found by the Secretary to be necessary for the proper and efficient administration of the State plan.

(b) The basic rate of Federal financial participation for Family Services and Adult Services under this part is 75 percent provided that the State plan meets all the applicable requirements of this part and is approved by the Social and Rehabilitation Service. Under title IV-A, effective July 1, 1972, the rates are 50 percent for emergency assistance in the form of services, and 90 percent for WIN Support Services, and effective January 1, 1973, the rate is 90 percent for the offering, arranging, and furnishing, directly or on a contract basis, of family planning services and supplies.

(c) Total Federal financial participation for Family Services and Adult Services provided by the 50 States and the District of Columbia may not exceed $2,500 million for any fiscal year, allotted to the States on the basis of their population. No more than 10 percent of the Federal funds payable to a State under its allotment may be paid with respect to its service expenditures for individuals who are not current applicants for or recipients of financial assistance under the State's approved plans, except for services in certain exempt classifications.

(d) Rates and amounts of Federal financial participation for Puerto Rico, Guam, and the Virgin Islands are subject to different rules.

Subpart A—Requirements for Service Programs

§ 221.1 General.

The State plan with respect to programs of Family Services, WIN Support Services, Child Welfare Services, and Adult Services must contain provisions committing the State to meet the requirements of this subpart.

§ 221.2 Organization and administration.

(a) *Single organizational unit.*

(1) There must be a single organizational unit, within the single State agency, at the State level and also at the local level, which is responsible for the furnishing of services by agency staff under title IV, parts A and B. Responsibility for furnishing specific services also furnished to clients under other public assistance plans (e.g., homemaker service) may be located elsewhere within the agency, provided that this does not tend to create differences in the quality of services for AFDC and CWS cases. (This requirement does not apply to States where the title IV–A and title IV–B programs were administered by separate agencies on January 2, 1968).

(2) Such unit must be under the direction of its chief officer who, at the State level, is not the head of the State agency.

(b) *Advisory committee on day-care services.* An advisory committee on day-care services for children must be established at the State level to advise the State agency on the general policy involved in the provision of day-care services under the title IV–A and title IV–B programs. The committee shall include among its members representatives of other State agencies concerned with day care or services related thereto and persons representative of professional or civic or other public or nonprofit private agencies, organizations or groups concerned with the provision of day care.

(c) *Grievance system.* There must be a system through which recipients may present grievances about the operation of the service program.

(d) *Program implementation.* The State plan must provide for State level service staff to carry responsibility for:

(1) Planning the content of the service programs, and establishing and interpreting service policies;

(2) Program supervision of local agencies to assure that they are meeting plan requirements and State policies, and that funds are being appropriately and effectively used; and

(3) Monitoring and evaluation of the services programs.

(e) *Provision of services.* The State plan must specify how the services will be provided and, in the case of provision by other public agencies, identify the agency and the service to be provided.

§ 221.3 Relationship to and use of other agencies.

There must be maximum utilization of and coordination with other public and voluntary agencies providing similar or related services which are available without additional cost.

§ 221.4 Freedom to accept services.

Families and individuals must be free to accept or reject services. Acceptance of a service shall not be a prerequisite for the receipt of any other services or aid under the plan, except for the conditions related to the Work Incentive Program or other work program under a State plan approved by the service.

§ 221.5 Statutory requirements for services.

(a) In order to carry out the statutory requirements under the Act with respect to Family Services and Adult Services programs, and in order to be eligible for 75 percent Federal financial participation in the costs of providing services, including the determination of eligibility for services, the State must, under the Family Services program, provide to each appropriate member of the AFDC assistance unit the mandatory servic and those optional services the State elects

to include in the State plan, and must, under the Adult Services program, provide to each appropriate applicant for or recipient of financial assistance under the State plan at least one of the defined services which the State elects to include in the State plan.

(b) (1) For the Family Services program, the mandatory services are family planning services, foster-care services for children, and protective services for children. The optional services are daycare services for children, educational services, employment services (non-WIN), health-related services, homemaker services, home management and other functional educational services, housing improvement services, and transportation services.

(2) For the Adult Services program, the defined services are chore services, day-care services for adults, educational services, employment services, family planning services, foster-care services for adults, health-related services, home delivered or congregate meals, home-maker services, home management and other functional educational services, housing improvement services, protective services for adults, special services for the blind, and transportation services.

§ 221.6 Services to additional families and individuals.

(a) If a State elects to provide services for additional groups of families or individuals, the State plan must identify such groups and specify the services to be made available to each group.

(b) If a service or an element of service is not included for recipients of financial assistance under the State plan, it may not be included for any other group.

(c) The State may elect to provide services to all or to reasonably classified subgroups of the following:

(1) Families and children who are current applicants for financial assistance under title IB–A.

(2) Families and individuals who have been applicants for or recipients of financial assistance under the State plan within the previous 3 months, but only to the extent necessary to complete provision of services initiated before withdrawal or denial of the application or termination of financial assistance.

(3) Families and individuals who are likely to become applicants for or recipients of financial assistance under the State plan within 6 months, i.e., those who:

(i) Do not have income exceeding 133⅓ percent of the State's financial assistance payment level under the State's approved plan; and

(ii) Do not have resources that exceed permissible levels for such financial assistance; and

(iii) In the case of eligibility under ttile IV–A, have a specific problem or problems which are susceptible to correction or amelioration through provision of services and which will lead to dependence on financial assistance under title IV–A within 6 months if not corrected or ameliorated; and

(iv) In the case of eligibility under title I, X, XIV, or XVI, have a specific problem or problems which are susceptible to correction or amelioration through provision of services and which will lead to dependence on financial assistance under such title, or medical assistance, within 6 months if not corrected or ameliorated; and who are

(*a*) At least 64½ years of age for linkage to title I, or title XVI with respect to the aged;

(*b*) Experiencing serious, progressive deterioration of sight that, as substantiated by medical opinion, is likely to reach the level of the State agency's definition of blindness within 6 months, for linkage to title X, or title XVI with respect to the blind; or

(*c*) At least 17½ years of age and, according to professional opinion, are experiencing a physical or mental condition which is likely to result within 6 months in permanent and total disability, for linkage to the XIV, or title XVI with respect to the disabled.

(4) Aged, blind, or disabled persons who are likely to become applicants for or recipients of financial assistance under the State plan within 6 months as evidenced by the fact that they are currently eligible for medical assistance as medically needy individuals under the State's title XIX plan.

§ 221.7 Determination and redetermination of eligibility for services.

(a) The State agency must make a determination that each family and individual is eligible for Family Services or Adult Services prior to the provision of services under the State plan.

(1) In the case of current applicants for or recipients of financial assistance under the State plan, this determination must take the form of verification by

the organizational unit responsible for development of individual service plans with the organzational unit responsible for determination of eligibility for financial assistance that the family or individual has submitted an application for assistance which has not been withdrawn or denied or that the family or individual is currently receiving financial assistance. This verification must identify each individual whose needs are taken into account in the application or the determination of the amount of financial assistance.

(2) In the case of families or individuals who are found eligible for service on the basis that they are likely to become applicants for or recipients of financial assistance under the State plan, this determination must be based on evidence that the conditions of eligibility have been met, and must identify the specific problems which, if not corrected or ameliorated, will lead to dependence on such financial assistance or, in the case of the aged, blind or disabled, on medical assistance.

(b) The State agency must make a redetermination of eligibility of each family and individual receiving service at the following intervals:

(1) Quarterly for families and individuals whose eligibility is based on their status as current applicants for or receipients of financial assistance. (This redetermination may be accomplished by comparison of financial assistance payroll or eligibility listings with service eligibility listings.)

(2) Within 30 days of the date that the status of the family or individual as a current applicant for or recipient of financial assistance is terminated.

(3) Within 6 months of the date of the original determination of eligibility and of any subsequent redetermination of eligibility for families and individuals whose eligibility is based on the determination that they are likely to become applicants for or recipients of financial assistance.

(4) Within 3 months of the effective date of this regulation for families and individuals receiving service on the basis that they are former applicants for or recipients of financial assistance.

§ 221.8 Individual service plan.

(a) An individual service plan must be developed and maintained on a current basis by agency staff for each family and individual receiving service under the State's title I, IV–A, X, XIV or XVI plan. No service, other than emergency assistance in the form of services under the title IV–A plan, may be provided under the State plan until it has been incorporated in the individual service plan and a service may be provided only to the extent and for the duration specified in the service plan. The service plan must relate all services provided to the specific goals to be achieved by the service program. It must also indicate the target dates for goal achievement and the extent and duration of the provision of each service. For the purposes of this part, the specific goals to be achieved are limited to:

(1) *Self-support goal.* To achieve and maintain the feasible level of employment and economic self-sufficiency. (Not applicable to the aged under the Adult services program.)

(2) *Self-sufficiency goal.* To achieve and maintain personal independence, self-determination and security, including, for children, the achievement of potential for eventual independent living.

(b) The service plan must be reviewed as often as necessary to insure that only appropriate services are provided to recipients but in any event once every 6 months. At the time of each review the need for and effectiveness of all services must be reassessed and progress toward achievement of goals must be evaluated and recorded.

(c) Service plans for families and individuals who are determined to be eligible for service on the basis that they are likely to become applicants for or recipients of financial assistance under the title I, IV–A, X, XIV or VXVI plan may include only services which are necessary to correct or ameliorate the specific problems which will lead to dependence on such financial assistance or medical assistance to aged, blind, or disabled persons under the title XIX plan, as identified at the time of eligibility determination or redetermination.

(d) Whenever the provider of services specified in the service plan is not located within the organizational unit responsible for the maintenance of the service plan, there must be a written authorization for the provision of the service to be provided and the individuals to whom it will be provided. No authorization for the provision of service may cover a period longer than 6 months but authorizations for additional periods may be made subject to review requirements in paragraph (b) of this section. No provision of service may be authorized at cost to the State agency if it is available without cost to the State agency.

(e) Efforts to enable individuals and families to clarify their need for services, to identify and make choices of appropriate services, and to use services effectively (i.e., supportive counseling) are assumed as an integral part of development and maintenance of the individual service plan.

§ 221.9 Definitions of services.

(a) This section contains definitions of all mandatory and optional services under the Family Services program and the defined services under the Adult Services program (see §§ 221.5 and 221.6).

(b) (1) *Chore services.* This means the performance of household tasks, essential shopping, simple household repairs, and other light work necessary to enable an individual to remain in his own home when, because of frailty or other conditions, he is unable to perform such tasks himself and they do not require the services of a trained homemaker or other specialist.

(2) *Day care services for adults.* This means personal care during the day in a protective setting approved by the State or local agency.

(3) *Day care services for children.* This means care of a child for a portion of the day, but less than 24 hours, in his own home by a responsible person, or outside his home in a family day care home, group day care home, or day care center. Such care must be for the purposes of enabling the caretaker relatives to participate in employment, training, or receipt of needed services, where no other member of the child's family is able to provide adequate care and supervision. In-home care must meet State agency standards that, as a minimum, include requirements with respect to: The responsible person's age, physical and emotional health, and capacity and available time to care properly for children; minimum and maximum hours to be allowed per 24-hour day for such care; maximum number of children that may be cared for in the home at any one time; and proper feeding and health care of the children. Day care facilities used for the care of children must be licensed by the State or approved as meeting the standards for such licensing.

(4) *Educational services.* This means helping individuals to secure educational training most appropriate to their capacities, from available community resources at no cost to the agency.

(5) *Employment services (non-WIN under title IV-A and for the blind or disabled).* This means enabling appropriate individuals to secure paid employment or training leading to such employment, through vocational, educational, social, and psychological diagnostic assessments to determine potential for job training or employment; and through helping them to obtain vocational education or training at no cost to the agency.

(6) *Family planning services.* (i) For Family Services this means social educational, and medical services to enable appropriate individuals (including minors who can be considered to be sexually active) to limit voluntarily the family size or space the children, and to prevent or reduce the incidence of births out of wedlock. Such services include printed materials, group discussions and individual interviews which provide information about and discussion of family planning; medical contraceptive services and supplies; and help in utilizing medical and educational resources available in the community. Such services must be offered and be provided promptly (directly or under arrangements with others) to all individuals voluntarily requesting them.

(ii) For Adult Services this means social and educational services, and help in securing medical services, to enable individuals to limit voluntarily the family size or space the children, and to prevent or reduce the incidence of births out of wedlock. Such services include printed materials, group discussions, and individual interviews which provide information about and discussion of family planning; and help in utilizing medical and educational resources available in the community.

(7) *Foster care services for adults.* This means placement of an individual in a substitute home which is suitable to his needs, supervision of such home, and periodic review of the placement, at least annually, to determine its continued appropriateness. Foster care services do not include activities of the home in providing care or supervision of the individual during the period of his placement in the home.

(8) *Foster care services for children.* This means placement of a child in a foster family home, or appropriate group care facility, as a result of a judicial

determination to the effect that continuation of care in the child's own home would be contrary to the welfare of such child; services needed by such child while awaiting placement; supervision of the care of such child in foster care and of the foster care home or facility, to assure appropriate care; counseling with the parent or other responsible relative to improve home conditions and enable such child to return to his own home or the home of another relative, as soon as feasible; and periodic review of the placement to determine its continuing appropriateness. Foster care services do not include activities of the foster care home or facility in providing care or supervision of the child during the period of placement of the child in the home or facility. A foster care home or facility used for care of children must be licensed by the State in which it is situated or have been approved, by the agency of such State responsible for licensing homes or facilities of this type, as meeting the standards established for such licensing.

(9) *Health-related services.* This means helping individuals and families to identify health needs and to secure diagnostic, preventive, remedial, ameliorative, child health screening, and other needed health services available under Medicaid, Medicare, maternal and child health programs, handicapped children's programs or other agency health services programs and from other public or private agencies or providers of health services; planning, as appropriate, with the individual, his relatives or others, and health providers to help assure continuity of treatment and carrying out of health recommendations; and helping such individual to secure admission to medical institutions and other health-related facilities.

(10) *Home delivered or congregate meals.* This means the preparation and delivery of hot meals to an individual in his home or in a central dining facility as necessary to prevent institutionalization or malnutrition.

(11) *Homemaker services.* (i) For Family Services this means care of individuals in their own homes, and helping individual caretaker relatives to achieve adequate household and family management, through the services of a trained and supervised homemaker.

(ii) For Adult Services this means care of individuals in their own homes, and helping individuals in maintaining, strengthening, and safeguarding their functioning in the home through the services of a trained and supervised homemaker.

(12) *Home management and other functional educational services.* This means formal or informal instruction and training in management of household budgets, maintenance and care of the home, preparation of food, nutrition, consumer education, child rearing, and health maintenance.

(13) *Housing improvement services.* This means helping families and individuals to obtain or retain adequate housing. Housing and relocation costs, including construction, renovation or repair, moving of families or individuals, rent, deposits, and home purchase, may not be claimed as service costs.

(14) *Protective services for adults.* This means identifying and helping to correct hazardous living conditions or situations of an individual who is unable to protect or care for himself.

(15) *Protective services for children.* This means responding to instances, and substantiating the evidence, of neglect, abuse, or exploitation of a child; helping parents recognize the causes thereof and strengthening (through arrangement of one or more of the services included in the State plan) parental ability to provide acceptable care; or, if that is not possible, bringing the situation to the attention of appropriate courts of law enforcement agencies, and furnishing relevant data.

(16) *Special services for the blind.* This means helping to alleviate the handicapping effects of blindness through: training in mobility, personal care, home management, and communication skills; special aids and appliances; special counseling for caretakers of blind children and adults; and help in securing talking book machines.

(17) *Transportation services.* This means making it possible for an individual to travel to and from community facilities and resources, as part of a service plan.

§ 221.30 Purchase of services.

(a) A State plan under title I, IV–A, X, XIV, or XVI of the Act, which authorizes the provision of services by purchase from other State or local public agencies, from nonprofit or proprietary private agencies or organizations, or from individuals, must with respect to services which are purchased:

(1) Include a description of the scope and types of services which may be purchased under the State plan;

(2) Provide that the State or local agency will negotiate a written purchase of services agreement with each public or private agency or organization in

accordance with requirements prescribed by SRS. Effective April 1, 1973, all purchased services must be provided under agreements which meet the requirements of this paragraph. A written agreement or written instructions which meet the requirements of this paragraph must also be executed or issued by the single State or local agency where services are provided under the plan directly by the State or local agency in respect to activities added by reorganization of administrative structure, redesignation of the State or local agency, or otherwise, occurring after February 15, 1973, or are provided by any public agency as to which a waiver of the single State agency requirement pursuant to section 204 of the Intergovernmental Cooperation Act is granted after February 15, 1973. These written purchase of service agreements and other written agreements or instructions are subject to prior review and approval by the SRS Regional Office to the extent prescribed in, and in accordance with, instructions issued by SRS;

(3) Provide that services will be purchased only if such services are not available without cost;

(4) Provide that purchase of services from individuals will be documented as to type, cost, and quantity. If an individual acts as an agent for other providers, he must enter into a formal purchase of services agreement with the State or local agency in accordance with paragraph (a)(2) of this section;

(5) Provide that overall planning for purchase of services, and monitoring and evaluation of purchased services, must be done directly by staff of the State or local agency;

(6) Provide that the State or local agency will determine the eligibility of individuals for services and will authorize the types of services to be provided to each individual and specify the duration of the provision of such services to each individual;

(7) Assure that the sources from which services are purchased are licensed or otherwise meet State and Federal standards;

(8)(i) Provide for the establishment of rates of payment for such services which do not exceed the amounts reasonable and necessary to assure quality of service, and in the case of services purchased from other public agencies, are in accordance with the cost reasonably assignable to such services;

(ii) Describe the methods used in establishing and maintaining such rates; and

(iii) Indicate that information to support such rates of payment will be maintained in accessible form; and

(9) Provide that, where payment for services is made to the recipient for payment to the vendor, the State or local agency will specify to the recipient the type, cost, quantity, and the vendor of the service, and the agency will establish procedures to insure proper delivery of the service to, and payment by, the recipient.

(b) In the case of services provided, by purchase, as emergency assistance to needy families with children under title IV–A, the State plan may provide for an exception from the requirements in paragraphs (a)(2), (4), (7), and (8) of this section, but only to the extent and for the period necessary to deal with the emergency situation.

(c) All other requirements governing the State plan are applicable to the purchase of services, including:

(1) General provisions such as those relating to single State agency, grievances, safeguarding of information, civil rights, and financial control and reporting requirements; and

(2) Specific provisions as to the programs of services such as those on required services, statewideness, maximum utilization of other agencies providing services, and relating services to defined goals.

Subpart B—Federal Financial Participation

Titles I, IV–A, X, XIV, and XVI

§ 221.51 General.

Federal financial participation is available for expenditures under the State plan which are:

(a) Found by the Secretary to be necessary for the proper and efficient administration of the State plan;

(b)(1) For services under the State plan provided in accordance with the individual service plan to families and individuals included under the State plan who have been determined (and redetermined) to be eligible pursuant to the provisions of this part;

(2) For other activities which are essential to the management and support of such services;

(3) For emergency assistance in the form of services to needy families with children (see § 233.120 of this chapter); and

(c) Identified and allocated in accordance with SRS instructions and OMB Circular A–87.

§ 221.52 Expenditures for which Federal financial participation is available.

Federal financial participation is available in expenditures for:

(a) Salary, fringe benefits, and travel costs of staff engaged in carrying out service work or service-related work;

(b) Costs of related expenses, such as equipment, furniture, supplies, communications, and office space;

(c) Costs of services purchased in accordance with this part;

(d) Costs of State advisory committees on day care services for children, including expenses of members in attending meetings, supportive staff, and other technical assistance;

(e) Costs of agency staff attendance at meetings pertinent to the development or implementation of Federal and State service policies and programs;

(f) Cost to the agency for the use of volunteers;

(g) Costs of operation of agency facilities used solely for the provision of services, except that appropriate distribution of costs is necessary when other agencies also use such facilities in carrying out their functions, as might be the case in comprehensive neighborhood service centers;

(h) Costs of administrative support activities furnished by other public agencies or other units within the single State agency which are allocated to the service programs in accordance with an approved cost allocation plan or an approved indirect cost rate as provided in OMB Circular A–87;

(i) With prior approval by SRS, costs of technical assistance, surveys, and studies, performed by other public agencies, private organizations, or individuals to assist the agency in developing, planning, monitoring, and evaluating the services program when such assistance is not available without cost;

(j) Costs of advice and consultation furnished by experts for the purpose of assisting staff in diagnosis and in developing individual service plans;

(k) Costs of emergency assistance in the form of services under title IV–A;

(l) Costs incurred on behalf of an individual under title I, X, XIV or XVI for securing guardianship or commitment (e.g., court costs, attorney's fees and guardianship or other costs attendant on securing professional services);

(m) Costs of public liability and other insurance protection; and

(n) Other costs, upon approval by SRS.

§ 221.53 Expenditures for which Federal financial participation is not available.

Federal financial participation is not available under this part in expenditures for:

(a) Carrying out any assistance payments functions, including the assistance payments share of costs of planning and implementing the separation of services from assistance payments;

(b) Activities which are not related to services provided by agency staff or volunteers, by arrangements with other agencies, organizations, or individuals, at no cost to the service program, or by purchase;

(c) Purchased services which are not secured in accordance with this part;

(d) Construction and major renovations;

(e) Vendor payments for foster care (they are assistance payments);

(f) Issuance of licenses or the enforcement of licensing standards;

(g) Education programs and services that are normally provided by the regular school system;

(h) Housing and relocation costs, including construction, renovation or repair, moving of families or individuals, rent, deposits, and home purchase;

(i) Medical, mental health, or remedial care or services, except when they are:

(1) Part of the family planning services under title IV–A, including medical services or supplies for family planning purposes;

(2) Medical examinations for persons caring for children under agency auspices, and are not otherwise available; or

(3) For medical (including psychiatric) diagnostic assessments necessary to the development of a service plan for an individual;

(j) Subsistence and other maintenance assistance items even when such items are components of a comprehensive program of a service facility;

(k) Transportation which is provided under the State's title XIX plan;

(l) Effective January 1, 1974, costs of employment services (non-WIN) under title IV–A provided to persons who are eligible to participate in WIN under title IV–C of the Act, unless the WIN program has not been initiated in the local jurisdiction; and

(m) Other costs not approved by SRS.

§ 221.54 Rates and amounts of Federal financial participation.

(a) *Federal financial participation at the 75 percent rate.* (1) For States with a State plan approved as meeting the requirements of Subpart A of this part, and that have in operation an approved separated service system in accordance with § 205.102 of this chapter, Federal financial participation at the rate of 75 percent is available for all matchable direct costs of the separated service system, plus all indirect costs which have been allocated in accordance with an approved cost allocation plan and with the requirements of OMB Circular A–87.

(2) For States with a State plan approved as meeting the requirements of Subpart A of this part, but that do not have in operation an approved separated service system in accordance with § 205.102 of this chapter, the rate of Federal financial participation is governed by the regulations in Parts 220 and 222 of this chapter as in effect on January 1, 1972, for all matchable direct costs of the services program, plus all indirect costs which have been allocated in accordance with an approved cost allocation plan and with the requirements of OMB Circular A–87.

(b) *Federal financial participation for purchased services.* (1) Federal financial participation is available in expenditures for purchase of service under the State plan to the extent that payment for purchased services is in accordance with rates of payment established by the State which do not exceed the amounts reasonable and necessary to assure quality of service and, in the case of services purchased from other public agencies, the cost reasonably assignable to such services, provided the services are purchased in accordance with the requirements of this part.

(2) Services which may be purchased with Federal financial participation are those for which Federal financial participation is otherwise available under title I, IV–A, X, XIV, or XVI of the Act and which are included under the approved State plan, except as limited by the provisions of paragraph (6)(3) of this section.

(3) Effective March 1, 1973, Federal financial participation is available for a new purchase of services from another public agency only for services beyond those represented by fiscal year 1972 expenditures of the provider agency (or its predecessors) for the type of service and the type of persons covered by the agreement. A new purchase of service from another public agency is any purchase of services other than a purchase for the type of service and the type of persons covered by an agreement that was validly subject to Federal financial participation under title I, IV–A, X, XIV, or XVI prior to February 16, 1973.

EXAMPLE: The welfare agency makes an agreement for purchase of services from another public agency. In the year ended June 30, 1972, there was no purchase arrangement, and such other agency expended $100,000 in non-Federal funds in furnishing the type of services to the type of persons covered by the agreement. In the year ending June 30, 1974. Federal financial participation will be available only to the extent that the expenditures of such other agency for these purposes from non-Federal sources are expanded. If the total expenditures are $100,000 or less, there will be no Federal payments. If the total expenditures are over $100,000, Federal financial participation will be available only in the excess over $100,000. Thus, if total expenditures are $200,000, the Federal share at 75 percent of expansion would be $75,000. For a new purchase in the period February 16 through June 30, 1973, for the purpose of computing the Federal financial participation for the remainder of the fiscal year ending June 30, 1973, the total fiscal year 1972 expenditures of $100,000 are prorated. Thus, if the new purchase went into effect on April 1, 1973, Federal financial participation for the April-June 1973 quarter would be available only in the excess over $25,000 for that quarter.

(4) The provisions of paragraph (b) (3) of this section also apply to services provided, directly or through purchase, by:

(i) Any public agency as to which a waiver of the single State agency requirement pursuant to section 204 of the Intergovernmental Cooperation Act is granted after February 15, 1973, or

(ii) The State or local agency, as to activities added by reorganization of administrative structure, redesignation of the State or local agency, or otherwise, occurring after February 15, 1973.

§ 221.55 Limitations on total amount of Federal funds payable to States for services.

(a) The amount of Federal funds payable to the 50 States and the District of Columbia under titles I, IV–A, X, XIV, and XVI for any fiscal year (commencing with the fiscal year beginning July 1, 1972) with respect to expenditures made after June 30, 1972 (see paragraph (b) of this section), for services (other than WIN Support Services, and emergency assistance in the form of services, under title IV–A) is subject to the following limitations:

(1) The total amount of Federal funds paid to the State under all of the titles for any fiscal year with respect to expenditures made for such services shall not exceed the State's allotment, as determined under paragraph (c) of this section; and

(2) The amounts of Federal funds paid to the State under all of the titles for any fiscal year with respect to expenditures made for such services shall not exceed the limits pertaining to the types of individuals served, as specified under paragraph (d) of this section.

Notwithstanding the provisions of paragraphs (c) (1) and (d) of this section, a State's allotment for the fiscal year commencing July 1, 1972, shall consist of the sum of:

(i) An amount not to exceed $50 million payable to the State with respect to the total expenditures incurred, for the calendar quarter beginning July 1, 1972, for matchable costs of services of the type to which the allotment provisions apply, and

(ii) An amount equal to three-fourths of the State's allotment as determined in accordance with paragraphs (c) (1) and (d) of this section.

However, no State's allotment for such fiscal year shall be less than it would otherwise be under the provisions of paragraphs (c) (1) and (d) of this section.

(b) For purposes of this section, expenditures for services are ordinarily considered to be incurred on the date on which the cash transactions occur or the date to which allocated in accordance with OMB Circular A–87 and cost allocation procedures prescribed by SRS. In the case of local administration, the date of expenditure by the local agency governs. In the case of purchase of services from another public agency, the date of expenditure by such other public agency governs. Different rules may be applied with respect to a State, either generally or for particular classes of expenditures, only upon justification by the State to the Administrator and approval by him. In reviewing State requests for approval, the Administrator will consider generally applicable State law, consistency of State practice, particularly in relation to periods prior to July 1, 1972, and other factors relevant to the purposes of this section.

(c) (1) For each fiscal year (commencing with the fiscal year beginning July 1, 1972) each State shall be allotted an amount which bears the same ratio to $2,500 million as the population of such State bears to the population of all the States.

(2) The allotment for each State will be promulgated for each fiscal year by the Secretary between July 1 and August 31 of the calendar year immediately preceding such fiscal year on the basis of the population of each State and of all of the States as determined from the most recent satisfactory data available from the Department of Commerce at such time.

(d) Not more than 10 percent of the Federal funds shall be paid with respect to expenditures in providing services to individuals (eligible for services) who are not recipients of aid or assistance under State plans approved under such titles, or applicants for such aid or assistance, except that this limitation does not apply to the following services:

(1) Services provided to meet the needs of a child for personal care, protection, and supervision (as defined under day care services for children) but only in the case of a child where the provision of such services is needed in order to enable a member of such child's family to accept or continue in employment or to participate in training to prepare such member for employment, or because of the death, continued absence from the home, or incapacity of the child's mother and the inability of any member of such child's family to provide adequate care and supervision for such child;

(2) Family planning services;

(3) Any services included in the approved State plan that are provided to an individual diagnosed as mentally retarded by a State mental retardation clinic or other agency or organization recognized by the State agency as competent to make such diagnoses, or by a licensed physician, but only if such services are needed as part of an individual service plan for such individual by reason of his condition of being mentally retarded;

(4) Any services included in the approved State plan provided to an individual who has been diagnosed by a licensed physician as a drug addict or alcoholic, but only if such services are needed by such individual under an individual service plan as part of a program of active treatment of his condition as a drug addict or an alcoholic; and

(5) Foster care services for children when needed by a child under an individual service plan because he is under foster care.

§ 221.56 Rates and amounts of Federal financial participation for Puerto Rico, the Virgin Islands, and Guam.

(a) For Puerto Rico, the Virgin Islands, and Guam, the basic rate for Federal financial participation for Family Services and WIN Support Services under title IV–A is 60 percent. However, effective July 1, 1972, the rate is 50 percent for emergency assistance in the form of services.

(b) For family planning services and for WIN Support Services, the total amount of Federal funds that may be paid for any fiscal year shall not exceed $2 million for Puerto Rico, $65,000 for the Virgin Islands, and $90,000 for Guam. Other services are subject to the overall payment limitations for financial assistance and services under titles I, IV–A, X, XIV, XVI, as specified in section 1108 (a) of the Social Security Act.

(c) The rates and amounts of Federal financial participation set forth in § 221.54 (a) and (b) of this chapter apply to Puerto Rico, the Virgin Islands and Guam, except that the 60-percent rate of Federal financial participation is substituted as may be appropriate. The limitation in Federal payments in § 221.55 of this chapter does not apply.

TITLES I, IV–A, IV–B, X, XIV, AND XVI

§ 221.61 Public sources of State's share

(a) Public funds, other than those derived from private resources, used by the State or local agency for its services programs may be considered as the State's share in claiming Federal reimbursement where such funds are:

(1) Appropriated directly to the State or local agency; or

(2) Funds of another public agency which are:

(i) Transferred to the State or local agency and are under its administrative control; or

(ii) Certified by the contributing public agency are representing current expenditures for services to persons eligible under the State agency's services programs, subject to all other limitations of this part.

Funds from another public agency may be used to purchase services from the contributing public agency, in accordance with the regulations in this part on purchase of services.

(b) Public funds used by the State or local agency for its services programs may not be considered as the State's share in claiming Federal reimbursement where such funds are:

(1) Federal funds, unless authorized by Federal law to be used to match other Federal funds;

(2) Used to match other Federal funds; or

(3) Used to purchase services which are available without cost.

In respect to purchase of services from another public agency, see also § 221.54 (b) of this chapter with respect to rates and amounts of Federal financial participation.

§ 221.62 Private sources of State's share.

Donated private funds or in-kind contributions may not be considered as the State's share in claiming Federal reimbursement.

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Aging

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COMMITTEES:
JUDICIARY
MERCHANT MARINE AND FISHERIES

Congress of the United States
House of Representatives
Washington, D.C. 20515

November 26, 1973

Dear Colleague:

Millions of elderly Americans now live -- often for extended periods of time -- in nursing homes. Last year, the Federal government provided over a billion dollars to such institutions as part of the Medicare and Medicaid programs. Despite the worthy purposes of these nursing facilities and the extensive Federal involvement in them, the sad reality is that in a significant percentage of these homes the quality of treatment and care falls tragically short of expected standards and the patients become victims of the institutions intended to serve them.

People knowledgeable of nursing home conditions can cite endless examples of the abuse and neglect that can and do occur in such facilities: bed-ridden incontinent patients left unattended for the entire day; staff stealing food and money from the residents; an elderly lady classified as senile because the doctor did not determine that she was stone deaf and could not hear his questions; a woman whose leg had to be amputated because a blood clot was not noticed by the staff until the leg had turned gangrenous. It is small wonder that the elderly dread the day when they may no longer be able to care for themselves and must enter nursing homes.

I believe strongly that conditions in nursing homes, particularly those receiving Federal monies, can and must be improved. On Tuesday, December 4, I will be introducing legislation providing for a Nursing Home Patients' Bill of Rights. The measure requires that long-term care facilities certified for Medicare and Medicaid patients adopt, give to their patients, and implement through appropriate staff training a statement of the rights reserved to the patients.

The guarantees would include the patients' right to exercise civil and religious liberties, the right to receive adequate and appropriate medical care, the right to have full knowledge of their medical condition and to participate in the planning of their medical treatment, and the right to have private and unrestricted communications with any person and to present grievances to the facility or to government officials without fear of reprisal. Should the patient be adjudicated incompetent, these rights would devolve upon a trusted sponsor who would act in the patient's behalf.

Instituting a bill of rights would help correct a number of problems inherent with many nursing homes. For one, it would make it clear to both the patient and the staff that residents of the facility are individuals and retain the rights and privileges of other citizens in this country. It would also give the patient badly needed reassurances about the care he can expect and a measure of control over the conditions surrounding and affecting him.

I think it important to point out that the approaches and attitude engendered by such guarantees would benefit not only the patient but also the nursing home. A patient who is confident in the care he is receiving and is informed of his condition will generally be far more cooperative and will respond better to treatment. A bill of rights can also do much to correct the sometimes overwhelming atmosphere of apathy and despair which occurs when patients believe they have been consigned to nursing homes only to await death. In the cold, authoritarian environment of a medical institution patients come to feel themselv objects rather than people. Such an atmosphere can inure the most understanding staff and defeat the entire purpose of the nursing home.

In developing this legislation, I have spoken at length with HEW officials involved in nursing home standards, with representatives of groups concerned about elderly problems, and with those involved in nursing home administration. One nursing home administrator told me that operating under these guarantees is "just good business sense." Among those I consulted there was strong agreement that requiring the adoption by nursing homes of a bill of rights would not be a problem in good nursing homes but could prove a vital mechanism for improving conditions in substandard facilities. They also felt that placing such a requirement in Federal law would assure more effective enforcement of these rights in Medicare and Medicaid facilities and would encourage and assist the states, who have the responsibility for inspecting and licensing the bulk of the nursing homes, in adopting similar legislation.

I hope you will agree with me on the importance of legislation and will give it your support. If you would like to join me in sponsoring the bill or would like further information on it, please contact Bobbi McCarthy (5-1963) of my staff by the close of business on Monday, December 3.

Sincerely,

Bill Cohen

William S. Cohen, M.C.

WSCra

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October 31, 1973

TO: Republican Members of Congress

FROM: Task Force on Aging

RE: Legislation passed and pending in the 93rd Congress which pertains to the elderly.

The Task Force has compiled this summary of legislation in order to give you an overview of the current situation so that you may better answer the questions and meet the needs of your constituents. The summary is broken down by subject matter, with a brief description of each problem. This compilation includes summaries of pertinent legislation passed or pending action through the middle of October. The Task Force will provide you with addenda to this summary from time to time.

CONTENTS

I. PROBLEM: INCOME

Economic security is probably the number one problem confronting older citizens. The elderly have saved for years for their retirement only to find that it is not nearly enough in the face of inflation. The median income of older persons today is less than half that of their younger counterparts. In 1970, it was estimated that almost 5 million elderly persons, or one-fourth of those over 65, live with an incomebelow the poverty level. While people over 65 make up over 10% of the population, they make up 20% of the country's poor. The most disadvantaged member in our society would appear to be the elderly widow. It is estimated that almost 50% of all elderly widows live in poverty.

Older consumers spend a greater proportion of their money on food, housing, household operations and medical care than do younger consumers. Parenthetically, those under 65 spend more of their income on clothing, recreation, transportation and household furnishings. However, if given the same amount of money with which to work, purchasing patterns are the same for older and younger people.

The needs of the elderly person are not less, but he simply cannot afford the same standard of living as the younger person. And without an adequate income, there can be little self-reliance for the older person. Moreover, an elderly person is often discouraged from working because of the loss of social security benefits. Worse, there exists discrimination against older people who want to work.

II. WHAT CONGRESS IS DOING

A. NEW LAW

1. P.L. 93-66: Social Security Amendments

These amendments provide for a special 5.9% cost-of-living increase in the Social Security benefits paid between June 1974 and December 1974. Benefits for months after 1974 will be increased under the provisions of present law which call for annual cost-of-living increases whenever the Consumer Price Index has risen by 3%. The 5.9% increase should raise the average monthly benefit paid to a retired person from $167 to $177 and the average monthly benefit for aged couples from $278 to $295. The amendments also increase, effective for Jan. 1974, the amount an individual can earn in any year and still be paid all of his Social Security benefits from $2,100 per year to $2,400.

In addition, these amendments increase, effective July 1974, SSI payments from $130 to $140 for an individual and from $195 to $210 for a couple.

2. P.L. 93-69: Amendments to the Railroad Retirement Act

Effective July 1, 1974, this legislation permits men with 30 years of railroad employment to retire on full annuities at age 60. Also, it extends to Dec. 31, 1974 the 15% increase in annuities which became effective in 1970, the 10% increase in annuities which became effective in 1971, and the 20% increase in annuities which became effective in 1972. In addition, this legislation provides an automatic increase in railroad annuities if Social Security benefits are increased after June 1973 and before January 1975. Increases are also tied dollar for dollar to increases in Social Security benefits.

3. Supplemental Security Income (SSI) Program of Income Maintenance for the Aged, Blind, and Disabled (enacted as part of the Social Security Amendments of 1972: P.L. 92-603)

The new SSI program will begin in January of 1974. To be eligible for SSI benefits, aged, blind, and disabled persons must have resources of less than $1500 or less than $2250 in the case of a couple. Resources include such items as cash, stocks, and bonds. A home, household furnishings, personal effects, and a car will usually not be counted. Eligibility for SSI payments will be based on several criteria, including age, blindness, disability, and financial situation. For purposes of SSI eligibility, an individual must be at least 65 years of age to be considered "aged".

Under the new SSI program, an aged, blind, or disabled person with no other income will receive a federal benefit payment of $130 per month. An eligible couple with no other income will receive $195 per month. Effective July, 1974, these amounts will be increased to $140 for an individual and $210 for a couple.

Moreover, a recipient's benefits will not be reduced because of the first $20 of unearned income per month.

The new SSI program includes many advantages not found in previous programs of assistance to the aged, blind, and disabled:

a. The law eliminates many of the current complex enrollment procedures. The applicant needs to go to only the Social Security office, instead of possibly to the state, local, and/or county offices which is often necessary now. Presently, in many jurisdictions, an individual's grant is based on a detailed probing into his or her personal life. The new SSI's flat cash payment eliminates the need for such inquiry.

b. The new SSI is administered nationally, meaning that valuable dollars are saved on administration and can be sent directly to recipients.

c. One of the most important aspects of SSI is its expanded coverage. Under the present programs, about 3.3 million aged, blind, and disabled persons are receiving payments. Under the new law, the number will increase to 6.3 million, nearly double the present number of persons. There are a number of reasons for this large increase in the number of recipients: the federal monthly standards of $130 and $195 are higher than present standards in about half of the states, thereby making some persons not presently eligible for assistance eligible under the SSI program; the federal program ignores certain kinds and amounts of income and resources that are counted under many state programs; many persons who are eligible under the state laws have not applied for assistance because of lien laws or relative responsibility laws, but will apply for SSI benefits. It is critical to note that Congress has assumed that every eligible individual will receive as much, and in many cases more, than the amount he or she presently receives.

B. PENDING

1. H.R. 1493 (Fraser) and H.R. 100 (Fraser)

These two identical bills would make certain that recipients of veterans' pension and compensation will not have the amount of their pension or compensation reduced because of increases in monthly Social Security benefits.

2. H.R. 4200 (Broyhill)

Pertinent major provisions of H.R. 4200 as passed by the Senate:

a. All private pension plans are required to let a worker join no later than age 30, provided he has worked for the firm for at least one year. This provision is effective on enactment for new plans and in 1976 for existing plans.

b. The worker is granted 25% vesting after five years in the plan. This rises by 5% a year for the next five years and by 10% annually for the next five years, so that after 15 years in the plan, the worker is 100% vested. Workers already in a firm with a plan can receive five or more years of retroactive credits. Effective on enactment for new plans, in 1976 for existing plans.

c. Rules are established to make sure employers put enough money into plans to keep them properly funded.

d. A federal insurance fund is established, to be financed with premiums from firms having private plans, to insure workers against loss of pension benefits due to plan bankruptcy or underfunding. A worker would be guaranteed up to $750 a month or half his monthly average wage for the five highest years of pay, whichever is less.

d. Fiduciary standards are set and self-dealing is prohibited in the administration of pension plans.

e. Federal tax deductions are barred for money set aside to pay for corporate pensions in excess of $75,000 a year or three-quarters of higheset three-year earning average, whichever is less. This applies to large corporations as well as to small "closely held" business and professional corporations.

f. A worker changing jobs is allowed to switch credits to his new employer or to a special new federal pension fund, provided that the old and new employers agree.

g. A self-employed person is permitted to deduct up to $7,500 a year (instead of the present $2,500) on his tax return for amounts set aside in a "Keogh law" self-employed pension plan.

h. A person who works in a job where there isn't any private pension plan is permitted to deduct up to $1,500 for money set aside for a private pension plan of his own.

3. <u>H.R. 4763 (Dorn)</u>

Would prohibit the Veterans' Administration from readjusting the schedule of ratings for disabilities of veterans without first submitting the proposed readjustment to the Congress.

4. <u>H.R. 10776 (Steele)</u>

Would amend title 10 of the United States Code to restore the system of recomputation of retired pay for certain members and former members of the armed forces. Provides that the retired pay of any member or former member who was on active duty or in an active status on or before May 31, 1958, and who became or will become entitled to receive retired pay, shall be computed at current active duty rates and increased to reflect later changes in applicable pay rates.

5. <u>Five Bills in the House to Grant Immediate Cost-of-Living Social Security Increase</u>

Provide that the special cost-of-living increase in Social Security benefits enacted by P.L. 93-66 shall become effective immediately.

I. PROBLEM: HOUSING

Elderly persons pay a disproportionately high percentage (35%) of their incomes for rent or home ownership costs. This is in contrast to 23% for younger persons. Since retirement income is often very low, very little money is left for other basic needs, such as food, transportation, medical care, and clothing. Government programs should be made available to provide elderly homeowners with grants or below-market interest loans for home maintenance and repair, property tax relief, and a comprehensive system of community support services directed toward prolonging and facilitating the maintenance of older homeowners in their homes. In addition, the federal government should continue to encourage specifically designed housing for the elderly since this type of housing arrangement has been a successful option for many older persons.

II. WHAT CONGRESS IS DOING

A. PRESENT SITUATION

1. Housing Moratorium

Since January 8, 1973, HUD has been making no new commitments under any housing programs for the elderly, pending review of the current situation of elderly housing. The Administration has proposed a direct cash assistance program which would replace the subsidized housing program. The projected annual cost for reaching all eligible elderly persons is $1 1/2 to $2 1/2 billion. The current experimental programs are reaching approximately 18,000 families at a cost of $160 million. The Administration's proposal also allows for the limited construction of housing for the elderly under Section 23. In addition, funds under the Better Communities Act would be available at local option for the construction of further housing units specifically designed for the elderly.

B. PENDING

1. Loan Programs

a. S. 513 (Moss)

Amends Section 232 of the National Housing Act to authorize insured loans to provide fire safety equipment for nursing homes.

b. S. 2179 (Williams)

Establishes a demonstration direct loan program for elderly housing based on a revolving trust fund, originally financed by not more than $50 million in Treasury Notes.

c. H.R. 8382 (Stephens)

Authorizes the use of direct loans under Section 202 of the Housing Act of 1959 to finance the construction of housing projects for the elderly, with refinancing under Section 236 of the National Housing Act; to increase the amount authorized for such loans; and to provide for the appointment of an Assistant to the Secretary of Housing and Urban Development with responsibility for housing and related programs for the elderly.

2. Grant Programs

a. S. 633 (Church)

Authorizes the Secretary of Labor to make grants for the conduct of older Americans home repair projects.

b. S. 2180 (Williams): "Housing Security Act of 1973"

Establishes an Office of Security in HUD to make grants for crime prevention programs for federal housing projects.

c. S. 2181 (Williams): Intermediate Housing for the Elderly and Handicapped Amendment to the National Housing Act
Provides funding for the conversion of existing single or double family housing units into multi-family efficiency units, with supportive services.

d. S. 2185 (Williams): Extension of Section 202, Direct Loan Elderly Housing
Provides $100 million increase in authorized funding for the purpose of countermanding HUD phase-out during last 6 years of Section 202 program, which is being replaced by Section 36 interest subsidies.

e. H.R. 1553 (Helstoski)
Amends the Social Security Act to provide for the payment (from the old-age and survivors insurance trust fund) of special allowances to help elderly low-income persons and families to meet their housing costs.

3. Fire Safety

a. H.R. 8569 (Keating)
Provides for compliance with improved fire safety conditions in multi-family housing facilities designed for occupancy in whole or substantial part by the elderly, and authorizes federal assistance in financing the provision of more adequate fire safety equipment for such facilities.

b. H.R. 2697 (Keating)
Amends Section 232 of the National Housing Act to include fire safety equipment among the items which may be covered by an insured mortgage thereunder, requires as a condition of eligibility for mortgage insurance that a nursing home or intermediate care facility complies with the Life Safety Code, and authorizes insured loans to provide fire safety equipment for such a home or facility.

c. H.R. 10293 (Steele): "Elderly Life Safety Act of 1973"
Amends the National Housing Act and related laws to provide for compliance with improved fire safety conditions in multi-family housing facilities designed for occupancy in whole or substantial part by the elderly and to authorize federal assistance in financing the provision of more adequate fire safety equipment for those facilities; to impose additional fire safety requirements upon nursing homes and similar facilities and assist them in meeting such requirements.

d. S. 513 (Moss)
Amends Section 232 of the National Housing Act to authorize insured loans to provide fire safety equipment for nursing homes.

4. Liberalizing Eligibility Requirements for Subsidized Housing

a. H.R. 229 (Abzug)
Amends Section 236 of the National Housing Act and Section 101 of the Housing and Urban Development Act of 1965 to reduce from 25 to 20 per centum of the tenant's income the maximum rent which may be charged for a dwelling unit in a Section 236 project or a dwelling unit qualifying for assistance under the rent supplement program.

b. S. 1322 (Williams)
Requires the Secretary of Housing and Urban Development to disregard the increase in the benefits under Title II of the Social Security Act pursuant to Public Law 92-336 in determining eligibility or the amount of assistance under certain laws relating to low-income housing.

c. S. 835 (Humphrey): "Full Social Security Benefit Act of 1973"

d. H.R. 2495 (Yates)

Requires States to pass along to individuals who are recipients of aid or assistance under the Federal-State public assistance programs or under certain other Federal programs, and who are entitled to social security benefits, the full amount of the 1972 increase in such benefits, either by disregarding it in determining their need for assistance or otherwise.

5. Other Bills

a. H.R. 226 (Abzug)

To make needed housing available for the elderly.

b. H.R. 3818 (Hechler)

Requires the Secretary of Housing and Urban Development, in the administration of the housing programs under his jurisdiction, to take more fully into account the special needs of the elderly.

I. PROBLEM: HEALTH

The medical care costs for older Americans are 3 1/2 times as high as those for persons under 65. Specifically, older people pay on the average of $861 per person each year for medical expenses and prescription drugs, while the individual under 65 pays only $250. Although Medicare and Medicaid provide some relief, the elderly person is expected to pay twice the amount of a younger person but with only half the income.

II. WHAT CONGRESS IS DOING

A. PENDING

1. National Health Care

a. H.R. 7974 (Roy) and S. 14 (Kennedy): Health Maintenance Organization Act

Would establish a pilot program through which federal financial assistance is made available to public and nonprofit private organizations for the planning, construction and initial operation of health maintenance organizations. Essentially, a health maintenance organization is an organization which provides a wide range of health care services to an identifiable, enrolled population in return for a predetermined, prepaid premium. Basic health services would include physician services, inpatient and outpatient hospital services, diagnostic laboratory services, certain preventive services and other services defined in the law. Supplemental health services such as services in long-term care facilities, eye and dental services, rehabilitative services and prescription drugs would be provided in return for a supplemental health service payment.

b. H.R. 1 (Ullman): National Health Care Services Reorganizations/Financing Act

Would establish a new program of health care delivery and comprehensive health care benefits (including catastrophic coverage) to be available to aged persons, and to unemployed and low-income individuals at a cost related to their income.

c. S. 3 (Kennedy): Health Security Act

Would repeal the Medicare program and provide for a program of "Health Security Benefits" so that health care coverage would be available to virtually all U.S. residents. This program would be financed through payroll taxes and general revenues.

d. S. 915 (Javits): The National Health Insurance and Health Services Act of 1973

Would provide for the establishment of a national health insurance program through a gradual expansion of the Medicare program to the general population. Benefits would be broadened to include certain services not presently covered under Medicare.

2. Special Health Programs for the Elderly

a. S. 393 (Humphrey): National Chronicare Demonstration Act of 1973

Would make grants available to programs which provide aged, blind, and disabled individuals a wide range of long-term care services in skilled nursing homes, intermediate care facilities, or in a home health care program.

b. S. 1826 (Moss)

Would authorize an experimental program to help subsidize families who agree to care for family members age 65 and over in need of home health services.

c. S. 1997 (Moss)

Would authorize the Dept. of Housing and Urban Development to help finance projects that meet the special health care, housing, and related needs of elderly persons. Each project would comprise a campus-type setting and would include a skilled nursing home, a congregate living facility, community center, and other related facilities.

3. Research in Health as it Relates to the Elderly

a. H.R. 775 (Matsunaga): Research on Aging Act

Would amend the Public Health Servcie Act to provide for the establishment of a National Institute on Aging. The Institute would be responsible for conducting and supporting biomedical, social, and behavioral research and training relating to the aging process, and special health problems of the elderly. [This bill is similar to H.R. 14424, which was passed by the 92nd Congress, but pocket vetoed by the President.]

b. H.R. 6175 (Rogers): Research on Aging Act

Similar to S. 775 described above.

I. PROBLEM: NUTRITION

The problem of under nutrition among our elderly citizens is a severe one. One Federal government study has estimated that the numbers of older persons with deficient diets might be as high as 6 to 8 million nationally. Another Federal study found that persons over 60 years of age showed evidence of general undernutrition which was not restricted to the very poor or to any single ethnic group. The problem is compounded for older persons because although they oftentimes have greater nutritional needs than younger persons, their income level is usually considerably lower, and they are often not able to afford many of the nutritious foods that they need. As it is, older consumers spend a greater proportion of their income on food than do younger consumers.

Food is more than a source of essential nutrition for older persons, for it can also be an enjoyable interlude in an otherwise uneventful existence. Community meals for the elderly, then, at a local school, church, or senior center, for example, are very important. Such community meals can improve the quality of the older person's life both socially and psychologically, as well as nutritionally. The greater use of food stamps for those elderly persons with minimal incomes is advocated for the payment of community meal and "meals-on-wheels" programs, in addition to the purchase of food at the grocery store.

II. WHAT CONGRESS IS DOING

A. NEW LAW

1. P.L. 93-50: Appropriation for Nutrition Program for the Elderly

In addition to other appropriations, this law appropriates $100,000,000 to carry out the Nutrition Program for the Elderly which was added to the Older Americans Act of 1965 as Title VII by P.L. 92-258. The law provides that these funds will remain available through Dec. 31, 1973. The amount for Nutrition Program for the Elderly will provide low-cost, nutritious meals to the elderly at least once a day, five days a week. These meals must supply at least one-third of the daily nutritional requirements for adults. Through grants to states, this program will pay up to 90% of the cost of meals.

2. P.L. 93-86: Agricultural and Consumer Protection Act

A provision of this bill enables certain beneficiaries of the SSI program to purchase food stamps. The 1972 Social Security Amendments provided that individuals eligible for benefits under the new SSI program will not be eligible for food stamps. Also provides that persons age 60 and older and their spouses may use food stamps to purchase meals prepared by public or private eating establishments which regularly serve the elderly at designated times.

B. CURRENT LEGISLATION

1. Older Americans Act (Title IV)

This act provides for a nutritional program for older people, popularly known as Meals-on-Wheels. Prepared hot meals are delivered to the home every day for a minimal fee. [For information on participating in or starting a Meals-on-Wheels program in your community, contact your Regional Administration on Aging office.]

I. PROBLEM: TRANSPORTATION

Transportation is a critical problem for the many elderly who want to remain involved in community life. The senior centers and services in your community are useless to older citizens if they do not have ready access to transportation so that they can get to these centers and services. Many projects have shown that the elderly will get out into the community if appropriate transportation is available to them. A good number of our nation's elderly are not able to drive a car for various reasons. Even if an older person is able to drive, the chances are great that he cannot afford to buy and maintain an automobile. The need, then, for mass transportation is particularly great among the elderly. In order to approach the degree of mobility that they had when they were younger, the elderly must rely on mass transit. Those older persons living in communities without mass transportation face isolation and loneliness. Even for those elderly persons living in places with mass transit, the problem of transportation may be severe for many. Mass transportation is frequently inaccessible to persons with infirmities such as the elderly may have, can be costly in terms of the fixed income within which they must live, and often does not serve on a regular basis the areas where the elderly live or want to go.

II. WHAT CONGRESS IS DOING

A. NEW LAW

1. P.L. 93-87: Emergency Commuter Relief (Amendment to Federal Highway Aid Bill of 1973)
This amendment raises from 1 1/2% to 2% of the total funding of the Urban Mass Transportation Act the amount of money which may be spent on state and local programs designed to provide transportation facilities and services for elderly and handicapped persons, with special emphasis on the less urbanized areas. Of the $1 billion authorized under Title III of UMTA for each fiscal year, up to $2 million is available for the above purpose. From this appropriation, UMTA can and has provided funds for such things as: 1) specially designed buses, 2) bus shelters, 3) rapid transit improvements, 4) research, and 5) various demonstration projects. A new feature of this amendment is that private organizations are now able to apply to the Department of Transportation directly for funds.

B. PENDING

1. H.R. 9096 (Rosenthal): The "Elderly and Handicapped Americans Transportation Services" Bill
The strongest and most comprehensive bill under consideration is this bill. Major provisions include:

a. Requires that all transportation facilities funded by UMTA accommodate the physically handicapped. Also allows the Secretary of Transportation to prescribe standards to insure that elderly and handicapped persons have access to buildings and facilities funded by UMTA.

b. Requires the Secretary of Transportation to give preference to applications for UMTA funding from state and local agencies who agree to maintain reduced rates for the elderly. These rates must be 50% or less of the regular fare for all those 65 and over and must be maintained on all days of operation.

c. Authorizes to the Administration on Aging $15 million for FY 73 and $25 million for FY 74 to carry on research and demonstration projects to improve transportation for the elderly.

2. Other Bills which are Variations on H.R. 9096 (Rosenthal)

a. Three bills require UMTA funded projects to accommodate the elderly and handicapped.

b. Two bills contain the same provision as H.R. 9096 for preference to agencies who agree to have reduced fares for the elderly.

c. Nine bills propose reduced rates on interstate carriers.

d. Twenty proposed bills amend only the Federal Aviation Act and would authorize reduced rates for the elderly on a space available basis or during nonpeak hours.

3. S. 1105 (Percy)
"Provides income tax incentives for modification of certain buildings so as to remove architectural and transportational barriers to the handicapped and elderly." It allows tax deductions for the cost of changes in facilities to make them more accessible to the elderly and handicapped.

I. PROBLEM: EDUCATION

For most persons who have worked all their lives, age 65 and retirement have a tremendous psychological, social and economic impact on their lives. Few have had any counseling or education about the changes they will undergo in their life style. Preretirement education offers one very effective alternative for easing the older person's abrupt transition from working to retirement years. Such programs have proven extremely successful in the past when offered in community college and industry settings. The pre-retirement curriculum should cover the subjects of health, money management, financial planning, legal affairs, living arrangements, family and friends, rewarding use of leisure time, nutrition, available services and programs for retirees, and consumer information. Moreover, they should offer counseling and group discussion of retirees' possible problems, as well as opportunities in the future. Because these programs provide guidance before the problems arise, they are extremely valuable in preventing many problems. By minimizing other problems, both the economic and emotional toll retirement often takes on an older individual is lowered.

II. WHAT CONGRESS IS DOING

A. NEW LAW

1. P.L. 93-29: The Older American Amendments of 1973, Title III
Authorizes grants for model projects for 1973-1974 for public or non-profit agencies or organizations for the development and administration of state or community model programs. Under Title IV training and research grants and model kits are available from the Administration on Aging.

2. Higher Education Act of 1965 Amendment
Title I of the Higher Education Act is amended to authorize the Commissioner of Education to make grants to institutions of higher education to assist such institutions in planning, developing, and carrying out programs specifically designed to apply the resources of higher education to the problems of the elderly, particularly with regard to transportation and housing problems of elderly persons living in rural and isolated areas.

3. National Commission on Libraries and Information Science Act

This act provides that the Commission shall conduct studies, surveys, and analyses of the library and informational needs of elderly persons. At least one member of the Commission should be knowledgeable with respect to the library and information service needs of the elderly.

4. Adult Education Act

This act authorizes the Commissioner of Education to make grants to state and local educational agencies or other public or private nonprofit agencies for educational programs for elderly persons whose ability to speak and read the English lanquage is limited and who live in an area with a culture different than their own. Programs will be designed to equip these elderly persons to deal successfully with the practical problems encountered in their everyday life, including the making of consumer purchases, meeting their transportation and housing needs, and complying with governmental requirements such as those for obtaining citizenship, public assistance and social security benefits.

5. Library Services and Construction Act

This act authorizes the Commissioner of Education to carry out a program of grants to states for older reader services. Grants can be used for: training librarians to work with the elderly, the conduct of special library programs for the elderly, the purchase of special library materials for use by the elderly, payment of salaries for elderly persons who wish to work in libraries as assistants on programs for the elderly, provision of in-home visits by librarians and other library personnel to the elderly, establishment of outreach programs to notify the elderly of library services available to them, furnishing of transportation to enable the elderly to have access to library services.

B. PENDING

1. H.R. 324: Department of Elderly Affairs

Would establish a Department of Elderly Affairs primarily to serve as a clearinghouse for information related to the problems of the elderly, administer grants authorized under the Older Americans Act of 1965, as amended, gather statistics in the field of aging, and publish and disseminate educational materials dealing with the welfare programs of the elderly.

2. H.R. 3664 (McDade)

Would amend the Vocational Education Act of 1963 to utilize a portion of the funds for special consumer and homemaking programs for the elderly.

I. PROBLEM: TAXES

Over 70% of people 65 and older own their own homes and are severely burdened by rapidly rising property taxes. Millions of our older citizens are expected to assume these expenses on an income that barely qualifies for the subsistence level and does not increase adequately with the cost of living. Moreover, losing one's home is especially difficult for the aged because of the special importance of a familiar and supportive environment and the lack of supply of suitable low-income elderly housing.

II. WHAT CONGRESS IS DOING

A. PENDING

1. Currently there are 19 bills pending in the House dealing with property tax relief for the elderly. Seven different plans are proposed. All allow a credit on the Federal income tax for all or a part of state and local real property taxes paid or, in lieu of property taxes, for 25% of yearly rent.

2. Administration's Proposal Regarding Property Tax Relief
Under this proposal, low and middle income homeowners age 65 or older would receive a Federal tax credit for property tax payments in excess of 5% of their income, up to a maximum amount of $500. Elderly renters would receive a credit, subject to the same 5% floor and $500 maximum. The credit given to renters would be computed on the assumption that 15% of the rent they pay is for property tazes. Both homeowners and renters with incomes up to $15,000 a year would receive a full credit. The maximum credit of $500 would be reduced by 5% of household income in excess of $15,000, so that a taxpayer with household income of $25,000 or more would get no credit. A taxpayer with no taxable income would receive a payment in the full amount of the credit.

3. H.R. 3431 (Gubser)
Would amend the Internal Revenue Code of 1954 so that taxpayers age 65 and older could deduct certain expenses incurred for home repair and home maintenance costs.

I. PROBLEM: ELDERLY AS CONSUMERS

The elderly, perhaps the most disadvantaged group in the modern marketplace, are oftentimes denied the consumer rights that they deserve. Because of low income, increasing physical infirmity, and a life style often unresponsive to rapid societal change, the elderly easily fall prey to deceptive consumer practices. Measures must be taken to protect the elderly consumer and assure him that he will have somewhere to go if he has any consumer complaints, problems, or suggestions. In addition, the older consumer should be educated as to his consumer rights.

A. AGENCIES OFFERING CONSUMER EDUCATION AND COMPLAINT HANDLING

1. The Food and Drug Administration is the primary federal consumer protection agency, enforcing federal product safety laws. At FDA district offices consumer specialists can provide individuals with information about FDA programs and policies. If a person knows about a defective product, he or she should tell the FDA. [Contact the nearest field office or resident inspection station. Or write directly to FDA, U.S. Department of Health, Education, and Welfare, 5600 Fishers Lane, Rockville, Md., 20852.]

2. The Federal Trade Commission acts in liaison with state consumer protection officials to protect the individual from deceptive and unfair trade practices. [Contact the national or regional FTC office for its consumer education materials.]

3. The President's Office of Consumer Affairs encourages and assists in the development and implementation of federal consumer programs; assures that consumer interests are presented and considered at appropriate levels of federal government in the formulation of policies and the operation of programs affecting consumers; conducts investigations, conferences, and surveys concerning consumers; submits recommendations to the President on improvement of existing federal programs and activities concerning consumers; and takes action on individual consumer complaints. [Contact the Office of the Director, Office of Consumer Affairs, New Executive Office Building, 17th and H Streets, N.W., Washington, D.C. 20506.]

B. PENDING

1. H.R. 3664 (McDade): Amendment to the Vocational Act of 1963
Would utilize a portion of the funds for special consumer and homemaking programs for the elderly.

I. PROBLEM: AGE DISCRIMINATION IN EMPLOYMENT

Employment opportunities for older citizens are not as plentiful as they should be. Although the Age Discrimination in Employment Act of 1968 makes it a national policy to eliminate arbitrary age discrimination in employment, many barriers still face our older Americans on the job market. Some of these obstacles include:

1. compulsory retirement on reaching a particular birthday, regardless of ability to work
2. lack of information and couseling on retirement problems and job opportunities
3. lack of placement and counseling personnel equipped to deal with their special problems
4. underrepresentation in education, training, rehabilitation, and other manpower programs
5. enforced retirement resulting from long unemployment as an increasing number of workers lose their jobs in their fifties when plant shut-downs or technological changes make their skills obsolete

II. WHAT CONGRESS IS DOING

A. NEW LAW

1. P.L. 93-29: Older American Community Service Employment Amendment (Title IX of Older Americans Comprehensive Services Amendments)
Creates new jobs in community services for low-income people age 55 or older. A program is established in the Department of Labor to foster and promote useful part-time work opportunities in community service activities for unemployed low-incomepersons who are 55 years of age or older and who have poor employment prospects. Community service activities which are designated as eligible for participation include: social, health, welfare, educational, library, recreational, and other similar services; conservation, maintenance, or restoration of natural resources; community betterment or beautification; antipollution and environmental quality efforts; economic development; and other servcies which are essential and necessary to the community as the Secretary may prescribe. Employment is limited to activities in publicly owned and operated facilities and projects, or projects sponsored by charitable organizations exempt from federal taxes. Employment may not be performed in facilities used as a place of sectarian religious instruction or worship.

2. Senior Opportunities and Services (Amendment to the Economic Opportunity Act)
Provides that in addition to the amounts authorized to be appropriated and allocated by the Economic Opportunity Amendments of 1972, there is further authorized necessary funds for FY 1973 and FY 1974 for the Senior Opportunities and Services programs.

B. PENDING

1. H.R. 2576 (Dellums): Age Discrimination in Employment Act of 1967 Amendments
Would amend this act to extend the protection of the Act to employees of states and their political subdivisions.

I. PROBLEM: SENIOR CENTERS

Every community should have at least one multi-purpose senior center to provide basic social services, as well as link all older persons to appropriate sources of help, including home-delivered services. Basic social services that enhance the ability of the elderly to retain independence should be made available.

II. WHAT CONGRESS IS DOING

A. NEW LAW

1. P.L. 93-29: Older American Act Amendments of 1973
In order to provide a focal point in communities for the development and delivery of social services and nutritional services designed primarily for older persons, the amendments authorize the Commissioner to make grants to units of general purpose local government or other public or nonprofit agencies or organizations. The amendments also authorize contracts to be made with any agency or organization to pay not more than 75% of the cost of acquiring, altering, or renovating existing facilities to serve as multi-purpose senior centers.

I. PROBLEM: VOLUNTEER OPPORTUNITIES

II. WHAT CONGRESS IS DOING

A. CURRENT LEGISLATION

1. National Older Americans Volunteer Program
The Foster Grandparent Program and the Retired Senior Volunteer Program (RSVP) were authorized by the 1969 Amendments to the Older Americans Act. The Foster Grandparent Program provides part-time volunteer opportunities for low-income persons age 60 and older to serve needy children on a person-to-person basis. The RSVP Program provides volunteer opportunities in community services for older adults. These two programs are administered by the ACTION agency. [Write: ACTION, 806 Connecticut Ave., N.W., Washington, D.C. 20525]

TASK FORCE ON AGING

REPUBLICAN RESEARCH COMMITTEE
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

JAMES N. BRODER, DIRECTOR
1620 LONGWORTH HOUSE OFFICE BLDG.
202-225-5107

August 13, 1973

Paul

TO: REPUBLICAN MEMBERS

FROM: TASK FORCE ON AGING

SUBJECT: SENATE SPECIAL COMMITTEE ON AGING HEARINGS ON FUTURE DIRECTIONS IN SOCIAL SECURITY

The following summary of hearings on the Future Directions in Social Security was provided by the Minority Staff of the Senate Special Committee on Aging.

Principal witnesses at the July 25-26 hearings by the Committee on "Future Directions in Social Security" were . . . WILBUR COHEN, former Secretary of H.E.W. . . . and CYRIL F. BRICKFIELD, Legislative Counsel for the National Retired Teachers Association and the American Association of Retired Persons. . . . Assisting Mr. Brickfield in the presentation on behalf of NRTA-AARP were JOHN B. MARTIN, former U.S. Commissioner on Aging, . . . WILLIAM MITCHELL, former Social Security Commissioner . . . and JAMES HACKING.

MR. COHEN called for creation of a National Health Insurance program for all citizens through a 5-year "incremental" development based on changes in Medicare . . . . and expanded use of Federal Mechanisms -- including Social Security -- to further redistribute incomes for the purpose of totally eliminating poverty in this country . . . again through a phased approach attaining this goal between 1980 and 1985.

NRTA-AARP's 154 page prepared statement included a comprehensive assessment of . . . (1) present and future retirement income needs, . . . (2) adequacy of OASDI income standards as replacement of income loss due to retirement, its financing, modifications in the retirement test, . . . (3) updating of the retirement income tax credit, . . . (4) need for increased participation of older persons in the labor market, . . . and (5) need to coordinate the nation's basic public pension systems. . . . . . Implicit in the numerous recommendations and alternatives presented by NRTA-AARP is the 2-fold goal of: (1) An adequate minimum income floor for all the aged, and
(2) Provision of retirement benefits which will permit living standards comparable to those enjoyed in pre-retirement years.

Other hearing witnesses were:

MAX MANES, New York, N.Y., Chairman of Seniors for Adequate Social Security (SASS), who expressed serious dissatisfaction with the amount and effective date of the recently enacted Social Security increase (5.9%, effective June 1974) and criticised Congress and the Administration for failing to implement the recommendations of the White House Conference on Aging, and

BARBARA F. MARKS, Acting Directing Attorney, Washington Office, National Senior Citizens Law Center, who reported on services of the Center and discussed briefly some of the problems faced in adequate implementation of the new Supplementary Security Income program scheduled to begin in January, 1974.

HIGHLIGHTS OF MR. COHEN'S TESTIMONY:

Under questioning, Mr. Cohen endorsed the Independent Bi-Partisan Social Security Commission proposal along the lines recommended in Minority Reports and embodied in S.J. Res. 48 introduced by Senators Fong, Fannin and others.

Mr. Cohen dismissed "a number of criticisms of financing" of Social Security by some economists as "not so widely shared by beneficiaries or taxpayers."

He opposed liberalization of the Social Security earnings test beyond $2400, suggesting that if anything is done, there should be an increase in benefit increment from 1% to 2% a year for those who defer retirement beyond 65.

Social Security (OASDI) Recommendations:

1. Increase taxable wage base to $20,000 in 1975.

2. Modification of basic financing (retaining the payroll tax) should include:

   a. Reduction of burden on low-income earners - - - Senator Long's proposal "to refund to low-income individuals 10% of their earnings -- roughly the combined social security contribution".

   b. General revenues contribution to meet cost of benefits (not covered by S.S. tax) paid to individuals with less than 40 years coverage.

3. Increase number of "drop-out" years of low or no earnings (Now 5 years.)

4. Payment of disability benefits with 5th month of disability and based on inability to perform CUSTOMARY occupation.

5. Allow contributions and benefit participation by women performing household and family duties (wives?) as if self-employed.

6. In addition to cost-of-living increases, adjustments should be made in benefits as earnings and productivity increases. (Suggests study of such programs in other countries.)

Supplementary Income Recommendation:

Lower eligibility age now from 65 to 62 . . . to 60 in another 2 years . . . and to 55 in 2 more years.

Medical Care and National Health Insurance Recommendations:

1. Cover continuing high cost prescription drugs under Medicare and hearing aids and glasses with appropriate co-sharing of costs.

2. Combine Parts A & B of Medicare, relieving individual of payments for the latter after retirement.

3. Authorize Secretary of H.E.W. to establish local, regional or State fee schedules for procedures under Medicare. (Says: "No evidence that physicians have reaped rewards out of line")

4. National Health insurance for all persons should be adopted on an INCREMENTAL basis . . . over a period of about 5 years. . . . Specific steps should include:

   a. Provide basic Medicaid benefits, with total Federal financing, to low-income persons through the Medicare program.

   b. Add a major medical benefit -- hospital coverage after 30 days and physician services after $1,000 -- to Medicare, now -- reducing it as total National Health Insurance takes over.

   c. Add maternity benefits, including first year of child's life, to Medicare.

<u>Other Recommendations</u> in Mr. Cohen's statement include:

1. Re-Examine $2.5 billion limit on social services (under Social Security Act) set by Congress in 1972. . . . Considering expansion of services to aged, young children, retarded and for family planning.

2. Require every major business to provide a minimum private pension plan . . . with some vesting . . . reinsurance of program . . . full reserves after period of years . . . and complete public disclosure.

3. "Consideration should be given to termination of the General Revenue Sharing Law when its 5-year duration terminates." . . . If continued there should be a requirement on States for rebate of taxes to low income older persons.

4. "The retirement deduction in the Federal income tax should be changed to a retirement tax credit".

5. Congress should establish a non-partisan Commission to review welfare reform proposals . . . which Commission should present proposals in 1977 to abolish poverty in the United States by 1982.

<u>HIGHLIGHTS OF ORAL TESTIMONY BY WITNESSES FOR NRTA-AARP:</u>*

1. Medicare and Medicaid developments and levels of care they provide were objects of concern, the opinion being expressed . . . "Instead of progressing with respect to health care for the elderly, we seem to be regressing."

   Opposition to proposals for increased personal cost-sharing under medicare was voiced.

2. With the new Supplementary Security Income program to be the means for providing an adequate income floor for the elderly, . . . "OASDI can now function primarily as a mechanism to replace an adequate degree of earnings lost as a result of retirement, disability or death."

3. The aged population will continue to increase in numbers, . . . will be living longer and spending more years in retirement, . . . will be better educated, more skilled and more sophisticated . . . "and far less likely to accept the lower standard of living which presently attends retirement."

4. The living standard of future aged should relate directly to pre-retirement experience and should not result in a post-retirement standard appreciably lower than that immediately prior to retirement.

5. While a standard based on average earnings ADJUSTED for cost of living and real wage increases has merit . . . administrative problems may make it unfeasible . . . so "our organizations tend to agree with the suggestion that the standard should be based on 10 of the 15 years immediately prior to retirement.

6. Because social security will probably continue as the primary earnings replacement mechanism . . . despite increasing role by private pensions . . . a 55% replacement of income through OASDI appears reasonable as an optimum replacement earnings rate. (Not a commitment by NRTA-AARP).

7. "We urge enactment of legislation to lessen the existing regressivity of the taxes imposed by the Self-Employment Contributions Act and the Federal Insurance Contributions Act." . . . . . Initially limited reform provided "that the contributory principle is not broken." . . . . .

   Use of general revenues appears necessary. . . . .

   Complete OASDI financing through general revenues is not now feasible. . . and inequities in distribution of tax burdens under the income tax make it an unsuitable vehicle for the full burden of social security.

8. NRTA-AARP could support . . . a system of exemptions or allowances (in the payroll tax) . . . to reduce the payroll tax burden on lower-income groups . . . subject to some minimum percentage contribution to preserve the contributory system.

9. NRTA-AARP favors liberalization of the OASDI earnings test to $3600.

10. NRTA-AARP believes that to assure continuity in supervision, direction and development in Social Security enjoyed in the past . . . a 3-member bi-partisan administrative board would best assure integrity, competence and impartiality and provide protection against purely partisan political intervention.

11. "In order to restore tax equity in the treatment of retirees, the amount of retirement income eligible for credit computation ($1,524) should be increased to the present maximum primary benefit under social security ($2,500). We further believe that the credit's limitation on earned income should be liberalized to correspond with the social security retirement test. In this respect, we would support S.1811. Moreover, computation of the credit should be simplified."

    NRTA-AARP opposes the AGE CREDIT proposal of the administration . . . which would replace the retirement income tax . . . because it would not be available to retirees under age 65 who are presently eligible for the retirement income credit.

12. NRTA-AARP believes the elderly should have the option to continue work if they are able and willing.

    JOHN MARTIN discussed at length the NRTA-AARP support of new legislation to provide for actuarily determined increments in OASDI benefits for years that eligible beneficiaries defer retirement and participation in benefits.

13. Social Security and other public pension systems, such as Railroad Retirement should be coordinated to reduce inequity and injustice resulting from multiple eligibility.

ROBERT H. STEELE
Chairman

Elderly

TASK FORCE ON aging

PROPERTY TAX RELIEF FOR THE ELDERLY:
PROPOSALS BEFORE THE 93rd CONGRESS

By Georgia Springer

REPUBLICAN RESEARCH COMMITTEE 1620 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515 (202) 225-5107/5089

James N. Broder, Director

I. The Property Tax Dilemma of the Elderly.

Recent tremendous property tax rises[1] have hit the aged especially hard because a high percentage of this group age 65 and older: (1) live on a fixed income, (2) live on lower incomes,[2] (3) pay a disproportionately large percentage of their income for housing,[3] (4) own their own homes,[4] and (5) pay a disproportionately large part of their income for property taxes.[5]

Property taxation, rooted in the older, land-based system of wealth, assumes a direct relationship between either (1) homeowner's income and his property's value or (2) his ability to pay and property value. Neither is a correct assumption for the aged.

1"Over the past four years (December 1969 to 1972), the Consumer Price Index has increased by almost 20 percent.... Property taxes have jumped by 39 percent, nearly twice the overall increase in the Consumer Price Index." U.S. Senate Special Committee on Aging, "Developments in Aging: 1972 and January-March 1973," p. 15. In 1972, the rise was 9%, p. 20.

2In 1971, the median household income for those 65 and over was $3449 for men and $1706 for women. (From "Money Income in 1971 of Families and Persons in the U.S.," Table 45, Series P60, #85 (published December 1972 by the U.S. Census Bureau).)

3Thirty-four percent of their budget. U.S. Senate Special Committee on Aging, "Developments in Aging: 1972 and January-March 1973," p. 15.

4Seventy percent of the aged are homeowners. Ibid., p. 15.

5"A typical urban family of four turns over about 3.4 percent of its family income to the property tax assessor. But, aged homeowners pay, on the average, about 8.1 percent of their incomes for real estate taxes.

"A recent study by the Advisory Commission on Intergovernmental Relations (based on 1970 Census data) reveals that aged homeowners living on less than $2000 a year pay almost 16 percent of their meager incomes for this regressive tax. Moreover, an estimated 1.5 million elderly households with incomes below $7000 a year are saddled with property taxes amounting to more than 10 percent of their household income." Ibid., p. 20

Based on state studies of low income elderly done before state property tax relief programs went into effect, the average tax-income ratio for those over 55 with incomes under $1000 was very high: 32.4% (California, 1968); 49% (Minnesota, 1967); 33.2% (Oregon, 1966); 58% (Wisconsin, 1966). U.S. Senate Special Committee on Aging, "Economics of Aging: Toward a Full Share in Abundance: Part 4, Homeownership Aspects," p. 852.

John Shannon, Assistant Director of the Advisory Council on Intergovernmental Relations, stated before the Senate Special Committee on Aging "there is absolutely no question...that there are hundreds of thousands of elderly householders who are being forced to liquidate their assets in order to pay the local tax on shelter."[6] Home repair and maintenance costs place additional burdens on the elderly homeowner's income.

Being forced out of their homes due to high property taxes is particularly inequitable to elderly who have paid taxes all their lives and who no longer use the school system financed by their tax money. Moreover, losing one's home or house is especially difficult for the aged because of the special importance of a familiar and supportive environment and the lack of supply of suitable low income elderly housing.

II. Alternative Types of Property Tax Relief.

Possible property tax relief programs vary greatly in amounts of relief, eligiblity of recipients, and administration. The three general types now in use at the state level are (a) tax exemption, (b) tax deferral, and (c) tax credit. All three usually involve conditions of some sort on: age (usually 60, 62, or 65); property (i.e., value and amount); income (i.e., no tax relief over a certain ceiling); occupancy of taxed property for a specified period. The tax exemption involves a part or all of the property being totally free of taxes. The deferral means taxes are deferred until the owner dies or sells the house, at which time the estate or sale proceeds must furnish the back taxes. The tax credit, the form used in all the bills pending in the House, offers a specific credit against federal income tax.

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[6]U.S. Special Committee on Aging: Subcommittee on Housing for the Elderly, "Economics of Aging: Toward a Full Share in Abundance: Part 4, Homeownership Aspects," p. 818. Mr. Shannon has been a noted expert on property tax relief for the elderly for a number of years.

The credit, as well as the exemption, can be (1) conditional, i.e., property valued below "x" amount is exempt from taxation; if the value exceeds "x" the entirety is taxes (Indiana, Michigan, Massachusetts), (2) uniform, i.e., a uniform amount of the asessed value is exempt, regardless of the total value of the asset or taxpayer's income (Oregon, Georgia), (3) vanishing, i.e., the amount of property exemptable declines as the valuation increases until the exemption disappears; the vanishing exemption can also be tied to increases in the taxpayer's income (Minnesota, Wisconsin, Oregon, California).

The ideal plan, according to Shannon, insures (1) broad beneficiary coverage, i.e., to those older people, both under and over 65, to renters and homeowners, whose incomes are overburdened by property tax payments, (2) safeguards against abuse, i.e., dollar limit on relief to any taxpayer; inclusion in any measurement of income all types and sources of income, (3) efficient tax relief formula balancing the burden on the needy taxpayer with the scarcity of funds (i.e., limitation of relief to low and moderate income elderly).[7] The Senate Special Committee on Aging noted the following additional criteria: a graduated system with the greatest relief to those with the lowest income; relief as direct as possible without difficult eligibility procedures; tax refund or rebate for those with incomes too small to file income tax returns; the linking of tax relief to tax reform; federal assistance to states utilizing these concepts.[8]

III. Pending House Bills

The 19 bills pending in the House offer seven different plans for property tax relief for the elderly. All allow a credit on the federal income tax for all or a part of state and local real property taxes paid or, in lieu of property taxes, for 25% of

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[7]Ibid., p. 822.

[8]U.S. Senate Special Committee on Aging; "Developments in Aging: 1971," p. 21.

yearly rent. All but one give to the individual, to the extent that the income tax is less than property taxes, a payment from the U.S. Treasury equal to the difference between the credit and the property tax or rent paid. The maximum amount of relief available varies from $225 to $800. The upper income limit for the elderly individual varies from $3,750 to $14,999. Age eligibility ranges from 60 or 62 to 65 for either spouse. Certain bills also extend credit to owners of mobile homes and/or tenant owners of cooperative housing. One bill also includes provisions for low interest loans to elderly homeowners for maintenance costs.

H.R. 6027 (Findley and identical bills) have 29 co-sponsors. They allow a tax credit or refund of up to $300 for the amount of property taxes or rent paid to any individual 65 or over with an income under $6500.

All other House bills, with the exception of H.R. 1862, have single sponsers and vary as shown in the attatched chart. Most give a credit for a percentage of the tax, with the credit phasing out gradually as income rises to a level at which no relief at all is given.

IV. Administration Tax Relief Proposal

The Administration proposed in its April 30, 1973 tax message a tax credit or refund of up to $500 to the elderly individual for the amount by which his property tax exceeds 5% of his income.[9] The relief is available to individuals with low and moderate incomes up to $15,000 after which the credit is phased out by 5% for each $1000 jump in income, with no relief at $25,000. Unlike the 25% figure of the other proposals, the Administration proposes that 15% of the yearly rent apply as the property tax burden. The greatest numbers of elderly covered will be low income since a lower property tax will constitute 5% of their income. However,

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[9] "Proposals for Tax Change," Department of the Treasury, April 30, 1973, U.S. Government Printing Office.

by providing relief only on that portion of property taxes or rent exceeding 5% of a individual's income, some low income individuals still may get no relief because their taxes, though a substantial burden to a subsistence income, do not exceed 5% of their income.

Mr. Dale Collinson, Acting Associate Tax Legislative Counsel, Department of Treasury, who is drafting the Administration proposal, says that while the framework of the proposal as mentioned will be introduced by the Administration to the Ways and Means Committee after Labor Day, it will not necessarily offer statutory language. Thus, passage of any proposal may well not come until the second session of the 93rd Congress.

V. Critique

There are several considerations in evaluating these various tax relief proposals.[10]

Relief should be given to those most in need first, and in no case does it make sense to deny relief to poverty level elderly while granting it to middle income aged. A $150 property tax bill to an individual with a $3500 income is a much greater burden than a $1000 tax for someone with a $15,000 income. The Administration proposal gives relief in some cases to individuals with $20,000 incomes while giving none to those with poverty level incomes.

Second, many older persons will have difficulty understanding any tax relief plan which is at all complicated. 40% of elderly eligible for the presently complicated retirement income credit file either no claim or an incorrect claim.[11] A simplified table

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[10] Support for any tax relief plan for the elderly presupposes endorsement of special treatment for the aged. While the question of general tax reform is a vital one, its exploration is beyond the scope of this analysis. It can be noted, however, that a consideration in any federal tax relief program is the disincentive for states and localities to reform their own systems when they know excessive property taxes are relieved by the federal government.

[11] "Proposals for Tax Change," Op. Cit., n. 9, p. 113.

included in the tax form may be of help. For example, the table embodied in H.R. 1862 has worked very successfully in Wisconsin for many years. However, the relief formulas contained in H.R. 1862, H.R. 1573, H.R. 1587, and H.R. 240, as well as the Administratio proposal are highly complicated.

Also, many low-income persons file no tax return and thus will get no relief unless a concerted effort is made to inform low-income elderly and encourage them to file for their refund.

The percentage of rent equalling the normal property tax burden has been widely accepted at 25%, the figure used by all the bills. The Administration figure of 15% therefore penalizes renters.

BILL	SPONSOR	AGE (either spouse)	MAXIMUM CREDIT (for property taxes paid or for 25% yearly rent)	INCOME TEST (maximum income eligibility)	CASH PAYMENT
H.R. 240	Abzug	62	$375(relief is given according to a table by which a lesser percentage of relief is given as income rises with a gradual phase-out at an income of $4166)	$4166	Refund--to the extent that income tax is less than real property taxes, the individual will receive payment from the U.S. Treasury equal to the difference between the credit and the amount of real property taxes paid.
H.R. 1556	Helstoski	62	$450, $225 for married persons filing joint return (for property tax paid)	$7500 ($3725 for married individual filing separate return)	Refund
H.R. 1587	Howard	65	$225 (same table as H.R. 240)	$3500	Refund
H.R. 1826 H.R. 3275	Reuss (with Fraser, Brademas, Gonzalez) (printed erroniously; will be reintroduced) Hansen	62	$375 (relief is given according to a table, and is roughly 75% of the property tax with the percentage declining as income increases)	$5025	Refund
H.R. 2175	Roybal (printed erroniously; will be reintroduced)	60	$800 (relief is given according to a table, varying from 100% of the property tax for those with incomes under $5000, 90% of the tax for incomes $5000 to $6000, 80% of the tax for incomes $6000 to $7000 etc. with relief (continued next page)	$14,999	Refund

BILL	SPONSOR	AGE	MAXIMUM CREDIT	INCOME TEST	CASH PAYMENT	
H.R. 2175	Roybal (continued)		phasing out at $15,000 income level)			
H.R 5246	Pritchard	62	$450 (for property tax paid)	$3,750 ($7,500 for married couple)	No refund	
H.R. 6027 H.R. 327 H.R. 2891 H.R. 4163 H.R. 4777 H.R. 6240 H.R. 6245 H.R. 6797 H.R. 7052 H.R. 7350 H.R. 7845	Findley and 19 co-sponsers Boland Roy Yatron Forsythe Horton Lehman Murphy (printed erroniously; will be reintroduced) Dellums Rinaldo Rangel	65	$300 (relief is given for the amount of property tax paid)	$6,500 ($3250 for married individual filing separate return)	Refund	
H.R.	Steele	65	$800 (relief is given for 100% of the property tax burden for those with incomes $6,000 or less, with credit declining by roughly 10-12% with each $500 jump in income, phasing out completely at $11,000 income)	$11,000	Refund	This bill includes provisions granting low interest loans to the elderly homeowner for home maintenance and repair costs.

BILL SPONSOR	AGE	MAXIMUM CREDIT	INCOME TEST	CASH PAYMENT
Administration Proposal (to be introduced into Ways and Means Committee Fall 1973)	65	$500 (relief is given for that amount of property tax which exceeds 5% of the individual's income)	$24,999 (relief is given for the totality of the tax exceeding 5% of the income of an individual with income up to $15,000, after which point the credit is phased out by 5% for each $1,000 jump in income with no relief being given at $25,000)	Refund

Elderly

ROBERT H. STEELE, CONN., CHAIRMAN
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TASK FORCE ON AGING

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JAMES N. BRODER, DIRECTOR
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May 31, 1973

Dear Colleague:

Under provisions of the Revenue Sharing Act which imposed a $2.5 billion ceiling on social services spending, 90% of all welfare funds must be expended on current welfare recipients. This provision severely limits programs designed to prevent dependency and institutionalization of the elderly. It is at best a misguided attempt at economy, and at worst a cruel hoax whereby the federal government provides a 20% increase in social security benefits and at the same time effectively terminates the many social service programs which help to prevent an older American from becoming a ward of the state. On February 6, 1973 Representative H. John Heinz, III introduced H.R. 3819 to restore vitally needed social service financing to the elderly.

H.R. 3819 is a fiscally responsible measure. It would leave intact the much needed $2.5 billion ceiling on social service funds and would require no additional expenditure of taxpayer's funds.

Representative Heinz has noted that the social security law, as written, is not an answer to people who are struggling to get by on modest pensions. Many of them are able to survive only because the "meals-on-wheels" serves them one hot, nutritious meal a day, or because the homemaker service provides them with a sympathetic human contact for four or five hours a week.

There are many greater obstacles to the maintenance of home ownership among the elderly that will require the attention of Congress and the commitment of significant resources. Rising property taxes and home repair costs are only two of these. To force people out of their homes, however, by a denial of social services is unconscionable.

Over 140 Members of the House have joined in sponsoring the Heinz legislation. The Republican Task Force on Aging joins the strong bi-partisan support for it. As chairman of the task force I urge your support.

Sincerely,

Bob Steele
ROBERT H. STEELE
Member of Congress

RHS:jb

P.S. Please contact James Broder, Task Force staff x50589 or x55107; or Warren Eisenberg in Rep. Heinz' office, x52135.

Republican National Committee.

George Bush, Chairman

Elderly

May 10, 1973

The Honorable Gerald R. Ford
U. S. Representative
U. S. Capitol H-230
Washington, D. C.

Dear Mr. Ford:

Within the past weeks, I have received a large number of letters requesting information on the achievements of the Administration in implementing the recommendations of the White House Conference on Aging. It well may be that you, too, have had inquiries along this line.

Very recently, the Department of Health, Education and Welfare published a 200 page report outlining the responses of the Administration to the White House Conference and, in that report, is an introduction which summarizes extremely well a long list of achievements.

I have had copies of this introduction reproduced and I am enclosing one herewith which I hope may not only prove informative to you but helpful in replying to any questions that may be addressed to you by your constituents.

I would be glad to receive your comments.

With all good wishes,

Sincerely,

Bernard S. Van Rensselaer

Bernard S. Van Rensselaer
Director Senior Citizens Division

INTRODUCTION

When President Nixon addressed the delegates to the White House Conference he noted the characteristic remnants of prior conferences -- stacks of volumes gathering dust. The President said, "I do not want the volumes--and there will be volumes on this Conference--simply to gather dust in the Library of Congress or in the Office of the President..."

Responding to the findings and recommendations of the delegates to the White House Conference is a continuous process. The process was started by the President when he addressed the delegates at the concluding session of the Conference. It was continued when the President sent a Message on Aging to the Congress on March 23, 1972 in which he articulated a comprehensive strategy to meet the needs of older Americans and transmitted recommendations for action.

This report, "Towards a New Attitude on Aging," is the third step in this continuous process. In addition to identifying new actions and commitments that will lead to actions, the report incorporates some of the responses incorporated in the earlier documents. The report also identifies areas where conclusions have not been reached but where explorations are underway designed to facilitate the decision making process.

The report should be read in the light of the following two paragraphs, which appear in the President's 1974 Budget Message under the heading of "Meeting Human Needs":

"The 1974 budget for human resources programs, like the three that have preceded it under this Administration, reflects my conviction that social compassion is demonstrated not just by the commitment of public funds in hope of meeting a need, but by the tangible betterments those funds produce in the lives of our people. My drive for basic reforms that will improve the Federal Government's performance will continue in the coming fiscal year.

Between 1969 and 1974, outlays for Federal human resources programs have increased 97%, while total budget outlays have grown by only 46%. As a result, human resources spending now accounts for close to half the total budget dollar, compared with just over one-third of the total at the time I took office."

The report is built around the four major goals of the President's strategy:

-- assuring an adequate income;

-- assuring appropriate living arrangements;

-- assuring independence and dignity, and

-- assuring institutional responsiveness and a new attitude toward aging.

In each instance a summary is provided of the Conference recommendations (which are provided in detail in another volume), and the Administration's responses to the recommendations.

The report makes clear that the cumulative impact of a series of actions by both the legislative and executive branches of the Federal government has established a momentum which is moving the Nation toward the four major goals. Differences between positions taken by the delegates to the White House Conference and the Administration are differences, in most instances, relative to the acceleration of the momentum rather than over the desirability of achieving the goals toward which the momentum is directed.

Assuring an Adequate Income

The report, which reflects the President's conviction that the best way to help older persons is by "providing them money so that they can secure needed services themselves," identifies the following actions which have contributed to significant momentum in the income area:

-- The passage of the Social Security benefits increases of January, 1970, January, 1971, and September, 1972, plus the changes incorporated in H.R. 1 (P.L. 92-603) mean that the annual income of older persons from these sources will be $14,5 billion more in the calendar year 1973 than it would have been if the increases had not been voted.

-- Social Security benefits have been made inflation-proof.

-- Widows and widowers are now entitled to 100% of the benefits that were paid to their deceased spouse.

-- A Federal-financed floor has been placed under the income of the elderly. This is the first time in the Nation's history that provision has been made for a national income floor for any segment of the population. This provision alone makes H.R. 1 (P.L. 92-603) the most significant piece of Federal legislation in the income area since the Social Security Act of 1935.

-- A major liberalization in the retirement test assures a social security beneficiary that the more he earns the more spendable income he will have.

-- Medicare protection has been extended to the disabled under age 65 who have been receiving Social Security disability benefits for twenty-four months or longer.

-- Medicare beneficiaries will be able to choose to have their covered health care provided through a Health Maintenance Organization (a prepaid group health or other capitation plan that meets prescribed standards).

-- Controls on the health service industry which were established under Phase II of the Economic Stabilization program will be retained and strengthened under Phase III.

In the area of assuring an adequate income the report also includes the following <u>commitments</u> on the part of the Administration--commitments which have or will lead to significant action:

-- An interagency task force of the Human Resources Committee of the Domestic Council will be established to come to grips with the issue of developing a definition of "adequate" income for older persons.

-- Older Americans should receive a fair share of the benefits which will accrue to our society as a result of increased productivity.

-- The President will submit to the Congress a program for strengthening and encouraging the growth of the private retirement system and protecting the pension rights of workers from loss caused by changing jobs or mismanagement of pension funds.

-- The President has stated that he "will submit to the Congress recommendations for alleviating the often crushing burdens which property taxes place upon many older Americans."

-- The President will submit to the Congress a fiscally responsible and administratively workable national health insurance plan. In the development of the plan, consideration will be given to coverage issues which are directly applicable to the concerns expressed by the delegates to the White House Conference relative to areas not now covered by Medicare.

-- Specific recommendations by minority groups relative to the income area are under study by the Social Security Administration and, when completed, the results of the study will be discussed with the representatives of these groups.

Assuring Appropriate Living Arrangements

The report identifies the following actions which have contributed to the development of significant momentum in improving living arrangements:

-- Since 1969, the Federal government has approved approximately 250,000 units specifically designed for the elderly, more such units than in the entire 34-year history of the national housing program preceding 1969.

-- In Fiscal Year 1972, nearly 68,000 units of subsidized housing specifically designed for the elderly were funded.

-- During the Fiscal Year 1973, while a review of housing policy is underway and the level of subsidized housing starts during calendar year 1973 is expected to exceed the previous year's levels, the Federal government will continue to honor commitments already made.

-- The Department of Housing and Urban Development has initiated organizational changes, including the establishment of the position of Assistant to the Secretary for Programs for the Elderly and the Handicapped, designed to insure that its programs are responsive to the needs of older persons.

-- Vigorous implementation of the President's eight-point program for upgrading nursing homes will continue--an activity which has been strengthened significantly as a result of the Congressional acceptance of the President's proposal that the Federal government assume full responsibility for the costs of inspection of Medicaid nursing homes.

-- The President's program will be strengthened further by the issuance of regulations governing Intermediate Care facilities under Medicaid.

-- The Department of Housing and Urban Development and the Law Enforcement Assistance Administration have set up a multi-agency task force to seek ways of improving security in public housing projects.

-- The Department of Housing and Urban Development is undertaking a series of experiments to evaluate a program of "housing allowances" for low and moderate income families. These experiments are testing the effect on the housing market of recipients' freedom to use their allotments for renting a house or apartment anywhere they choose.

In the area of assuring appropriate living arrangements the report also includes the following commitments on the part of the Administration--commitments which have or will lead to significant actions:

-- The special problems and needs of elderly persons will be given thorough consideration in connection with the major housing study now underway under the direction of the President's Counsellor for Community Development. Included, among others, in the study will be the following agenda items on which delegates expressed concern:

-- policies that will help assure that the elderly have greater access to adequate housing within their means;

-- the problem faced by older persons with low incomes, including members of minority groups;

-- the concept that older persons should have the opportunity of choosing the type of housing that is best suited to their needs.

-- The special problems and needs of older persons will be given thorough consideration in the development of the proposed Better Communities Act which the President will submit to the Congress and in its implementation upon enactment.

-- Affirmative action has been and will continue to be taken to insure that when Federally assisted projects force persons to relocate that adequate replacement units will be available before persons are displaced.

-- The Administration will support the use of model project funds by the Administration on Aging, in conjunction with the Department of Housing and Urban Development, for demonstration home maintenance programs.

-- The development of policies in the area of long-term care based on in depth studies by the Office of Nursing Home Affairs of the quality of institutional care, the alternatives to instutional care, and on ongoing data collection and analysis.

Assuring Independence and Dignity
and
Institutional Responsiveness

The discussion of the above two goals is being combined in this Introduction in order to point up an Administration strategy which will be of major significance to both today's and tomorrow's older persons. This strategy calls for the coordination of programs involving the expenditures of hundreds of millions of Federal dollars in the field of aging.

The President in his special message on Aging stated that he was directing those agencies whose programs have a major impact on the lives of older persons to provide the Cabinet-level Committee on Aging with an identification of the amounts they plan to spend during the current fiscal year to meet the needs of the elderly. This has been done. The results are set forth in Table I on page 103 of this report. Here are the highlights:

-- $55.846 billions of the Federal Government's total expenditures will be in the field of aging (older persons 65 and over)

-- $45.604 billions of the expenditures in aging will take place as a result of trust fund financing

-- $10.242 billions of the expenditures in aging will take place as a result of general revenue financing

-- $1.832 billions of expenditures in aging from general revenues will be made in order to support housing and service programs for older persons.

These figures do not take into consideration the extent to which 38,000 State and local governmental units may use some of the new Federal dollars made available to them under General Revenue Sharing to initiate or strengthen programs in the field of aging. Under the law one of the eight priority areas for which local governments can use these funds, if they take affirmative action to do so, is "social services for the poor or aged."

In the light of the magnitude and wide range of the Federal resources for the services for older persons, and in accordance with his basic strategy, the President has directed that "an intense new effort to develop coordinated services be undertaken." He wants to make sure that those large sums are spent in such a manner as to be of maximum benefit to older persons.

The report identifies and discusses the following actions which have been taken in order to move toward the goal of assuring older persons independence and dignity:

-- In conformity with its decision to work with States, local communities and the private sector in a new effort to bring into existence comprehensive service programs for older persons at the community level, the Administration has taken, among others, the following actions:

-- The President has submitted to the Congress proposals for strengthening and expanding service delivery programs under the Older Americans Act.

-- Under the Adult Services provisions of the Social Security Act the Federal Government, within a ceiling for each State related to an overall national ceiling of $2.5 billion, will provide funds to pay 75 per cent of the cost of services that enable older individuals receiving public assistance to remain in their homes or return to their residences after hospitalization.

-- Under General Revenue Sharing, Federal dollars may be used by both State and local governments, if they choose to do so, to support coordinated and comprehensive service programs for older persons.

-- The Administration will encourage local communities to utilize Federal dollars that are now or will be available in such a manner as to include in comprehensive and coordinated programs at the local level services such as the following: health services through health maintenance organizations, homemaker-home health aide services, mental health services, health and medical planning, personal care following hospitalization, services for the physically and mentally handicapped, services in the field of education, transportation services, housing services, nutrition services, operation of senior centers, home repairs, home visitation, telephone reassurance services, counseling, training and placement programs for those interested in employment or in participating as volunteers in community service activities, legal services, and information and referral services.

-- A National Health Service Corps has been established which, in addition to other responsibilities, can demonstrate the feasibility of providing health services to the elderly in many inner city and remote rural areas lacking professional medical assistance.

-- The Administration has spearheaded a national voluntary effort to implement programs designed to help older men and women in 300 communities live dignified lives in the familiar settings of their own homes.

-- The Department of Housing and Urban Development is funding demonstration programs to improve tenant services provided by local communities to residents in public housing including the elderly.

-- In light of its conviction that opportunities for employment and voluntary service in all sectors of society must be made available to older Americans, the Administration has taken, among others, the following actions:

-- The President has sent a directive to the heads of all Federal departments and agencies stating that age shall be no bar to a Federal job which an individual is otherwise qualified to perform.

-- In Fiscal Year 1973, money for manpower programs for older workers was doubled.

-- The President has directed the Department of Labor to work with public employment service to open job opportunities, including part-time job opportunities for those 65 and over, both in the public and private sectors.

-- The Administration supports the use of model project funds by the Administration on Aging, in conjunction with the Department of Labor, for the development of employment services for older persons.

-- Volunteer programs for older persons have been markedly expanded, including a doubling of funds for the Foster Grandparents program, and a tripling of funds for the Retired Seniors Volunteer Program. The elderly are also a central part of the large volunteer group participating in the Veterans Administration medical programs.

-- In the light of its belief that educational opportunities for older persons should be included in community level comprehensive and coordinated service programs for older persons, the Administration has taken the following actions:

-- Guidelines furnished the States under the Older Americans Act will provide that due consideration be given to educational services in the planning of service programs.

-- The Administration will support the use of Administration on Aging model project funds to inaugurate, in conjunction with the Office of Education, demonstration projects designed to establish education services for older persons.

-- The Administration will pursue a policy of encouraging States, local school districts and institutions of higher learning, where appropriate, to use a larger proportion of Federal funds allocated to them, including vocational and adult education funds, to provide older persons with educational opportunities.

-- The Veterans Administration is actively engaged in educational programs benefiting elderly veterans.

-- Consistent with its belief that a high priority should be given to developing access to transportation for older persons, the Administration has taken, among others, the following actions:

-- The President has directed that all Federal grants which provide services for older persons also insure that the transportation needed to take advantage of these services is available.

-- The Secretary of Health, Education, and Welfare has directed that guidelines be developed to assure that transportation is included in the State plans that will be developed under the amendments to the Older Americans Act.

-- The Department of Transportation has issued guidelines for applicants for grants under the Urban Mass Transportation program which require that the transit plan submitted with applicants include consideration of the service needs of older persons.

-- The Administration is ready to give priority consideration to community requests for helping, to deal with the Transportation problems of older persons through capital grants from the Urban Mass Transportation Fund.

-- The Administration supports the use of Administration on Aging model project funds for the development of methods and programs, in conjunction with the Department of Transportation, to increase the mobility of older persons.

-- The President has recommended that funds now in the Highway Trust Fund be used by States and localities to expand resources in the mass transportation area--a step that could result in the provision of greater mobility for older persons.

-- The Office of Consumer Affairs has taken significant actions designed to deal with the unique problems of older persons in the area of consumer protection and education.

-- Consideration will be given to the unique needs of older persons in formulating a legislative proposal to establish a legal services corporation.

-- The President has directed the Social Security Administration field offices to expand their information and referral services for older persons.

-- The President has included in his 1974 budget $100 million to implement the Nutritional Program for the Elderly which is authorized under the Older Americans Act.

The report identifies and discusses the President's <u>commitment</u> to an "intense new effort to develop coordinated services" directed toward the goal of assuring older persons independence and dignity. This commitment will result, among others, in the following moves:

-- An interagency task force will develop, in response to the President's directive, plans for coordinating the use of Federal resources in the field of aging (see Table I on page 104 of the report).

-- The heads of departments and agencies that have programs in the field of aging will designate persons to coordinate their programs for older persons with the understanding that the persons so designated will report to the Secretary or agency head on such matters.

-- Each Federal Regional Council has or will establish a committee on aging in order to accelerate the development of comprehensive and coordinated programs for the delivery of services to older persons at the community level.

-- The Administration on Aging will provide information concerning proposed Federal expenditures in aging to the States so that it can be utilized in State and local planning; and States will be provided with the opportunity of transmitting their views on proposed Federal programs.

-- The Administration is committed to a sharpening up of the Federal Government's objectives in the area of research in aging and then, in response to a Presidential directive, coordinating and focusing Federal resources on the achievement of these objectives.

-- The Administration will provide a focal point within the Federal governmental structure to assist those colleges and universities that have made or will make a commitment to the field of aging to relate to Federal policies (1) for providing financial assistance for students in higher education, (2) for providing central coordination for programs of research in aging, and (3) for using Federal dollars to encourage the development of comprehensive and coordinated service programs for older persons at the community level.

-- The views of voluntary agencies will be solicited in the establishment of comprehensive and coordinated systems for the delivery of social and nutritional services.

-- The Administration on Aging will require state planning groups on aging to include representatives of minority groups on their advisory bodies.

The coordination of existing Federal resources in the field of aging will be pursued with vigor and determination. In view of the large sums of money that are involved, the impact of such an effort will constitute a truly significant response to many of the recommendations of the delegates to the White House Conference on Aging. The President is determined to use the powers of the Presidency in such a manner as to bring about such a result.

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It is clear that this report cannot properly be viewed as the end of the process. The work must--and will-- go on. It must go on in order, as the President has urged, "to make ours a time of which can be said, 'the glory of the present age is that in it men and women can grow old' -- and can do so with grace and pride and dignity, honored and useful citizens of the land they did so much to build."

UPI031
(AGED)

WASHINGTON (UPI) -- CONGRESS HAS OVERWHELMINGLY APPROVED A COMPROMISE BILL TO AID THE ELDERLY AFTER DEMOCRATS WORKED OUT AN INFORMAL AGREEMENT WITH THE WHITE HOUSE TO REDUCE ITS PRICE TAG.

THE INFORMAL COMPROMISE WITH THE WHITE HOUSE CALLS FOR A $543.6 MILLION EXPENDITURE OVER THREE YEARS FOR CERTAIN PROGRAMS IN THE BILL, WHILE MAJOR AID TO THE ELDERLY PROJECTS WOULD ALLOW SO-CALLED "OPEN END AUTHORIZATIONS," MEANING NO AUTHORIZATION CEILING WAS SET AND CONGRESSIONAL APPROPRIATIONS COMMITTEES WOULD DETERMINE THE ACTUAL MONEY.

THE SENATE APPROVED THE NEW LEGISLUTION ON A VOICE VOTE AND THE HOUSE PASSED BY A 348 TO 0 COUNT.

THE MEASURE WOULD PROVIDE NUTRITIONAL AID TO THE ELDERLY, SUCH AS A FREE HOT MEAL EACH DAY, PLUS CONSTRUCTION OF SENIOR CITIZENS' CENTERS AND TRAINING PROJECTS FOR THE ACTIVE ELDERLY TO WORK WITH AGED SHUT-INS.

UPI 04-19 09:40 AES

UPI173

(AGED)

WASHINGTON (UPI) -- DEMOCRATS SAID WEDNESDAY THEY HAD REACHED AN INFORMAL AGREEMENT WITH THE WHITE HOUSE ON A PROGRAM OF AID TO THE ELDERLY WHICH PRESIDENT NIXON VETOED LAST YEAR AND SAID HE WOULD REJECT AGAIN IF THE PROPOSED SPENDING WAS NOT CUT BACK.

THE SENATE AGREED BY VOICE VOTE TO THE COMPROMISE MEASURE AND ITS SPONSORS HOPED FOR FINAL HOUSE ACTION BEFORE THAT BODY STARTS ITS EASTER RECESS FRIDAY.

CONGRESS SENT NIXON A $1.9 BILLION, THREE-YEAR OLDER AMERICANS ACT LAST YEAR, WHICH COMPARED WITH HIS BUDGET PROPOSALS TOTALLING $500 MILLIONOVER TWO YEARS. HE VETOED THE MEASURE ON GROUNDS IT WAS EXCESSIVE AUTHORIZATION.

THE HOUSE REWROTE THE MEASURE THIS YEAR CUTTING IT BACK TO $1.3 BILLION, AND THE SENATE APPROVED ITS OWN BILL OF $1.5 BILLION. THE INFORMAL COMPROMISE WORKED OUT BY SEN. THOMAS F. EAGLETON, D-MO., AND REP. JOHN BRADEMAS, D-IND., WITH THE WHITE HOUSE WOULD AUTHORIZE $543.6 MILLION OVER THREE YEARS FOR CERTAIN PROGRAMS IN THE BILL, WHILE MAJOR AID TO THE ELDERLY PROJECTS WOULD ALLOW SO-CALLED "OPEN END AUTHORIZATIONS," MEANING NO AUTHORIZATION CEILING WAS SET AND THE RESPECTIVE APPROPRIATIONS COMMITTEES WOULD DETERMINE THE ACTUAL MONEY.

THE ORIGINAL BILL WAS ONE OF THE 14 MEASURES NIXON VETOED LAST YEAR AND WHICH DEMOCRATS PLEDGED TO REPASS, DARING ANOTHER VETO WHICH THEY HOPED COULD BE OVERRIDDEN. DEMOCRATS HAVE FAILED TO OVERRIDE TWO SUCH NEW VETOES OF OTHER BILLS SO FAR THIS YEAR BUT THEY HAD SAID ALL ALONG THE OLDER AMERICANS ACT OFFERED THE BEST CHANCE OF OVERRIDE.

PROGRAMS IN THE MEASURE PROVIDE NUTRITIONAL AID TO THE ELEDERLY, SUCH AS A FREE HOT MEAL A DAY, PLUS CONSTRUCTION OF SENIOR CITIZENS CENTERS AND TRAINING PROJECTS FOR THE ACTIVE ELDERLY TO WORK WITH AGED SHUTINS.

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sources — Reforms Structure Urged

URRAY SCHUMACH

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62, Column 3

Bank

By R. W. APPLE Jr.
Special to The New York Times

WASHINGTON, April 18 — President Nixon's striking statement about the Watergate case yesterday was in keeping with his reliance on bold action in the face of crisis. By taking the counteroffensive, his associates in the White House believe, he hopes to show that he sinned not but was sinned against, to portray himself as the prosecutor and not the protector of those to be prosecuted. It is, in effect, a preemptive strategy. Get the possible culprits before the grand jury and let the courts work their will; settle the civil suits out of court; above all, demolish the subsidiary issue that had become paramount in recent days: "The White House cover-up." Having done all that, so the thinking goes, there is little to worry about from the Senate's investigation, which certainly threatened to do more damage politically than any other conceivable proceeding.

News Analysis

But why did Mr. Nixon suddenly decide that the moment of crisis, the moment for riposte, had finally arrived?

One thing is clear. He would never have arrived at the point represented by his two announcements yesterday without the relentless pursuit of the bugging episode by the press, by Senator Sam J. Ervin Jr. of North Carolina, chairman of the investigating committee, and by Federal Judge John J. Sirica, who presided over the trial of the Watergate conspirators.

The President and most of his advisers, as well as large numbers of people outside the White House, thought the issue had been buried in Mr. Nixon's landslide victory of last November. The issue had not taken hold during the electoral campaign, most political analysts now agree, because the elec-

Continued on Page 34, Column 2

COMPROMISE BILL WILL AID ELDERLY

Congress Passes Measure After Accord With White House Ends Veto Threat

By MARJORIE HUNTER
Special to The New York Times

WASHINGTON, April 18 — After months of being at loggerheads over spending issues, Congress and the White House reached agreement today on major legislation that President Nixon had earlier threatened to veto.

As approved by both houses of Congress and sent to the White House, the compromise would extend for three years a series of programs to aid the nation's elderly, but at sharply reduced levels.

President Nixon had vetoed similar legislation last fall and had said that he would veto a revised version passed overwhelmingly this spring by both the Senate and the House.

Stalemate Delayed Law-Making

The compromise marked the first break in a pattern that had Congress passing bills, the President vetoing them and Congress subsequently agreeing to sustain the President's vetos.

Because of this stalemate between the White House and the Congress, virtually no new legislation has become law so far this year.

The compromise on the bill

Continued on Page 30, Column 3

Levy, Antiwar Army Physician, Wins a Reversal of Conviction

By WAYNE KING
Special to The New York Times

PHILADELPHIA, April 18 — The United States Court of Appeals for the Third Circuit declared today that two key provisions of the Uniform Code of Military Justice that led to the court-martial conviction of an anti-war Army doctor, Capt. Howard B. Levy, six years ago were so vague as to be unconstitutional.

The court also ruled that the conviction of Captain Levy on a charge of disobeying an order violated Constitutional guarantees of due process, and it ordered a new trial within 90 days on that charge.

Dr. Levy has been fre- ...

year sentence imposed by the court-martial at Fort Jackson, S. C.

In its rulings, a three-judge panel here declared Mr. Levy's conviction on five counts of violation of the military code invalid because of unconstitutionality.

Four of the counts were brought under two articles of the Uniform Code of Military Justice dealing with conduct unbecoming an officer. The fifth charge was based on an article on willfully disobeying an order.

In reversing the decision of a Federal ...

any of those colleagues.

There was no official announcement from the Justice Department about Mr. Kleindienst's decision nor about further indictments. But there was wide-ranging speculation in the Capitol about who and how many persons would be accused. Among those figuring prominently in the speculation were thhe following:

¶John N. Mitchell, the former Attorney General who was Mr. Kleindienst's superior in the Justice Department for three years.

¶John W. Dean 3d, the White House counsel who served under Mr. Mitchell and Mr. Kleindienst in the Justice Department in 1969 and 1970.

¶Maurice H. Stans, the former Commerce Department Secretary who served as a chief fund raiser for Mr. Nixon in the 1972 campaign.

¶Jeb Stuart Magruder, former deputy director of the Committee for the Re-election of the President and now a Commerce Department official.

¶Gordon C. Strachan, a former White House staff aide who is now general counsel of the United States Information Agency.

Mitchell Lauds Decision

Mr. Mitchell said in a telephone interview tonight that he did not believe "any inferences should be drawn one way or the other" from Mr. Kleindienst's decision.

He called that decision an "entirely appropriate and correct decision for Dick to have taken" because of the Attorney General's "past associations" with a number of the people who have figured prominently in the Watergate speculation.

Mr. Mitchell said that what Mr. Kleindienst had done was "common practice" in private law as well as in the Justice Department. He said that if Mr. Kleindienst stayed with the investigation, "no matter what he did he would be accused of playing politics because he knew so many of the people who have been mentioned in this thing."

However, Mr. Mitchell insisted, it would be a "serious mistake" to read into Mr. Kleindienst's decision the "implication" that those who have appeared before the Watergate grand jury — including Mr. Mitchell himself — would be prosecuted.

Mr. Mitchell, who was reported to have conferred with President Nixon sometime last weekend, sounded confident and relaxed during the conversation. He refused to discuss any of the other former or present Administration officials who have been con-

Continued on Page 34, Column 3

Compromise Bill Will Aid the Elderly

Continued From Page 1, Col. 7

for the elderly was worked out in negotiations between key members of Congress and Administration officials. It is the first such compromise this year on major legislation that the President had either vetoed or threatened to veto.

As passed last month by the House by a vote of 329 to 69, the bill authorized a three-year, $1.4-billion extension of social services and employment assistance to the elderly. The Senate version, approved in late February by a vote of 82 to 9, authorized a three-year, $1.5-billion extension.

$543-Million Agreed On

The compromise calls for $543-million, most of it for the first year, with so-called open-ended authorizations for the subsequent two years—that is, money figures will be set later in appropriation legislation.

The compromise is thus far closer to what the Administration had wanted than were the earlier versions, although Senator Thomas F. Eagleton, Democrat of Missouri, the author of the original bill, termed the changes "largely cosmetic."

The agreement, and subsequent Senate approval of the compromise, came as both houses of Congress sped through a busy day, hoping for an early recess for Easter.

Among other actions today were the following:

¶Both Houses, in a rebuff to the President, approved and sent to the White House a money bill continuing three existing student-aid programs for another year instead of switching to a new plan favored by the Administration.

¶The House shelved a Democratic-backed bill to continue an emergency program of public-service employment.

¶Congress postponed, at least until April 30, final action on legislation to continue President Nixon's authority to regulate wages and prices for another year. The President's current authority expires on April 30. 2

¶The House approved and sent to the Senate a money bill that includes $58-million to extend the west front of the Capitol.

¶The House opened debate on a three-year, $20-billion highway-construction bill and planed to vote tomorrow on the key issue whether cities should be allowed to use their highway money for mass transit.

In vetoing the bill on aid for the elderly last fall, shortly after Congress adjourned, President Nixon termed the bill fiscally irresponsible and complained that it provided duplication of services offered under other programs.

White House aides made much the same complaints about the revised version passed by Congress this year and promised another veto.

Negotiations that led to the compromise were initiated after the Senate earlier this month upheld the President's veto of a bill to provide vocational rehabilitation for the handicapped and the House upheld the President's veto of a bill to provide rural-water and sewer grants.

Democratic leaders, conceding that President Nixon appeared to hold the upper hand, were reluctant to risk another defeat by White House supporters and were ready for a compromise.

While amounts have been trimmed sharply in the compromise, it still provides a wide range of services, including low - fare transportation, nutrition programs, assistance in the home, multipurpose centers for senior citizens and continuation of the foster-grandparents program.

The major deletion from the earlier version was a new program to provide public-service employment for the elderly.

While skirting one veto by reaching the compromise on aid to the elderly, Congress set the stage for a possible veto by ignoring the President's demands for a change in student-aid programs.

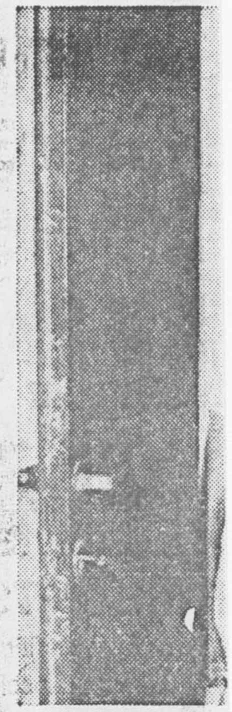
As approved and sent to the White House, the supplemental appropriations bill includes funds to continue existing student-aid programs — direct Federal loans, grants for needy students and payments for part-time campus work—at their present funding levels.

$872-Million Student Aid

President Nixon had requested $872-million for student aid—the sum now approved by Congress—but wanted money taken away from two of the programs so that $622-million could be put into a new grant program enacted last year.

Congress decided that the new program was too complex to put into effect fully in the coming academic year, so it rushed through its own plan to continue the three existing programs at present levels and the new one at a more modest level of $122.1-million.
level of $122.1-million.

The House, meanwhile, saw the collapse today of Democratic efforts to extend for two years a program of public-service employment, begun when unemployment began climbing two years ago.



MEMO TO MR. FORD FROM MR. MILTICH ~~Elderly~~ aging

You may recall that Mr. Van Renssalaer of the National Committee sent us a questionaire re: senior citizens and election campaigns and that we scored zero on senior citizen political activity in the Fifth District. On Friday I talked at length with Mr. Van Renssalaer. He suggested that we should do the following:..(and I would assume that Gordie Vander Till would be the one to do this):

1. Get up a list of senior citizens centers in the District. These are funded in part by the Federal Government and are becoming centers for political discussion. Each center is administered by two or three professionals, usually Democrats. But each center has an organization made up of the senior citizens themselves.

2. Find out who the organization leaders are in each center.

3. Make contact with the American Association of Retired Persons, the National Retired Teachers Association, and the National Association of Retired Federal Employes. Find out where they are located and whether they have chapters in the District. Van Renssalaer claims these groups are "predominantly conservative and Republican." Find out who the state president is. "You want him on your side." Also the officers of each chapter in the district.

4. Make friends with these individuals (those mentioned above).

5. Find out what the problems of the senior citizens are.

6. The GOP has to identify and seek to solve older Americans' problems and to involve older citizens in the life of the community.

7. Write a letter to all of the senior citizen leaders. Tell them you want to get to know them, get to know their problems.

8. Set up a meeting with the senior citizen leaders. Talk with them. Van Renssalaer says, "You'll get an education." They'll say the President is against them. You'll have to tell them, "You're wrong. I've talkdd this over with the President. We can't handle these problems on a patchwork basis. We've got to have a program for the aging, and we're working on it."

9. When you have the meeting, invite in the TV stations and try to get the paper to send out a photographer. Get yourself identified as a friend of the old folks.

10. After making friends with senior citizen leaders, ask one of them to act as the Senior Citizens Chairman in the District--as a Ford-for-Congress Volunteer. But pay his carfare and incidental expenses, says Van Renssalaer.

11. Take the Van Renssalaer Questionnaire and follow through on all steps you feel will be useful for the 1972 campaign. The base has to be your contacts with the senior citizens. It might be good to get the names of senior citizens groups at churches as well as the others.

12. Have your Senior Citizens District Chairman form a Senior Citizens For Ford Committee. Build up a mailing list of Senior Citizen Volunteers and involve them in your campaign. Get them interested in Ford. They'll be interested in you if you are interested in them.

(MORE)

ADDENDUM:

Van Renssalaer says that Nixon's image with older Americans is "bad." He says everybody knows Congress is going to pass a 10 per cent Social Security benefits increase and yet Nixon has recommended a 6 per cent increase. This, Van Renssalaer says, makes senior citizens think the President will veto a 10 per cent increase. The President, he says (and I certainly agree), should come out for a 10 per cent SS. increase since that's what it's going to be anyway. Van R. also says that the Budget Bureau has emasculated the Administration on Aging. He says the Democrats will restore the cuts and then make political hay out of the situation. Van R. says the President should also remedy this. He continues: "We're working against a deadline. The Senate Special Committee on Aging is going to hold hearings starting March 25 under Frank Church and they are going to spotlight the downgrading of the Administration on Aging and the President's 6 per cent Social Security recommendation. The President should say and do something between now and then and give his Administration's entire approach to the problems of the aging a new direction."

Van R. claims that 70 per cent of the senior citizens actually get to the polls and vote. He says there are 20 million people over 65 in this country and another 9 million between 60 and 65 getting ready to retire. If the President doesn't get a majority of this vote, says Van R., he can't win in 1972 in a close election.

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