

Calendar No. 212

91ST CONGRESS }
1st Session }

SENATE

{ REPORT
No. 91-223

ELIMINATION OF DUTY ON CRUDE CHICORY ROOTS

MAY 29, 1969.—Ordered to be printed

Mr. LONG of Louisiana, from the Committee on Finance,
submitted the following

REPORT

[To accompany H.R. 8644]

The Committee on Finance, to which was referred the bill (H.R. 8644) to make permanent the existing temporary suspension of duty on crude chicory roots, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

PURPOSE OF HOUSE BILL

The bill as it passed the House, and as it has been approved by the Committee on Finance, would make permanent the existing temporary suspension of duty on crude chicory roots.

COMMITTEE AMENDMENT

The Committee on Finance has added a new section to the bill which would repeal the limitation on Federal participation in aid to families with dependent children. Under present law, this limitation is scheduled to become effective on July 1, 1969.

ELIMINATION OF DUTY ON CRUDE CHICORY ROOTS

Public Law 85-378, approved April 16, 1958, provided for the suspension of duty on crude chicory (except endive) for a period of 2 years. This legislation also provided that the duty on chicory, ground or otherwise prepared, would be 2 cents per pound for the period during which the duty on crude chicory was suspended. This suspension of duty on crude chicory and reduction in the duty on ground chicory has been successively extended on a temporary basis as follows:

Public Law 86-441, April 22, 1960;

Public Law 86-479, June 1, 1960;

★(Star Print) 98-010

Public Law 88-49, June 29, 1963; and
Public Law 89-439, May 31, 1966.

The temporary duty treatment for crude and ground chicory provided in Public Law 98-439 will terminate on June 30, 1969.

No chicory has been grown in the United States since 1954 and domestic processors of chicory depend on imports of crude chicory. The temporary suspension of duty on crude chicory and the temporary reduction in duty on ground chicory provided in Public Law 85-378 and extensions thereof provided domestic producers of ground chicory with a 2-cents-per-pound rate differential between imports of crude chicory on which they depend and imports of ground chicory with which they compete. The 2-cents-per-pound rate differential has been in effect since Public Law 85-378 was approved on April 16, 1958.

As a result of the Kennedy round of trade negotiations, the regular rate of duty on crude chicory under item 160.30 of the tariff schedules is being reduced from 1 cent per pound to 0.5 cent per pound in 5 annual stages, the last stage scheduled to become effective on January 1, 1972. The existing rate of duty (except for the temporary suspension) is 0.8 cent per pound. Similarly, the regular rate of duty on ground chicory under item 160.35 of the tariff schedules is being reduced from 2.5 cents to 1.5 cents per pound in 5 annual stages as a result of the trade agreement reached in the Kennedy round. The existing rate of duty on ground chicory (except for the temporary reduction to 2 cents per pound) is 2.1 cents per pound, the final stage of the reduction to 1.5 cents per pound to become effective on January 1, 1969.

Thus, unless H.R. 8644 is enacted, the existing regular rates of duty on crude and on ground chicory provided by item 160.30 and 160.35, respectively, will become effective on July 1, 1969, and under these circumstances, the differential between the rates of duty on crude and ground chicory will be reduced from the present 2 cents to 1.3 cents per pound on July 1, 1969, and to 1 cent per pound on January 1, 1972, the final stage of the Kennedy round reductions.

The Committee on Finance is unaware of any objection to this bill, and no objection was received from the interested departments and agencies.

REPEAL OF LIMITATION ON FEDERAL PARTICIPATION IN AID TO FAMILIES WITH DEPENDENT CHILDREN

During its consideration of the Social Security Amendments of 1967, the House Ways and Means Committee recommended a major new approach to the reduction of dependency in the program of aid to families with dependent children. The basic features of the new approach included work training, work incentives through earnings exemptions, and day care for the children of working mothers. To insure that States would rapidly implement this major new program, the committee placed a limitation on Federal participation in aid to families with dependent children. The limitation, which would have become effective in January 1968, was related to the proportion of children who were receiving AFDC because of the absence of a parent from the home.

The Senate Committee on Finance endorsed the basic approach of the House bill—the reduction of dependency through employment—but it proposed a broader and more comprehensive work incentive program. The committee felt that in view of these major changes, it was no longer necessary to place a limitation on Federal participation in AFDC. The Senate version of the social security amendments contained no such limitation.

While the House conferees were unwilling to have their limitation deleted, they did agree to delay its effective date until July 1, 1968.

As signed into law, the Social Security Amendments of 1967 placed a limitation on Federal participation in aid to families with dependent children (the "AFDC freeze") related to the percentage of the child population under age 18 receiving welfare because of the absence of a parent from the home. The percentage this type of child represented of the total child population was to be calculated during the base period (January to March 1968). For each calendar quarter beginning July 1968, the "freeze percentage" was to be multiplied by the child population on the previous January 1 to determine the total number of children receiving AFDC because of an absent parent for whom there would be Federal matching. The limitation thus allowed for an upward adjustment only once annually, in recognition of the growth of the State's total child population. Despite the limitation, the States would still be required under Federal law to provide assistance promptly to every needy child meeting the State's eligibility standards—but the entire cost of assistance to children in excess of the limit would be borne by the States and localities, with no Federal matching.

In 1968, the Senate again voted to repeal the AFDC freeze as an amendment to the bill which became the Revenue and Expenditure Control Act of 1968. At that time, litigation in several States (related to duration of residence requirements and the eligibility of families to receive assistance when there was a man in the house not married to the mother of the family) threatened to modify State eligibility requirements and add substantial numbers of new AFDC recipients to the rolls. At the same time, Federal funds had not even been appropriated to initiate the work incentive program.

The House conferees again refused to repeal the limitation. They did agree to postpone the effective date for 1 year (until July 1, 1969) and to make special provision for increases in the AFDC rolls by the second quarter of calendar year 1969 as the result of—

any decision by a court of the United States of competent jurisdiction in any case or controversy in which there is decided the issue of the validity, under the United States Constitution, of any law, rule, regulation, or policy of a State under which aid to families with dependent children is denied to individuals otherwise eligible therefor because of failure to meet duration of residence requirements or because of the relationship between a male individual and the mother of the child or children with respect to whom such aid is sought.

At the time the conferees acted, it was anticipated that the Supreme Court would soon rule on the duration of residence and man-in-the-house cases, and that the decisions, if they ruled out these eligibility

requirements, would be based on constitutional grounds. However, only the decision to eliminate the man-in-the-house rule was made in 1968—and that ruling was made on statutory, rather than constitutional grounds.

It was not until April 21, 1969, that the Court handed down a decision that would force States to eliminate eligibility requirements based on length of residence. This decision was made on constitutional grounds. Last year's decision affected 18 States; this year's would affect some 40 States.

The Department of Health, Education, and Welfare has estimated that an increase in the AFDC rolls ranging from 200,000 to 400,000 recipients might result from the elimination of the man-in-the-house rule; another 100,000 to 200,000 AFDC recipients might be added to the rolls as a result of the elimination of duration-of-residence eligibility requirements.

For the most part, under present law there would be no Federal participation on behalf of the children added to the rolls as the result of the Supreme Court's decisions. Children added who would have formerly been ineligible under a man-in-the-house rule are not covered by the special provision added to the law last year, since the Court's decision was made on statutory rather than constitutional grounds. Last year's special provision was aimed at adjusting the AFDC limitation to take into account cases added because of court decisions; the added cases were to be measured in the second quarter of 1969. But since the Court's decision on duration-of-residence eligibility requirements was not made until April 21 of this year, most additional cases relating to this decision will be added to the rolls after the second quarter of 1969, and will be in excess of the freeze limitation.

There is another important consideration. The basic purpose of the original House limitation was to provide a strong incentive for the States to move rapidly to implement the work incentive program. Neither the Federal administrators nor the States have done so. Implementation of the program has been so slow that the new administration was able to reduce the budget requests for the work incentive program by \$35 million simply on the grounds that the funds could not be used.

The Department of Health, Education, and Welfare estimates that the limitation in existing law would reduce Federal participation in AFDC by \$322 million in fiscal year 1970.

For these reasons, the committee recommends a third time that the limitation on Federal participation be deleted.

CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets; new matter is printed in *italic*; existing law in which no change is proposed is shown in *roman*):

TARIFF SCHEDULES OF THE UNITED STATES
SCHEDULE 1.—ANIMAL AND VEGETABLE PRODUCTS

Item	Articles	Rates of duty	
		1	2
	PART 11.—COFFEE, TEA, MATÉ, AND SPICES		
	Subpart A.—Coffee and Coffee Substitutes, Tea, Maté		
160.30	Chicory roots: Crude.....	【0.8¢ per lb.】 <i>Free.</i>	2¢ per lb.

APPENDIX TO THE TARIFF SCHEDULES

PART I.—TEMPORARY LEGISLATION

Item	Articles	Rates of Duty		Effective Period
		1	2	
	Subpart B.—Temporary Provisions Amending the Tariff Schedules			
903.20	Chicory roots (provided for in part 11A, schedule 1): Crude (item 160.30).....	Free.....	Free.....	On or before 6/30/69.
903.21	Ground or otherwise prepared (item 160.35).....	2¢ per lb.....	2¢ per lb.....	On or before 6/30/69.

SOCIAL SECURITY ACT

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TITLE IV—GRANTS TO STATES FOR AID AND SERVICES
TO NEEDY FAMILIES WITH CHILDREN

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Payment to States

Sec. 403(a) from the sums appropriated therefor, the Secretary of the Treasury shall [(subject to subsection (d))] pay to each State which has an approved plan for aid and services to needy families with children, for each quarter, beginning with the quarter commencing October 1, 1958—

* * * * *

[(d) (1) Notwithstanding any other provision of this Act (except the succeeding paragraphs of this subsection), the average monthly number of dependent children under the age of 18 who have been deprived of parental support or care by reason of the continued absence from the home of a parent with respect to whom payments under this section may be made to a State for any calendar quarter after June 30, 1969, shall not exceed the number which bears the same ratio to the total population of such State under the age of 18 on the first day of the year in which such quarter falls as the average monthly number

of such dependent children under the age of 18 with respect to whom payments under this section were made to such State for the calendar quarter beginning January 1, 1968, bore to the total population of such State under the age of 18 on that date.

【(2) In the case of any State which is determined by the Secretary to have effectuated, in compliance with or in reliance upon or in consideration of a judicial decision (as defined in paragraph (3)), a policy of providing aid to families with dependent children under its State plan approved under this part to or on behalf of individuals who, except for such policy, would not be eligible for such aid, the average monthly number of dependent children under the age of 18 who have been deprived of parental support or care by reason of the continued absence from the home of a parent with respect to whom payments under this section were made to the State for the calendar quarter beginning January 1, 1968, shall, for purposes of applying the provisions of paragraph (1), be increased by the average monthly number, in the calendar quarter beginning April 1, 1969, of children under the age of 18 who are deprived of parental support or care by reason of the continued absence from the home of a parent and who by reason of such policy began to receive such aid after March 1968 and received such aid during the calendar quarter beginning April 1, 1969.

【(3) As used in paragraph (2), the term 'judicial decision' means any decision by a court of the United States of competent jurisdiction in any case or controversy in which there is decided the issue of the validity, under the United States Constitution, of any law, rule, regulation, or policy of a State under which aid to families with dependent children is denied to individuals otherwise eligible therefor because of failure to meet duration of residence requirements or because of the relationship between a male individual and the mother of the child or children with respect to whom such aid is sought.】

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