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search firms commissions higher than those charged by other brokers. As introduced, S. 249 contains identical provisions. My amendment would expand the scope of these provisions to all investment managers while clarifying their application.

I believe there is now widespread recognition by investment managers, research firms, and the SEC of the need for legislation to authorize fiduciaries, under carefully defined circumstances, to use commissions from the accounts of their beneficiaries to obtain valuable brokerage and research services of benefit to these beneficiaries. This is the precise purpose of my amendment.

As I said at the outset, 3 full days of hearings on S. 249 are scheduled this week. Representatives of institutional money managers will appear at these hearings to comment on the problems I have outlined and the need for congressional action. By introducing this amendment today, I hope to insure a productive and frank dialog.

Mr. President, I request that the amendment be printed and referred to the appropriate committee. I also ask unanimous consent that the amendment appear at this point in the RECORD.

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

#### AMENDMENT NO. 16

On page 15, after line 7, insert the following: "(E) When used with respect to a person exercising investment discretion with respect to an account:

"(i) the Comptroller of the Currency, in the case of a national bank or a bank opening under the Code of Law for the District of Columbia;

"(ii) the Board of Governors of the Federal Reserve System in the case of any other member bank of the Federal Reserve System;

"(iii) the Federal Deposit Insurance Corporation, in the case of any other bank the deposits of which are insured in accordance with the Federal Deposit Insurance Act; and

"(iv) the Commission in the case of all other such persons."

Sec. 2. On page 4, strike all of lines 11 and 12 and insert in lieu thereof the following: "(c) Paragraphs (17), (18), and (19) of subsection (a) thereof are amended to read as follows: "(17) The term 'interstate commerce' means trade, commerce, transportation, or communication among the several States, or between any foreign country and any State, or between any State and any place or ship outside thereof. The term includes intrastate use of (A) a facility of a national securities exchange or of an interstate telephone or other interstate means of electronic communication, or (B) any other interstate instrumentality."

Sec. 3. On Page 156, line 24, strike out everything commencing with the words "Sec. 24." through and including the word "securities." on page 159, line 7, and insert in lieu thereof the following:

"Sec. 24. Section 28 of the Securities Exchange Act of 1934 (15 U.S.C. 78t) is further amended by adding at the end thereof the following new subsection:

"(d) (1) No person using the mails, or any means or instrumentality of interstate commerce, in the exercise of investment discretion with respect to an account shall be deemed to have acted unlawfully or to have breached a fiduciary duty under State or Federal law in effect on or enacted prior to the date of enactment of the Securities Acts

Amendments of 1975 solely by reason of his having caused the account to pay a broker or dealer an amount of commission for effecting a securities transaction in excess of the amount of commission another broker or dealer would have charged for effecting that transaction, if such person determined in good faith that such amount of commission was reasonable in relation to the value of the brokerage and research services provided by such broker or dealer, viewed in terms of either that particular transaction or his overall responsibilities with respect to the accounts as to which he exercises investment discretion. This subsection is exclusive and plenary insofar as conduct is covered by the foregoing, unless otherwise expressly provided by contract; *Provided, however,* That nothing in this subsection shall be construed to impair or limit the power of the Commission under any other provision of this title.

"(2) A person exercising investment discretion with respect to an account shall make such disclosure of his policies and practices with respect to commissions that will be paid for effecting securities transactions, at such times and in such manner, as the appropriate regulatory agency, by rule, may prescribe as necessary or appropriate in the public interest or for the protection of investors.

"(3) For purposes of this subsection a person provides brokerage and research services insofar as he—

"(A) furnishes advice, either directly or through publications or writings, as to the value of securities, the advisability of investing in, purchasing, or selling securities, and the availability of securities or purchasers or sellers of securities;

"(B) furnishes analyses and reports concerning securities, economic factors and trends, and the performance of accounts; or

"(C) effects securities transactions and performs functions incidental thereto (such as clearance, settlement, and custody) or required in connection therewith by rules of the Commission or a self-regulatory organization of which such person is a member or person associated with a member or in which such person is a participant."

#### HEARINGS ON CHILD AND FAMILY SERVICES ACT

Mr. MONDALE. Mr. President, I would like to bring to the attention of my colleagues and the public the upcoming hearings on the Child and Family Services Act. The joint hearings held by my Subcommittee on Children and Youth, the House Select Subcommittee on Education, and the Senate Subcommittee on Employment, Poverty, and Migratory Labor, will take place Thursday, February 20, in Room 4232 of the New Senate Office Building beginning at 9:30 a.m. and again Friday, February 21, in Room 2175 of the Rayburn House Office Building at 9:30 a.m. Unfortunately the hearing originally scheduled for Monday, February 24, in Chicago has been postponed.

The witnesses for Thursday's hearing will be:

Mrs. Wright Edelman, Washington Research Project Action Council.

Hon. Jerry Apodaca, Governor of New Mexico, chairman of the Early Childhood Task Force, Education Commission of the States.

Ms. Carmen Maymi, Director, Women's Bureau, U.S. Department of Labor.

Dr. Rowland L. Mindlin, American Academy of Pediatrics, chairman of the

Commission on Infant and preschool Child.

Mrs. Dorothy Lasday, member of the national board of the National Council of Jewish Women, vice chairwoman of the National Affairs Committee, National Council of Jewish Women.

The witnesses for Friday's hearing include:

Mr. Joseph Reid, executive director, Child Welfare League, New York, N.Y.

Mrs. Jeanne H. Ellis, executive director, Child Care Center, Stamford, Conn.

Ms. Judith S. Helms, executive director, National Council of Organizations for Children and Youth.

Mr. President, I ask unanimous consent that a section-by-section analysis of the Child and Family Services Act be printed in the RECORD.

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

#### S. 626—CHILD AND FAMILY SERVICES ACT OF 1975

##### SECTION-BY-SECTION ANALYSIS

##### Section 1

Title.—Child and Family Services Act of 1975.

##### Section 2

*Statement of Findings and Purpose.*—Finds that the family is the primary and most fundamental influence on children; that child and family services must build upon and strengthen the role of the family; that such services must be provided on a voluntary basis to children whose parents request them with priority for preschool children with the greatest economic and human need; that there is a lack of adequate child and family services; and that there is a necessity for planning and operation of programs as partnership of parents, community, state and local governments, with appropriate federal supportive assistance.

Purpose is to establish and expand child and family service programs, build upon the experience of Headstart, give special emphasis to preschool children and families with the greatest needs, provide decision making with direct parent participation through a partnership of parents, State, local and Federal government.

##### Section 3

*Authorization of Appropriations.*—Authorizes \$150 million for fiscal 1976 and \$200 million for FY 1977 for training, planning, and technical assistance and \$500 million in FY 1977 and \$1 billion in FY 1978 for program operation. Headstart would be funded under separate authority, and its funding protected by a requirement that no operational funds could be appropriated for this new program unless and until Headstart is funded at the level it received in FY 1975 or FY 1976, whichever is higher.

Forward funding is authorized.

##### TITLE I—CHILD AND FAMILY SERVICES PROGRAMS

##### Section 101

Establishes Office of Child and Family Services in HEW to assume the responsibilities of the Office of Child Development and serve as principal agency for administration of this Act; and Child and Family Services Coordinating Council with representatives from various federal agencies to assure coordination of federal programs in the field.

##### Section 102

*Financial Assistance.*—Defines purposes for which federal funds can be used: (1) planning and developing programs, including pilot programs; (2) establishing, maintaining, and operating programs, including part-day or full-day child care in the home. In

group homes, or in other child care facilities; other specially designed programs such as after-school programs; family services, including in-home and in-school services; information and referral services to aid families in selecting child and family services; prenatal care; programs to meet special needs of minorities, Indians, migrants and bilingual children; food and nutrition services, diagnosis of handicaps or barriers to full participation in child and family services programs; special activities for handicapped children within regular programs; programs to extend child and family service gains, including parent participation, into the elementary schools; (3) rental, renovation, acquisition, or construction of facilities, including mobile facilities; (4) preservice and inservice training; (5) staff and administrative expenses of councils and committees required by the Act; and (6) dissemination of information to families.

#### Section 103

**Allocation of Funds.**—Reserves funds proportionately for migrant and Indian children, not less than 10% for services to handicapped children, and not less than 5% for monitoring and enforcement of standards.

Allocates the remainder among the states and within the states, 50% according to relative number of economically disadvantaged children, 25% according to relative number of children through age five, and 25% according to relative number of children of working mothers and single parents.

Allows use of up to 5% of a state's allocation for special state programs under Section 108.

#### Section 104

**Prime Sponsors.**—States, localities, combinations of localities or public and non-profit organizations are eligible to serve as prime sponsors.

The bills current provisions establish performance criteria for prime sponsor; demonstrated interest in and capability of running comprehensive programs, including coordination of all services for children within the prime sponsorship area; assurances of non-federal share; establishment of a Child and Family Services Council (CFSC) to administer and coordinate programs.

Public or private nonprofit organizations can serve as prime sponsors with priority on governmental units. Any locality or combination of localities which submits an application meeting the performance criteria may be designated prime sponsor if the Secretary determines it has the capacity to carry out comprehensive and effective programs. The state may be designated prime sponsor for all areas where local prime sponsors do not apply or cannot meet the performance criteria, provided that the state meets the performance criteria and divides its area of jurisdiction into local service areas with local child and family services councils, which approve the relevant portions of the state's plan and contracts for operation of programs within the local service areas.

The Secretary may fund directly an Indian tribe to carry out programs on a reservation. He may also fund public or private nonprofit agencies to operate migrant programs, model programs, or programs where no prime sponsor has been designated or where a designated prime sponsor is not meeting certain needs.

Directs the Secretary to designate an alternative to any prime sponsor discriminating against minority group children or economically disadvantaged children.

Provides opportunity for Governor to comment on prime sponsorship applications and provides appeal procedure for applicants who are disapproved.

The sponsors want to particularly emphasize that as the bill is considered they intend to invite the testimony of representatives of Federal, State, and local government, as well as other experts, with respect to the

best allocation of responsibility among varying levels of government which will insure parental involvement, local diversity to meet local needs and appropriate State involvement to assure coordination and maximum utilization of available resources.

#### Section 105

**Child and Family Service Councils.**—Sets forth composition, method of selection, and functions of councils. Half of members must be parents, selected by parents of children served by programs under the Act. The remaining members appointed by the prime sponsor in consultation with parent members, to be broadly representative of the general public, including representatives of private agencies in the prime sponsorship area operating programs of child and family services and at least one specialist in child and family services. At least one-third of the total council to be economically disadvantaged. The council selects its own chairperson.

A state prime sponsor must establish councils at the state level and for each local service area. Parent members of the state council to be selected by parent members of local councils.

Council approves goals, policies, action and procedures of prime sponsors, including planning, personnel, budgeting funding of projects, and monitoring and evaluation.

#### Section 106

**Child and Family Service Plans.**—Requires that prime sponsor submit plan before receiving funds. Plan must: provide services only for children whose families request them; identify needs and purposes for which funds will be used; give priority to children who have not reached six years of age; reserve 65% of the funds for economically disadvantaged children, and priority thereafter to children of single parents and working mothers; provide free services for children of families below the Bureau of Labor Statistics lower living standards budget and establish a sliding fee schedule based on ability to pay for families above that income level; include to the extent feasible, children from a range of socioeconomic backgrounds; meet the special needs of minority group, migrant, and bilingual children; provide for direct parent participation in programs, including employment of parents and others from the community with opportunity for career advancement; establish procedures for approval of project applications with priority considerations for ongoing programs and applications submitted by public and private non-profit organizations; provide for coordination with other prime sponsors and with other child care and related programs in the area; provide for monitoring and evaluation to assure programs meet federal standards; where possible, supplement funds provided by this Act with assistance from other sources.

Requires that the Governor, all local education agencies, Headstart and community action agencies have the opportunity to comment on the plan.

Establishes appeal procedures if plans are disapproved.

#### Section 107

**Project Applications.**—Provides for grants from prime sponsor to public or private organizations to carry out programs under the prime sponsor plan pursuant to a project application approved by the CFSC.

The project applicant must establish a parent policy committee (PPC), composed of at least 10 members with 50% parents of children served by the project, at least one child care specialist, and other representatives of the community approved by the parent members. The PPC must participate in the development of project applications and must approve basic goals, policies, action and procedures of the applicant, including personnel, budgeting, location of center, and evaluation of projects.

The application must: provide for training and administrative expenses of the PPC; guarantee free services for economically disadvantaged children with fees according to the fee schedule for other children; assure direct participation of parents and other family members, including employment opportunities; provide for dissemination of information on the project to parents and the community; and provide opportunities for the participation of children, regardless of participation in nonpublic school programs.

#### Section 108

**Special Grants to States.**—Authorizes special grants to the states, on approval of Secretary, to establish a child and family services information program to assess goals and needs in state; to coordinate all state child care and related services; to develop and enforce state licensing codes for child care facilities; and to assist public and private agencies in acquiring or improving such facilities. A state must establish a Child and Family Services Council to receive a special grant.

#### Section 109

**Additional Conditions for Programs Including Construction or Acquisition.**—Allows federal funding for construction or acquisition only where no alternatives are practicable, and provides federal funding for alteration, remodeling, and renovation. Provides that no more than 15% of a prime sponsor's funds may be used for construction; that no more than half of that may be in the form of grants rather than loans, limited to public and private non-profit agencies, organizations, and institutions.

#### Section 110

**Use of Public Facilities for Child and Family Service Programs.**—Requires that federal government and prime sponsors make available for child and family service programs facilities they own or lease, when they are not fully utilized for their usual purposes.

#### Section 111

**Payments.**—Provides 100% federal share for planning in FY 1976, 90% federal share for fiscal 1977 and 1978, 80% for subsequent fiscal years. Provides 100% federal share for programs for migrants and Indians, and allows waiver of part of all of non-federal share where necessary to meet needs of economically disadvantaged children.

Non-federal share may be in cash or in kind. Revenues generated by fees may not be used as non-federal share but must be used by prime sponsor to expand programs.

#### TITLE II—STANDARDS, ENFORCEMENT, AND EVALUATION

#### Section 201

**Federal Standards for Child Care.**—Authorizes a national committee on federal standards, with one-half parent participation, to establish standards for all child care services programs funded by this or any other federal act. The 1968 Interagency Day Care Requirements would continue to apply until such standards are promulgated, and any new standards must be consistent with the 1968 Requirements.

The Secretary must submit the proposed standards for approval to the Senate Committee on Labor and Public Welfare and the House Committee on Education and Labor. No prime sponsor or project applicant is allowed to reduce services below these standards.

#### Section 202

**Development of Uniform Code for Facilities.**—Requires a committee to develop a uniform minimum code dealing with health and safety of children and applicable to all facilities funded by this Act.

#### Section 203

**Program Monitoring and Enforcement.**—Requires the Secretary through The Office of

Child and Family Services, to establish an adequately trained staff to periodically monitor programs to assure compliance with the child care standards and other requirements of the Act.

#### Section 204

**Withholding of Grants.**—Provides procedure for withholding of funds to programs which have failed to comply with standards or requirements of the Act.

#### Section 205

**Criteria With Respect to Fee Schedule.**—Requires Secretary to establish criteria for adoption of the schedule based on family size and ability to pay with considerations for regional differences of the cost of living. The criteria must be submitted for approval by the Senate Committee on Labor and Public Welfare and the House Committee on Education and Labor.

#### Section 206

**Evaluation.**—Requires the Secretary to make annual evaluations and report to Congress on federal child family services activities.

### TITLE III—RESEARCH AND DEMONSTRATIONS

#### Section 301

**Research and Demonstration.**—Authorizes child and family services research and requires that the Office of Child and Family Services coordinate research by federal agencies.

### TITLE IV—TRAINING OF PERSONNEL FOR CHILD AND FAMILY SERVICES

#### Section 401

**Preservice and Inservice Training.**—Provides for training of personnel, including volunteers, employed in programs assisted under this Act.

#### Section 402

**Technical Assistance and Planning.**—Provides technical assistance to child and family services programs.

### TITLE V—GENERAL PROVISIONS

#### Section 501

**Definitions.**—Defines terms used in the Act.

#### Section 502

**Nutrition Services.**—Requires that procedures be established to assure adequate nutrition services in programs under the Act, including use of Section 18 (special food service programs) of the School Lunch Act and the Child Nutrition Act.

#### Section 503

**Special Provisions.**—Anti-discrimination provisions, including separate provisions on sex discrimination. Requires that programs meet the minimum wage. Prohibits use of funds for constructing, operating, or maintaining facilities for sectarian instruction or religious workshop.

#### Section 504

**Special Prohibitions and Protections.**—Provides that no child may be the subject of research or experimentation without parental approval, and that no child may be forced to undergo examination or treatment if parents object. Protects legal rights and responsibilities of parents with respect to the development of their children.

#### Section 505

**Public Information.**—Requires that all applications, plans, and written material pertaining thereto be made available to the public without charge.

#### Section 506

**Repeal or Amendment of Existing Authority and Coordination.**

#### Section 507

**Acceptance of Funds.**

## HEARINGS SCHEDULED ON LEGISLATION TO ESTABLISH STRATEGIC RESERVES

Mr. JACKSON. Mr. President, on February 21 at 10 a.m., in room 3110 of the Dirksen Senate Office Building, the Senate Interior and Insular Affairs Committee will hold hearings on the administration's proposals to establish strategic energy reserves and S. 677, the Strategic Energy Reserves Act of 1975.

Testimony will be received from administration witnesses.

## NOTICE CONCERNING NOMINATION BEFORE THE COMMITTEE ON THE JUDICIARY

Mr. EASTLAND. Mr. President, the following nomination has been referred to and is now pending before the Committee on the Judiciary:

John E. Clark, of Texas, to be U.S. attorney for the western district of Texas for the term of 4 years, vice William S. Sessions, resigned.

On behalf of the Committee on the Judiciary, notice is hereby given to all persons interested in this nomination to file with the committee, in writing, on or before Wednesday, February 26, 1975, any representations or objections they may wish to present concerning the above nomination, with a further statement whether it is their intention to appear at any hearing which may be scheduled.

## ADDITIONAL STATEMENTS

### THE A-10 PROGRAM

Mr. BEALL. Mr. President, more than 4 years ago, the U.S. Air Force started development of a new close air support aircraft to support and save the lives of our soldiers on the ground. New procurement concepts called design-to-price and fly-before-buy were introduced to control program costs and to prevent premature production decisions. More recently, following one of the most extensive competitive evaluations of a new weapons system ever conducted and the successful completion of development milestones, the Department of Defense authorized initial production of that aircraft—the A-10. The contractor is Fairchild Republic Co., a division of Fairchild Industries whose headquarters are located at Germantown, Md.

Fairchild's major effort at this time is to effect a smooth transition between the development/test phase and full production. The first of six A-10 development, test, and evaluation models of the A-10 successfully completed its first flight at Edwards AFB, Calif., only a few days ago. The Secretary of the Air Force has expressed confidence in the ability of Fairchild to produce the aircraft.

The A-10 program already is providing urgently needed employment stimulus at Fairchild Republic Co. facilities at Farmingdale, N.Y., and Hagerstown, Md. At Farmingdale, employment has increased over the past 2 years from 1,750 to approximately 3,500 and is projected to in-

crease to 6,000 within the next 3 years. At Hagerstown, employment has increased from 800 to 1,200 and as many as 1,000 of the Hagerstown plant's total work force will be working on the A-10 at the peak of the program in 1978.

Aviation Week and Space Technology recently examined the actions taken by the Air Force and Fairchild Industries to assure the proper management of A-10 production. Mr. President, I ask unanimous consent that the article entitled "A-10 Program Approach Reshaped" be printed in the RECORD.

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

MANAGEMENT—A-10 PROGRAM APPROACH RESHAPED; USAF REPORT SPURS FAIRCHILD MANAGEMENT, ORGANIZATIONAL CHANGES, AS WELL AS REPLACEMENT OF OUTDATED EQUIPMENT

(By Warren C. Wetmore)

FARMINGDALE, L.I.—Fairchild Republic Co. of Fairchild Industries is making sweeping changes in management, organization and equipment in the wake of an Air Force investigation into the division's ability to produce in quantity the A-10A close-support aircraft.

Fairchild Republic Co. division president Charles Collis said that many modifications were in progress before a report by the Air Force Plant Representative Office (AFPRO) touched off a full-scale inquiry by a committee headed by Lt. Gen. Robert E. Halls. The AFPRO document criticized the division among other things for its lack of depth in experienced production management, the high average production workforce age, an organization in need of streamlining, and antiquated or insufficient plant machinery.

USAF has refused to release even the executive summary of the Halls committee report that was sent to the Congress, citing "proprietary" and "personal" information contained in the report as the reason. Notwithstanding, the thrust of the report's findings and recommendations can be determined from the changes under way.

A top Air Force officer in the A-10 program noted that Fairchild Republic has been "very responsive" to Air Force recommendations, adding that the company "has made certain organizational changes and certain personnel changes. The Air Force wants and expects more."

Fairchild Industries, the parent company, formed a corporate task force on its own initiative to identify and solve A-10 problems on an on-going basis. The A-10 is the corporation's biggest program.

The root of the problems now being cured, according to the Air Force officer, is in converting Fairchild Republic back to a prime contractor and weapon system integrator. A decade has passed since the last F-105 rolled off the line, and that was Republic's last major prime contract. The company has survived in the interim on subcontracts, and is still making McDonnell Douglas F-4 empenages and the movable surfaces for the wings of the Boeing 747 transport; it also is subcontractor to Rockwell International for the National Aeronautics and Space Administration space shuttle's verticle fin. The division was "not really optimally organized to manage and control a sophisticated production program," he said.

Collis, who also is executive vice president of the parent company, noted that being the prime contractor and integrator gave rise to more complex start-up problems, but that the major subcontractors also had their difficulties. "We needed more in-depth experience with weapons systems," he said.