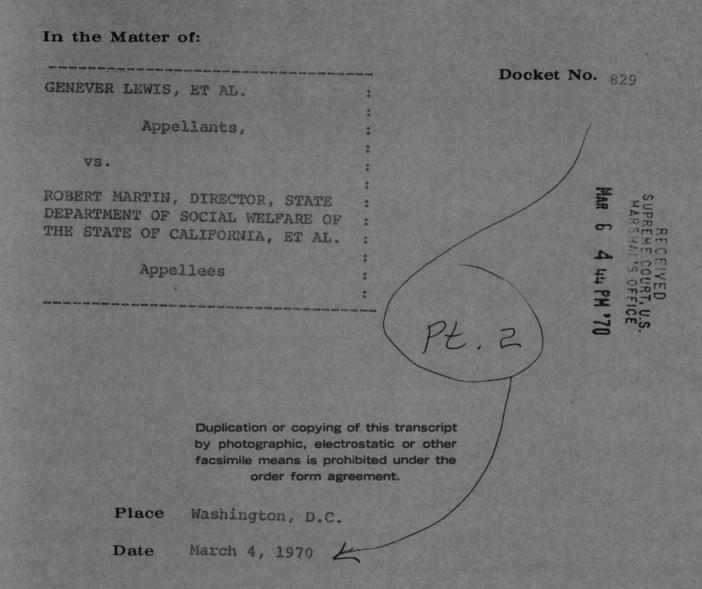
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Supreme Court of the United States

OCTOBER TERM, 1969



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IN THE SUPREME COURT OF THE UNITED STATES

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GENEVER LEWIS, ET AL.,

Appellants

VS

ROBERT MARTIN, DIRECTOR, STATE DEPARTMENT OF SOCIAL WELFARE OF THE STATE OF CALIFORNIA, ET AL.,

Appellees

The above-entitled matter came on for hearing at

No. 829

10:05 o'clock a.m. on Wednesday, March 4, 1970.

BEFORE:

WARREN E. BURGER, Chief Justice
HUGO L. BLACK, Associate Justice
WILLIAM O. DOUGLAS, Associate Justice
JOHN M. HARLAN, Associate Justice
WILLIAM J. BRENNAN, JR., Associate Justice
POTTER STEWART, Associate Justice
BYRON R. WHITE, Associate Justice
THURGOOD MARSHALL, Associate Justice

APPEARANCES:

ANTHONY G. AMSTERDAM, ESQ. Stanford, California Attorney for Appellants

FRANCIS X. BEYTAGH, Office of the Solicitor General Department of Justice Washington, D. C. (for the U. S. as amicus curiae)

JAY S. LINDERMAN, Deputy Attorney General of California San FRancisco, California Attorney for Appellees

PROCEEDINGS

MR. CHIEF JUSTICE BURGER: Number 829, Lewis and others against Martin and others.

Mr. Beytagh, you may proceed whenever you are ready.

ORAL ARGUMENT (CONTINUED) BY FRANCIS X. BEYTAGH,

OFFICE OF THE SOLICITOR GENERAL FOR THE U. S.

AS AMICUS CURIAE

MR. BEYTAGH: Mr. Chief Justice and may it please the Court; I would like to reply to the jurisdictional point that Mr. Justice Stewart raised yesterday.

The statute that is in estion here is Section 402(a)(7). It's reprinted in the appendix of the Government's brief in pertinent part. It provides that a state plan for aid and sservices to needy families with children must provide that the state agency shall, in determining need, take into consideration any other income and resources of any child or relative claiming Aid to Families With Dependent Children.

"any other income and resources," as meaning actual income,
actual contributions made by a stepfather or a MARS. California's approach is to the contrary. They assume that where
there is a stepfather or a MARS, that his income is attributable
and is a resource of the child without any actual proof.

That's the essence of the controversy here.

California agrees and the Court below agrees that

if HEW'S regulation is valid as a proper implementation of the Act, that California's conflicting statute must necessarily fall in the sense that California can no longer continue to be entitled to receive benefits should the Secretary determine to cut them off.

Under the Federal regulation, as I understand it, it would be incumbent upon California to prove, to show, or to ascertain to its own satisfaction, how much, in fact, the stepfather or the man assuming the role of spouse actually does contribute.

That's correct, Your Honor. I think there are three positions that you could take. One is California's, which is, essentially an irrebuttable presumption of support by the very --

It is an attribution of support by reason of statuts?

The other is an approach that it could be regarded as consistent with the HEW regulation, but I don't think it is; that is that the burden of proof is on the recipients to show that the income was not actually received.

Well, that's what I was --

It is our view is that the language of the regulation speaks in terms of actual contributions and income actually received and attempts to track King versus Smith in this respect, so I think that it's the third category in which the bur 31

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the burden of proof is on the state to show that the income was, in fact, received, so as toreduce or in extreme cases --

Q And I suppose this might vary from month-tomonth and even from week-to-week or even from day-to-day.

A IAnd California has raised the question that we think is a reasonable question about the seriousness of the administrative burden. Now, we have checked the best we can — HEW has checked on my behalf and determined that some 40 states have programs that do exactly this, protect the HEW regulations, and I have attempted to ascertain whether the feeling of these states and their administrators is that that's a practicable way to proceed and the answer has been "yes."

It's not a complete survey, but as best we could sample it.

Q Well, how do they deal with the fact that this may be a changing pattern. I mean, the stepfather may have all good intentions and one month might contribute and the next month he might stop at the bar and grill and drink up or gamble all the money away and not contribute that month. And what is the --

A Mostof them proceed as we proceed in the income tax context. They require self-disclosure and self-reporting. Perhaps, to the surprise of some, they found thatin most cases this works, that people receiving welfare benefits are prepared and do disclose honestly whatincome they do receive from other sources. This is the basic thrust of the -- of President

Nixon's welfare message, the notion of self-reporting and self-disclosure. Beside that, there are caseworkers that proceed to investigate and talk to these people. They talk to the man and they talk to the woman or whatever.

The problems are significant; there is no doubt about it, but most of the states have not thought that they are insurmountable.

- Q Do you know of any case in this Court where it has ever held that where two litigants have a controversy among themselves, there can be a case or controversy with any constitutional sense when one of them has the right to settle the case on his own terms.
 - A I'm not sure that I understand Your HOnor --
- Q Well, the Government here has a right to decline to let the state have money.
- A That's right. The Government is not a litigant in this case, Your Honor.
 - Q It's not a litigant, but it's involved with it.
 - A It's involved --
 - Q And that's what you're trying to get decided --
 - A But the litigation --
- Q -- what should be a controversy between the government and the state and the state can determine for itself whether it accepts the money --
 - A Your Honor --

Q -- why should that be a case or controversy
which calls for the attention of this Court?

A Well, I think that the controversy is between
the people who consider themselves entitled, under the -
Q They're trying to get around it all by saying,
"well, if the state would do whatit should, we'd get our money."
Now, the state doesn't have to do it; the state can decline
to do it and the government can decline to let them have the

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money.

A Well, the state can, theoretically, decline it, but California, like virtually every state, has a specific statute that says that if any of their statutes and rules and regulations in a welfare context are inconsistent with Federal rules and regulations, the Federal rules and regulations shall prevail.

While theoretically, California may be in a position to simply remove itself from the Federal program, however impractical, as a practical matter, they have made this judgment. Their statute, Section 1003 of the California Welfare and Institutions Code says exactly this. We've checked other state statutes. New York has an even more explicit statute. It says that —

- Q But with reference to every one of them, the Government can settle it bynot letting them have any money.
 - A The Government can do this but --

Q All on its own. Why should this Court, with all the burdens it has and the multitudinous cases that are coming before us, undertake a case in controversy when there is not a case in controversy existing between the two main persons who are interested in this, namely: the state and the government.

A Well, Your Honor, I think Congress intended when it passed the Social Security Act, for needy --

- Q Social Security is a different thing.
- A This is --
- Q Where do you collect the money for Social Security?

A This is a part of the Social Security Act, an Act of 1935, as Your Honor knows, and this AFDC program has been in existence since that time. Congress intended, and I think it's quite --

- Q That's an obligation on the part of the government; isn't it?
 - A It's an obligation on the part of --
 - Q The Federal Government.
 - A That's correct.
- Q This is an obligation to a certain extent on the part of the state; to a certain extent on the part of the Federal Government, to be based on an agreement which they can reach or not reach as they see fit.

600 A But they have all seen fit to do that and they all ---2 Q But, it's not a matter of controversy here as 3 13 to what the state can do and what the Féderal Government can do. Well, I think there is a very real controversy. 5 These people --6 When the government has its own sanction and its 7 own ends it can stop paying the state any money. 8 A In this particular case, these people claim 9 benefits and the claim in california --10 Q Yes, rather indirect, to claim benefits to get 11 a lawsuit settled between the state and the Federal Government. 12 A Well, Your Honor, I understand the difficulties 13 with this Court not wanting to become the Court of Last Resort 14 in all welfare disputes. 15 Well, why do you place us right there? 16 I don't think it will place you right there, 17 Your Honor. It seems to me that if the law in this area is 18 clarified so that the states understand the obligations they 19 have, and I think King versus Smith went a long way on --20 If the states understand it, why shouldwe have 21 to decide it? 22 What I'm suggesting is that when cases like 23 this are decided it will be clear what the obligations of the 24 states are. -25

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Q To that extent, but they change with each changing day and each changing litigant.

A Well, Your Honor, with all respect, I don't think that the Federal approach has changed the thing and so long as the Court establishes that Federal construction of the Act is the appropriate one in this area, then the states will necessarily have to abide by it and I think California and New Yorkand the other states have already made the decision.

Q They will have to abide by it and if they don't, the Government has its relief in its own hands; it can decline to let them have the money.

A That's correct, but that's circular, because they have already made this judgment. Unless California rescinds its statute, it's made a judgment that it will accede to the Federal rules and --

Ω And the Federal Government can at this moment, withdraw its funds.

A That's right, they can, but whether that's a reasonable or practical course --

Q Probably more reason than to get this Court mixed up in every welfare case that arises in the whole range of this government.

A But the approach you suggest would carry over to every Federal matching grant program, Your Honor, and would simply say that there is no distichable controversy here and

that the way to proceed is for the Federal Government always to cut off funds, and I don't think the Court has proceeded that way in the past and I don't think that it's --

- Q We haven't had this case before.
- A Your Honor --
- Q Have we had this case before?

A With all respect, in King versus Smith the Court said, "There is, of course, no question that the Federal Government, unless barred by some controlling constitutional prohibition, may impose the terms and conditions upon which its money allotments to the states shall be disbursed"--

Q I don't believe there is a Member of this

A "And that any state law or regulation inconsistent with such Federal terms and conditions is, to that extent, invalid.

- Q Yes, when it's raised in a case of controversy
- A Well, I think that King versus Smith was as much a case of controversy as the present case.
- Q Maybe so. But even if it was, that's no sign we should continue to be bound by it if it's wrong.

A No; I'm suggesting, Your Honor, that if the Court clarifies the questions raised in this case and other cases, that there is no reason to expect that the Court will continue to be involved year after year in these disputes over

the welfare laws. Once the Secretary has his authority made clear, I think that it's reasonable for the Court to expact that he'll act, but there have been serious questions about this. They have been raised in litigation and they are before the Court presently.

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Q But the custom has now arrived whereby every-body is bringing every kind of welfare case to this Court; bringing into our lap a number of controversies that we are simply not capable on account of the lack of numbers and the lack of scope of handling these.

Q I suppose it's complicated somewhat by the fact that the statute is now amended when the regulations are amended and so we will have a whole new set of statutes and regulations to deal with.

A Well, I'm not sure that I'm clear on that.

Q Well, there are a new set of regulations at HEW; are there not?

A Well, there is not a new set of regulations that bear on the question here at issue --

Q How about the new California statute?

A Well, the new California statute is, as Mr.

Amsterdam discussed yesterday, does raise, with respectsto

parts of the controversy before the Court, some questions that

have to be resolved, I think, on remand by the District Court.

But, it doesn't do away with the entire matter here, doesn't

touch the stepfather question and California's continuing to act, as far as we know, under the old statute, and they have not yet promulgated regulations, officially adopted regulations and --

Q When does the new statute go into effect again?

A Well, the new statute was enacted in November of 1969 and we agree that there are questions that properly should be probed as to that statute and its effect on the MARS, the man assuming the role of spouse, because that's all it relates to, by the District Court and we suggest to that extent that a remand to that Court would be appropriate. But that doesn't, I don't think, moot the entire case.

Your Honor, I really haven't had a chance on behalf of HEW to make the affirmative arguments, and could I have several minutes to do so?

MR. CHIEF JUSTICE BURGER: The affirmative argument on --

MR. BEYTAGH: On the validity of the regulation.

MR. CHIEF JUSTICE BURGER: Well, about how long do you think you would need?

MR. BEYTAGH: About five minutes.

MR. CHIEF JUSTICE BURGER: Well, we'll grant you fives minutes and extend it accordingly.

MR. BEYTAGH: Thank you.

We think that the regulation is valid for a number of reasons. First, we think that a presumption of validity always attaches, as this Court has said a number of times, to the administrative interpretation by a government official charged with the responsibility for administering a particular act.

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approach, the approach of requiring proof of actual income before reduction of benefits has been applied across the board in other categorical public assistance programs by HEW.

Moreover, we think that in 1967 Congress, at 1 ast implicitly, approved the HRE regulation when it reenacted the act and enacted certain amendments to these provisions, knowing what HEW's construction had been, and not seeking to change it.

Moreover, we think that it's quite clear in King versus Smith the Court specifically referred to a predecessor regulation and said that "Regulations of HEW" — this is in footnote 16 of King versus Smith, "Regulations of HEW which clearly comport with the statute restrict the resources which are to be taken into account under Section 602 to those that are, in fact, available to an applicant or recipient for current use on a regular basis. This regulation properly excludes from consideration resources which are merely assumed to be available to the needy individual."

Moreover, the Court, earlier this term, summarily affirmed a decision by the District Court in Connecticut in

Solomon versus Shapiro, which is reported at 396 U.S. 5, which held the HEW regulation valid and an inconsistent Connecticut practice to be invalid.

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Moreover, we think that HEW's approach is consistent with the purpose of the Act, which is to provide economic security to the 5 million + children that are covered by this act. It's a massive act; this regulation is an important part of it; it -- the whole program involves expenditure of over \$2 billion by the Federal Government each year, a total expenditure of close to \$4 billion.

regulation and since California has a statute that I earlier referred to, which says that when its rules and regulations conflict, FEderal rules shall prevail. We think whatever the relevance of this supremacy clause, that in this context, the District Court improperly struck down the HEW regulation and properly upheld the California approach.

California's approach of assuming support simply is contrary to fact in most cases.

Moreover, it's inconsistent with King versus Smith for the reasons that I have indicated earlier. There is some language in that opinion that counsel might refer to, but that language is always accompanied by the reference to "support in fact," and while the court referred to a legal obligation, it also referred to support in fact, as coupled therewith.

The Court was referring, in King versus Smith, we think, to a legal obligation of general applicability, not the strange sort of thing that California sought to carve out.

Indeed, if California is right, Alabama could have avoided the decision there by just enacting a statute which said, "Okay, substitute fathers have a legal obligation of support."

Whether it was enforceable or not, what difference; it would have complied.

Now, I don't think the Court intended that in King versus Smith and we don't think it makes good sense.

Q I should think, to follow what California has done that the family would not be eligible for AFDC grants at all.

A I think, Your Honor, that's the ultimate conclusion you reach here.

Q I mean, it would be the same as the situation in King versus Smith.

A That's -- well --

Q Because families are eligible only if one parent is dead or absent.

A That's correct. Ifyou press it to the ultimate, they are making these people parents, and --

Q Is that our definition that they are not eligible?

A But California doesn't want that, of course,

because the statute we're talking about here is specifically tailored to AFDC and relates only to that project, so they are simply trying to reduce the benefits the people receive by assumed support they get from these men without any actual proof of it.

And I think that if California were pressed -- there are some -- a couple states have adopted statutes that, at least as to the stepfather, place a general obligation.

As to those --

- Q Well, that makes the family ineligible.
- A We would agree. Yes, and Washington has offered a statute, and I think a couple others. That's quite right.
- Q Does California have a general statute applying to the MARS?
- the MARS, but stepfathers, I think is a feasible thing, and as I indicated, some states do, and that makes the stepfather the the regulation itself, the first part of it which I didn't read specifically provides that. It says: "or in relation to a child's stepfather with ceremony remarried to the child's mother or adopted parent, and is legally obligated to support the child under state law of general applicability, which requires stepparents to support stepchildren to the same extent that natural or adoptive parents are required to support their

children."

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Q Now, why would you say that was all right?

A Well, I think the judgment is that you have then a real and enforceable obligation. It's analogous to the obligation of a natural or an adoptive parent.

Q Well, if the state can substantiate the fact that there is a legal obligation to support the children in the house, these living in the house, there is a legal obligation under state law to support those children and if it's enforceable, you would say you think the regulation is all right?

A Well, it has to be one that meets all the criteria which this regulation spells out, which is one of general applicability. The person becomes just as a natural or adoptive father or stepfather. Now, most of these people simply don't want to be put in that position and I don't think most states are going to --

Q I know, but when you say that that would be all right, what you're really doing is assuming income.

A Well, just as you are assuming income as to a natural parent.

Q With a natural parent, with a parent; with a natural parent.

A Right.

Q Living at home.

A Right.

Q And if the parent moves out you no longer Sec assume income; do you? 2 No: that's correct. 3 And, but as long as he's at home you will 13 assume income. 5 That's correct. 6 And you say you would be willing to pesume 7 income if the state had the proper law with respect to step-8 fathers? 9 I think that's a necessary conclusion. That's 10 the way the regulation reads and for good or for bad, we have 11 to support the regulations. 12 I think that it coincides with common sense. 13 You think this represents a professional, 10 expert judgment as to what likely reality is? 25 Well, I think that the idea is that when you 16 have a man that's willing to do this much that then you have a 17 more or less stable family unit that does not fit into the 18 category of --19 Q But, experience would show that in the MARS 20 situation that it's just contrary "o reality to assume income? 21 I think that's so. I think that as soon as you 22 try to put an obligation -- real obligation of support on these 23 MARS people, at least, their alternative is simply to get out 24 and California's statute, both as to stepfathers and MARS, 25

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provides that they have an obligation to support only when they are in the home. Then they leave and they don't have an obligation --

Sure. Well, the result of this regulation has been to -- that some MARS have left?

> A I don't know --

Didn't that happen in one or two of these cases?

> I don't know whether it has been the result --A It must be that the California regulation has

Well, it has real teeth when it deprives people A that need --

Well, I suppose if it drives MARS out of the family it must be because there is a real obligation. As long as they stay there, then, then why isn't the statute --

No; the reason they don't stay there is because the money is cut off and they, since their income is assumed to be available, but it is not really available, because they have other children to support, or whatever, then they moveout because they are not, in fact, able to provide support.

I wonder if there is another hypothesis for their moving out, too. Wasn't it one of the considerations in the development of this scheme that when the Aid to Dependent Children stops the free boarder left, because the income was

stopped. Doesn't that show up in the legislative history?

A Your Honor, I think it shows up in the early legislative history. In King versus Smith, I think the Court made clear that the notion of punishing the kids by seeking to legislate morality for the MARS, had been abandoned by Congress in subsequent amendments.

Q WEll, I'm not talking about the punishment for children aspect. I'm talking about what you were addressing yourself to, the reasons for the departure of this putative father.

having stable family units, it seems to me that HEW's approach, and not California's fosters that, because HEW's approach allows the reduction in the amount of benefit payments only when there's proof of actual income. And therefore, when there is not actual income the MARS or the stepfather, I assume, will continue to reside with the children.

Now, to the extent that that's a value worth preserving, HEW's approach preserves it. California's does not;
California's forces the man to move out of the house when he doesn't have income to help support the children so that they won't receive the -- the reduction won't be cut off, as some of the people in this case were,

For the reasons that we have submitted and for the reasons in the brief, we think that the District Court order and

the judgment should be reversed and remanded to the --

Q Has the Supreme Court of California had a chance to pass on this?

A Your Honor, my understanding is that the Supreme Court of California has not had a chance to pass squarely on this. It's in Lower California Appellate Court --

Q You don't know how they would construe the law or the later amendments of --

That's correct, but I don't think that really the law needs too much instruction. Perhaps Counsel from California will illuminate us on this, but the intermediate Appellate Court decisions are ambiguous, frankly. They speak in terms of the obligation of support not being a general one that applies across the board, but one tailored to AFDC. Well, that's quite right; it is one tailored to AFDC.

There was a case where one of these people said that this law was a caprivation of his right to property, that California couldn't do this. And the California Court said, "No; that's not right. He isn't being deprived of anything. His income is simply being assumed to be transferred to the support of the children.

So, to the extent that this California uauthority, it's confusing and ambiguous, but it at least raises questions as to whether the duty of support is anything more than an illusory.one.

Thank you.

MR. CHIEF JUSTICE BURGER: Thank you, Mr. Beytagh.
Mr. Linderman.

ORAL ARGUMENT BY JAY S. LINDERMAN, DEPUTY
ATTORNEY GENERAL OF CALIFORNIA, ON BEHALF

OF APPELLEES

MR. LINDERMAN: Mr. Chief Justice and may it please the Court: I might start, Mr. Justice Black, in trying to answer your question regarding the determination by the Secretary of HEW and whether California is in compliance and if not, why not cut California off?

This litigation started in the District Court.

California officials were in the process then of trying to determine from HEW whether in fact, HEW felt that the California statute and regul tions were in conflict and we were unable to even receive a definitive statement from HEW whether or not the Secretary considered California to be in compliance or not.

And we urged — the various correspondence on the subject was attached to our motion to dismiss filed in the District Court and we urged the District Court at that time that there is a procedure in the Social Security Act for resolving disputes between the state and HEW as to whether a state plan does or does not comply. If the Secretary makes a determination of noncompliance, the state is given the authority to petition the Court of Appeals for the particular circuit for a

determination of that specific issue.

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We urge the District Court to allow us to do that or at least first allow us to receive --

- Q Allow you to do what now?
- A To utilize the procedure set forth in the Social Security Act. It provides a procedure for resolving a dispute between the states and HEW.
 - O What is that?
 - A Whatis the procedure?
 - Q Yes.
- A If HEW makes a determination of noncompliance of a state plan the state may go to the Court of Appeals for the particular circuit in which the state is located.
- Q May I just interrupt you one moment? There has to be a formal disapproval of the state plan; does it not?
- A My understanding, Mr. Justice, is that it has to be a determination -- the language is a determination at --
- Q But, isn't there some kind of formal determination?
 - A A formal determination --
- Q What precedes the determination? Is there a hearing or what happens?
- A In California what was happening at the time this suit started was considerable correspondence going back and forth between the Governor and the Director of the

State Department of Social Welfare. 5 Q In other words, it was just by correspondence 2 with state officials and HEW? 3 A And the Secretary -- at that time, Secretary 4 Cohen. 5 Q But nothing in the way of a formal proceedings 6 administered before a board or something like that? 7 A Nothing at that point, because when the suit 8 was filed, California was still in the process of trying to 9 find out whether the Secretary had even made a determination 10 that California was not in compliance. And then this lawsuit 11 was filed and another one. And we urge --12 What is there to suggest a review, expressly 13 provided in the statute in the appropriate Circuit Court of 10 Appeals. A review of what? 15 A Of the question of whether the state plan con-16 flicts or complies --17 Q I know, but would it not have to be a review of 18 some formal determination at some time? 19 A I would assume so; yes, and that is what we 20 were --21 Q Well, I'm still in the dark how that determina-22 tion is -- under what procedure is that determination arrived 23 at? 24 A I would assume that it is a written communique 25

from the Secretary of HEW that --

Q So, for example, would this be the case if your California officials had received from HEW a letter which said: "We don't think the California plan complies with the Federal regulation," you could have judicial review in the 9th Circuit of that letter of determination?

A Questionable --

Q But these are compliance proceedings under the statute; aren't they?

HEW, as I understand it, has only proceeded against two states in the long history of this. One is Connecticut and the other is Nevada; is that right?

A Yes, Nevada.

Q And those are compliance proceedings?

A This is a --

Ω They come up to an adjudication. Whether they can be reviewed has never been determined?

A I think that's correct. But what happened in the California instance was the State Director of Social Welfare did receive a letter from the Secretary, then Secretary Cohen, setting forth various reasons why the Secretary felt that California was not in compliance. The Director from California then wrote back to the Secretary and said: "If this is a determination of noncompliance, then we respectfully request reconsideration, but please tell us what it is that you are

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saying, and we never received a reply to that.

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Q Is that correspondence in the appendix here?

A It's not in the correspondence, Mr. Justice; it is attached to the motion to dismiss, which the state filed in the District Court.

Q So that would be in 42 U.S.

A It's in the record, but it's not in the appendix.

Q Do you have a statutory citation to this review procedure?

A I believe it is Section 1116of the Social Security Act. I don't have the U.S. Code citation, but it is

Q 1316, I think.

Q Was it while the State and the Federal Government were in negotiations as to whether or not the State was in compliance, that this suit was filed on the part of alleged individual beneficiaries in California?

A I believe the timing, Mr. Justice, the correspondence was in the summer of 1968 and the first of these two consolidated cases was filed in October of '68.

But, as far as the STate is concerned, we had never received any definitive statement from the Secretary as to whether we were or were not in compliance when the lawsuit was filed.

- Q Have you ever received one since?
- A Never received one since, other than the appearance of HEW as amicus in this proceeding, alleging that we are not in compliance.
 - Q Between you and the alleged beneficiaries --
 - A Pardon me?

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- Q As between California and the alleged beneficiaries. That's the lawsuit now; isn't it?
- A The lawsuit now is the alleged beneficiaries against the state, alleging that the state is not in compliance with Federal Law.
- Q Has any Court of Appeals been called upon to act under this procedure?
 - A I'm not familiar with any, Mr. Chief Justice.
- Q It hardly strikes me as an ideal way to litigate a complex legal question to go directly on no record, on administrative determination from the Court of Appeals. At least in all the other administrative reviews by the Courts of Appeals, there is a record.
- A I'm not certain that it's any more improper or inappropriate method than coming directly to the United States Supreme Court to resolve this, with not much more record.
- Q Well, actually, that could be done in quite a different way? If the Executive Branch of the United States of America cut off funds to California because you were not in

compliance with the conditions under which the conditions under 8 which those funds were made available under the categorical 2 3 assistance program. California could then sue the United States of 4 America in this Court as a Court of -- as the highest Court; 5 is that right? 6 A Yes, I would think so, Mr. Justice. :7 Q Well, if the United States were to cut you off, 8 do you think that the alleged beneficiaries all over the state 9 could sue you? 10 A No. Could sue the state? 77 Yes. 12 A No. I'mnot certain. 13 Q . Well, what's the lifference between that 14 lawsuit and this one? 15 Q Your state could have a Social Security wholly 16 independent of Federal funds. 17 A Of course, it could, but I doubt it very much. 18 I think I can speak for the State --19 Q No, but constitutionally speaking. 20 A Of course; of course. But, I think I have a 21 right to speak for --22 Q But it would have a right to administer it; 23 wouldn't it? 24 A As it chose; I would think. 25

\$100 0 Subject to certain constitutional restrictions. Constitutional restrictions would be the only 2 A ones. 3 Q As I understand it, there is no one here 13 challenges the fact that there is no constitutional provision 15 which would prevent California from spending its own funds in 6 7 its own way, if it doesn't mix them up with the Federal receipts. 8 A Well, I think the Appellants in this case are 9 arguing that irrespective of the Supremacy Clause problem in 10 the case, that even assuming that there is no problem there, 11 that California is distributing its funds in violation of the 12 Equal Protection Clause. 13 And that same argument would be made whether or 14 not there were any Federal funds. 15 Yes: definitely. A 16 How do they raise it under the Equal Protection 17 Clause? 18 Their allegation is that the obligation which 19 California places on MARS in a welfare home only, as opposed to 20 a MARS in a nonwelfare home, denies equal protection to the 21 children in the welfare home and to the MARS in the welfare 22 home. 23 That would raise a question purely under the 24 state law? 25

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A They are raising the question --

Q And they can sue the state on that and it wouldn't be tied up at all with the Federal Government provision in connection with compliance?

A No --

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15.

Q As I understand their lawsuit is based on quite. a different theory.

A Oh, it is, but this is an aspect of their lawsuit also, is the Equal Protection Clause, which, assuming
California were running its own welfare program and not receiving FEderal matching funds, presumably the same constitutional
limitations are going to have to apply. The only ones that
would be eliminated would be the regulations of HEW and the
Act of Congress.

Cardozo in that initial case, the Stuart Machine Company case back in 1936. These are the conditions upon which the state could participate; they need not participate. If they do participate they must -- get Federal funds, they must participate under FEderal conditions.

A We don't question the fact that California must comply with valid HEW regulations and an ACt of Congress in order to be able to qualify to receive the Federal funds. We are not disputing that at all.

Q I don't suppose that any questionhas been

raised about that by anybody.

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A None whatsoever. And nor do we question the authority of the Secretary of HEW to issue rules and regulations to fill out the details of the Social Security Act.

Q And if the State wants to participate it would have to comply with it?

A No question about it, Mr. Justice.

Our position, however is, thought, that the Secretary of HEW in his regulation has exceeded the scope of authority given him by Congress in the Social Security Act.

Q And there's no question that that's a controversy that's involved in this case, even though the parties are the State of California and welfare Appellants.

A There is no question that that the--

Q And there's no question that that issue is a case of controversy properly before this Court for decision; is it?

A I would concede that; yes. My point initially was that there is an alternative procedure that the controversy could first be resolved in the Court of Appeals of the 9th Circuit.

Q Well, that's, I guess, what you were addressing yourself to earlier.

A Exactly. I assume, though, that even if it were resolved in the Court of Appeals for the 9th Circuit, that

sooner or later it would reach here.

Q I think it would manage to, somehow.

A The HEW regulation has two parts to it. The first one is the SEcretary's definition of who may be a parent. Which, of course, goes to the question of: is the child a dependent child and eligible or not eligible for assistance.

Q I know, but it doesn't go to the question of the amount of money; it goes to the question of eligibility at all.

A If the person is determined to be a parent, there is no eligibility, with the exception of the unemployed parent in the optional AFDC --

Q Well, with some few exceptions, but generally speaking if both parents are inthe house; ineligibility, period.

A By definition the Social Security Act sets up

AFDC eligibility for a child who is deprived of support because

of the absence of a parent.

"The only person who can be a parent is a natural father, an adoptive father or a stepfather, who is legally obligated to support the child to the same extent as a natural or adoptive father.

If that's correct -- California is not attempting to defy children living with a MARS or stepfather as nondependent children. We are not trying to call the stepfather or the MARS

a parent, but under HEW's definition the only thing California did wrong was to limit the stepparent liability to a stepparent in a welfare home.

California had imposed an obligation on all stepfathers to support their children, then it seems to me that
under the HEW regulation California could determine all needy
children in a home with a stepfather, totally ineligible for
aid and it certainly escapes me how the needy child in a welfare
home derives any more economic protection from the extension
of the stepfather liability to a stepfather in a nonwelfare
home.

Q Well, if you're right, then you're violating the Federal Law in a different way, because you are spending Federal money which you are not authorized to spend, because you are giving it to children who are ineligible under the Federal statute.

A Well, you can easily remedy the situation, Mr. Justice, by simply exchanging our support our of HEW's statute and making all stepfathers liable for the support of their children.

Q As I say, if you do that, then if you give any money to a family with a stepfather, then you're making an unauthorized expenditure of Federal money and you are violating the Federal Law.

A Which, to me, would be frustrative of the

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purposes of AFDC, which is to impose a support obligation on a stepfather in a relatively affluent family certainly gives no ecnomic protection to the child with a stepfather in a poor family. It makes no sense, but if the HEW regulation is valid, I think I can state with relative certainty, that California will just extend its stepfather liability statute and cut off all children in stepfather homes.

- Q And that, in turn, will be litigated; I assume?
- A I would assume.
- Q Why do you want to cut them off unless the stepfather would have some income?

A Oh, assuming an employed stepfather. Assuming an employed stepfather, because if he were unemployed, then the family would qualify under California's optional AFDCU --

- Q You won't cut off any more children than you are now.
- A We're not cutting off children now, though, Mr. Justice.
- Q You're reducing payments by assumed income of the stepfather --
 - A We're reducing payments --
 - Q -- regardless of its availability.
- A Assumed availability because of the support obligation.
 - Q Sure; so you're reducing payments on account of

your law and you wouldn't cut off any more if you extended your obligation right across the board.

A Now, some children living with stepfathers are still receiving aid because the stepfather's net income is insufficient to bring the family up to the state's maximum budget for the family. But, if we extend the stepfather liability to non-AFDC family stepfathers, then the children in the AFDC family with a stepfather are going to be totally cut off.

There are now children in the AFDC stepfather families who are still receiving aid, albeit less aid because of the obligation of support on the --

- Q Well, what about the MARS?
- A It seems to me --

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- Q Your old law until you changed it, put an obligation on him; didn't it?
- A The old -- it still does in a different fashion.
 - Q So, you've modified it.
- A We've modified it. But the statute which was the subject of litigation in the court below, the obligation was that the MARS had to support the children in his home --
 - Q Like the stepfather.
- A Like the stepfather. And I would submit that if HEW thinks that you can extend statewide general law of

applicability to a stepfather and thereby make no --

Q With a man --

A You can do it with a man equally as well, and in fact, I would think might have to do it, not because of any moral antipathy to the common-law marriage, but if you don't do it a man is crazy to marry the welfare mother.

Q Well, what is -- is the MARS issue realistic here?

- A Oh, I think very definitely so.
- Q And because of the trafficking?
- A Yes.
- Q is that all?
- A There is --
- Q Because the new regulation is not in issue in this suit.

A Not an issue in this suit, but the same problem, the problem of assuming that there is a meaningful support obligation that's a different kind of obligation now, but the same question of whether the obligation that California imposes is an enforceable one, and a source of a resource to the child wibl remain, even under the new regulation. It will take on a different —

Q Wouldn't you suppose, though, as a matter of experience that you could justify assuming income, assuming availability of income where the real parent is living at home,

and have a wholly different experience with stepfathers or MARS who are living in the home?

- A Just in terms of --
- Q Actual availability of income?

A If your question is directed to the point is a natural father more apt to support his child than a stepfather is -- is that the gist of your question?

Q That's part of it.

A I would say yes, if the kind of stepfather or man-in-the-house that California is talking about is the same kind of a man as Alabama had in King versus Smith.

Q Well, then, why isn't the Federal regulation a valid expression -- the valid judgment along that line -- along those lines.

A Because the Federal regulation, Mr. Justice, is not geared to the factual realities of who these men are that California is concerned with. They're not the midnight visitor in King versus Smith, who had family of his own and nine children and no income.

Q I think the invalidity of it might be in that it permits assumption of income -- availability of income where there is a statewide law of general applicability if that's contrary to the experience.

A I think the Social Security Act impels assumption of income where there is a law of support. As this Court interpreted the purposes of AFDC in King versus Smith, it was to provide support for children without -- who could not --

Q Do you think it would be invalid under the Social Security Act for the HEW to provide that regulation that income of natural parents, availability of income for the natural parents living at home will not be assumed?

A Yes, I think it would be invalid.

O Under the statute?

A Under the Social Security Act as interpreted by this Court in King versus Smith, that Congress expects that when there is a breadwinner in the home that the breadwinner will support the child and the Social Security Act says that the — the second part of this is, but the state has to determine the extend of need of the children in the home and the child is deemed less needy because of the resource which is assumed by Congress to inure to the benefit of the child because of the support obligation.

"the assumption was compelled." Now, that assumption also depends upon the enforceability of the support against this man in the house. Is it a safe assumption, a rational assumption that there is any real enforceability against a man in the house?

A I think there is, Mr. Chief Justice. Before I -

Q How? By suits against the man?

A Yes.

Q How many lawyers is it going to take to deal with the 500,000 people on welfare in Los Angeles alone?

A I appreciate that problem, but it's not any different than the child living with a natural father who may not support it. The child or his mother has to sue the man, not the State. The STate doesn't pay aid and then pursue the man. The child has to get themoney from the man.

Q Does this record show what is the ratio of unemployed natural fathers whose children are receiving this aid, as compared with the man-in-the-house type of situation? Any information on that at all?

A The number of unemployed fathers? Not that I know of, Your Honor. There are statistics that would indicate how many families we're talking about, which contain the — the figures were of July, 1968 and at that time there were roughly 191,000 families, AFDC families in California and of that there were 6700 families with a stepfather and 2700 families with a MARS. But a total of roughly 9500 families out of a 191,000 families. But of the 191,000 I am not familiar with the statistics on how many of those are unemployed fathers. I could easily obtain them and supply them to the Court if you wish.

Q I'm not sure that that's necessary, unless someone else wants it. What I am trying to get at is: this assumption that you are talking about is based on a further

assumption of the enforceability against this man?

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A That's correct, and it's the same assumption as applies to a natural father in the home. It is an assumption tion that there is an enforceability.

Q Well, wouldn't you concede that it's easier to enforce that claim against the natural father by usual traditional processes than it is against these transient men-in-the house?

A But, Your Honor, by definition, these men are not transients. These are --

Q Whose definition?

A By the state definition beforetthe application of the rule, even can begin, the man-in-the-house, by definition either is living in the home and is, in a stepfather case, ceremonially married to the mother or in the MARS case, is living in the home and has either assumed financial obligations on behalf of the family, or comports himself in the community as husband and wife and one of the crucial criteria of determining who is the MARS is that he has no other alternative place of residence. This is his family. And to the extent that he is a transient, the moment he leaves the home the child is restored to eligibility.

Q Mr. Linderman, did I understand you correctly that the child and the wife had to go to court to get the support from the husband who had left?

| 1 | | A | Who has left? |
|----------|------------|--------|--|
| 2 | | Q | Yes. |
| 3 | | A | They would have to go to court only to the |
| 4 | extent to | colle | ct back payments that might be due. Once the |
| 5 | man leave | s the | house |
| 6 | | Q | Well, in the California welfare system you mean |
| . 7 | that the | welfar | e system doesn't do that? |
| 8 | | A | Not to collect the back payments. |
| 9 | | Q | You don't have a special department that that's |
| 10 | all they | do? | |
| Con Gray | | A | Not for the wives of the stepfathers. |
| 12 | | Q | No; I said for the legitimate fathers. |
| 13 | | A | For the legitimate father; yes. |
| 14 | | Q | So you go after him to make him pay his debts? |
| 15 | | A | After he leaves the house. |
| 16 | | Q | After he leaves his house. |
| 17 | | A . | After he leaves the house, but not while he is |
| 18 | there. | | |
| 19 | | Q | I thought you said the responsibility was on the |
| 20 | children? | | |
| 21 | | A | While the man is in the house. While the man |
| 22 | is in the | house | , be he a natural father or adoptive father, a |
| 23 | stepfather | c or a | mother, the state does not pursue his resources |
| 24 | for the cl | nild. | |
| 25 | | Q | Even if the wife applies for relief? |

A If the wife applies for relief in the natural father case and he is living in the home, relief is denied.

They are ineligible by definition.

Q The minute he leaves the welfare makes him pay if they can find him and if he has the money.

A If they can find him, but with the MARS, the State does not pursue him because there is no more obligation and the state pays aid at that point, then.

The other one important resource, which I think is unique in the West, particularly in California, in the case of the stepfather is that under California community property law the earnings of the stepfather are community property in which the wife, the welfare mother, has a vested, present one-half interest; half of his earnings are hers.

- Q That's with the ceremonial marriage?
- A That's with the stepfather only.
- Q Yes.

A After the ceremonial marriage. There is no community property in a putative marriage. There is in a meretricious -- in a putative there is; in a meretricious, there is not.

In other words, these people know they're not married, the MARS and the mother and there is no community property there. If one of them harbors the mistaken belief that they are married, there can be community property there, but I'm

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talking about the situation where the mother has ceremonially married the man, community then attaches to his earnings and half of his earnings are hers.

I would submit that if there is anything that is a resource which the Social Security Act commands California to consider in determining need, that is a resource.

Again, the mother may have to take legal action to protect her half interest, but that's no different than the mother living withthe natural father of her children. She, also may have to take legal recourse. The obligation is clearly enforceable.

Q What specific language in the Social Security
Act do you rely on for arguing that this Federal regulation is
invalid?

A Section 402(A)(7) which is 42 U.S.C. Sec. 602
(a)(7).

Q Do you have thatin an appendix to your brief?

A Yes, Your Honor. Its here in several places.

It's in the appendix -- no, it's not in the appendix. It's cited throughout all the briefs.

- Q There is no quick, easy place to find it.
- WEll, what is the specific language?

A It's -- I'll read the language. The place is the first page in the Appendix in the Government's brief.

Q Right.

A This is Section 602(a)(7). It's one of a series of requirements under the Social Security Act as to what the state plan must provide, and it says that: "A state plan for aid and services to need families with children must, underscore must — provide that the state shall, in determining need, take into consideration any other income and resources of any child or relative claiming aid."

Q All right. Now, we're talking about income and resources.

A Yes.

Q So, you're saying that it would be inconsistent with that Act to have a regulation which says that income and resources are not going to be assumed?

A Exactly.

Q That this statute requires that you assume income and resources?

A Not "assume," no.

Q Well, we're talking about income and resources of the child.

A Yes; of the child or the mother. See, it's income and resources of any child or relative claiming aid.

Q Well, who's claiming aid?

A The mother and the child.

Q All right; so you've got to say that the income - you are going to have to assume the availability of income

from the MARS or stepfather, either to the mother or to the child? You say the Act requires that? Whenever there is a MARS in the house, or stepfather in the house, and the state has, puts a legal obligation on him, that this Act requires that you would assume that that income is available to the child?

A Assume that it is available, because it is a resource. It's something in addition to proving income.

Q Well, this isn't an actual resource unless it's actual; is it?

A But neither is the resource of the child living with the natural father. The natural father may not --

Q That isn't my question; that isn't my point.

And I would make the same argument that, perhaps the HEW could say that in the case of the parent living in the house we're not going to assume income, either.

A As this Court pointed out in King versus Smith, if there is a legal obligation of support, proof of actual contribution cannot be determinative. That's the language --

Q It may not be determinative, but do you think a regulation which requires proof of actual contribution is invalid under that section?

A Yes, because it defines a child in California to be resourceless. The child can have nothing other than the income that the state, through some administrative miracle --

Q Well, af the MARS regularly and definitely

refuses to contribute anything to the support of the child, regardless of the legal obligation on him imposed by the state, is that a resource of the child?

A No, but the mother will undoubtedly kick the man out of the house.

- Q Well, that's hardly a remedy.
- A But it is a --

Q That's not very relevant for a legal question.

A I think it is, Mr. Justice. It's a weapon; it's a method of enforcement of the obligation that the state is reducing the grant and the mother can say with real meaning: "Support me or get out."

And the facts of this case, the complaints in this case, despite their protestations that the men are not supporting the children in the house, the complaints themselves admit that, due to the emergency, as the language of the plaintiffs, the Appellants use, "due to the emergency caused by this state statute the men are supporting the children until the statute is declared invalid."

The statute does work. It is enforceable and the men are supporting the children; at least some of the main plaintiffs are, and the record will show that.

The other fact is that the -- in the case of the step father and presumably in the MARS as well, it's literally impossible for them not to support them, at least in some of

these cases. The man has taken the welfare mother and her children into his home. He has put a roof over their head, which is the case in several main plaintiffs in this appeal. The man has brought the children into his home. Now, certainly to some extent he's putting a roof over their head, which is a lessened need for public expense to support that family.

Q California does have a maximum grant regulation, does it not?

A Under challenge. The case is -- Yes; it does have a maximum grant and the case has been argued before this Court.

Q Right.

A Yes.

Q And do you have a, do you work out a standard of need under your system and it varies with whether or not — with the kind of living conditions, the kind of shelter that they have?

A There is a maximum amount of shelter need, although there is another case in California on that issue, that the state law and Social Security Act, the argument is, compel the State to pay actual shelter needs.

But, it's a -- the current system is that there are allocated specific amounts for each of the various needs: shelter, food and clothing and so on.

Q Right.

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- Q With a maximum per family unit?
- A A maximum per family unit up to the point, I believe it's 10 children and from that point on there is \$6 added per child after ten children, which the attack on the statute is that that, of course, is --
- Q Is violative of the Federal statute and violative of the Equal Protection Clause of the 14th Amendment.

A Yes.

I believe, Mr. Justices, through the questioning that I have covered most of the points that I wished to cover unless the Court has some further questions --

- Q Would it be fair to say that part of the problem, or at least part of the problem is to what extent leverage may be used against the children to enforce obligations against the adults?
 - A I think that that is somewhat there.
 - Q Will you state it in your own way?
 - Smith, as the starting point of what is and what is not allowable, the child in a home where there is a legally-obligated man, a support-obligated man, a burden may fall on that child because the man may not be performing his duties. To that extent inherent in the Social Security Act and in the AFDC program, is that the child may be harmed because of a

delinquent father. But, so long as he remains in the house, the burden is the child's and our essential argument is that the support obligation which California imposes on a MARS or a stepfather in the house, may put a burden on the child, although we question that factually that does happen that often, as we think the record in this case will show, that it is not as absurd as the Appellants would argue to the extent that the man will support someone other than his own children.

To the extent that there is a supportive obligation, the Social Security Act, we submit, makes that child either a nondependent child because of the natural parent, or a less-needy child, because of a perhaps, lesser support obligation, clearly enforceable, but the extent of the obligation on the man may be less in terms of dollar amounts.

The support obligation of a natural father is without limitation. The support obligation of the MARS and the step-father, as the state computes the amount of the obligation, may turn out to be a lesser amount than the amount the natural father wouldhave to pay.

Q WELL, if you have a natural working father, with this hypothetical, a natural father who is working, and he more or less regularly drinks up half of his earnings, and we have deprived children, then, as a result. Can they get Aid to Dependent Children while he's living in the house, fully employed?

A No.

SA

Q So that you have children who suffer as a consequences of the adults, which is beyond the reach of --

programs who try to alleviate poverty, but to the -- it's limited; it is to provide support for children who do not have some breadwinner to look to. It's not essential that the breadwinner perform his duty of supporting the children. Congress expected that the breadwinner would support the children in his home. California expects the same thing, but the natural father or the MARS or the stepfather may spend his earnings on wine, women and song, or whatever; the children may suffer, but the AFDC program is not the way that you solve that problem.

Thank you very much.

MR. CHIEF JUSTICE BURGER: Thank you, Mr. Linderman.

I'm not sure whether there is any time left or not.

My markings are not clear. Apparently there is no time left.

Thank you for your submissions; the case is submitted.

(Whereupon, at 11:14 o'clock a.m. the argument in the above-entitled matter was concluded)

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