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Statement of

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As Presented By

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before the

Ways and Means Committee
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Mr. Chairman, your committee is faced with an extraordinary opportunity. The time has come to discard the existing patchwork of ineffective and in many ways destructive public assistance programs. You have the opportunity to replace them with a national system of income maintenance that will help people to help themselves but preserve individual dignity in aiding those left behind by society.

The Need

The need is manifest. This Committee knows all the facts and statistics of poverty.

You know the cost of welfare, but you know also the great cost to society of human neglect. The child whose health needs are denied early medical attention because of poverty may suffer a lifelong handicap and become a lifelong burden to the community. The child whose attitudes and motivation are shaped by the pathology of extreme poverty may become a delinquent or derelict or addict

and end up as a burden on society. The cost to society is not to be compared with the human cost. But those who calculate social costs (and someone must) know that for society the day of reckoning always comes. It requires a lot of money to maintain jails, to rehabilitate addicts, to support the victims of early neglect. We can serve human values and social providence at the same time by making such casualties less likely.

Many Americans sincerely believe that people living in poverty are people who don't want to work -- or people who don't want steady work. In other words, able-bodied loafers. That is a long way from the truth. Of the 25 million persons living below the poverty line, 15 million are either under 18 or over 65.

Of the remaining 10 million, 9 million fall within the scope of the Administration's family assistance proposals (as being adults in poor families that include children). Let us look at that 9 million. The Administration estimates that 7.9 million are already working, but earn too little to bring them above the poverty level, or are the wives of such men, or are disabled, or are women who must stay home because of very young children. That leaves 1.1 million adults who the Administration feels can significantly help themselves and would thus be required to register for jobs or work training -- 600,000 men and 500,000 mothers of school-aged children.

I emphasize those facts because they suggest the limits of what we may expect from the work requirement. Those who cherish

the false notion that the welfare rolls are made up chiefly of able-bodied loafers could easily imagine that the present proposals will bring a sharp reduction in the rolls. If they believe that, they will end up disappointed and angry, because it won't happen. Most people who now receive welfare or would receive it under the new proposals are not candidates for the job market. As the above figures indicate, either they are already working or they are too old, too young, disabled, or mothers of young children.

I need not deal at length with the well-know shortcomings of the present welfare system (or non-system). In 70% of the families receiving benefits the fathers are absent from the home. To the degree that the welfare system has helped to create such a situation it endangers the fabric of our family based society. And clearly a system in which an American in one state can receive only one eighth of that which his fellow citizen with the same need receives in another state falls far short of any reasonable standard of equity.

The level of welfare benefits paid in most states clearly will not help any child to escape from poverty. We know, from official statistics, that in only two of the states do AFDC families receive aid at the \$3,500 a year (for a family of four) poverty level, and in less than half (21) do they approach 75% of the poverty threshold. The average for all states and the District of Columbia is almost \$1,200 below the poverty line.

Before we consider how the present system might be improved, I'd like to comment on what may or may not be expected from a welfare program.

The poverty that makes a public assistance program necessary is rooted in a variety of historical and contemporary conditions: discrimination, the pathology of the urban and rural slum, inadequate education, insufficient job opportunities in the locality, low pay in jobs not covered by the minimum wage, inadequate social insurance benefits, inadequate provisions for manpower training and so on.

No welfare program can cure those underlying conditions. It can only deal humanely with the consequences.

If we are to get to the root of the problem we shall have to do so through education, health and nutrition programs, the creation of job opportunities, the elimination of slum conditions and similar measures.

We must not, for example, imagine that the aid to the working poor contained in the present proposals is in any sense a substitute for increases in and extension of the minimum wage. All parts of the political spectrum would agree, I suppose, that in the long run an adequate minimum wage is healthier than a Federal wage subsidy.

Legislative Proposals

Now Mr. Chairman, I shall speak to the legislative proposals before you.

The Urban Coalition Action Council believes that the President has put forward an extremely important and on the whole well-designed set of proposals. The Council also believes that the proposals could be strengthened at several crucial points.

Let me begin by stating very briefly what it is about the proposals that strike us as valuable.

First, we would offer a general word of praise for the emphasis on children that is at the heart of the proposals under discussion. It's about time.

Second, we would emphasize that if the proposals are accepted, the Federal Government will for the first time in history accept responsibility for providing a minimum level of payment throughout the nation and for financing it. I would have been very proud had I been able to establish that principle during my tenure as Secretary of Health, Education and Welfare. It is a historic step. All the details of the present proposals fade in significance compared with that major advance in Federal policy.

Third, the Coalition Action Council regards the uniform national standards of eligibility and the greatly broadened coverage as enormously helpful. Of special significance is the inclusion of the working poor for the first time. The complete omission of the working poor is surely one of the strangest anomalies of the present system. A society which values work should surely make some provision for the six million adults who work full-time, year round, and yet cannot earn enough to bring themselves above the poverty line.

Fourth, we welcome improvement and broadening in the incentive to work. In 1967 your Committee pioneered in the move to correct the disincentive to work inherent in the welfare system, and I am sure that further steps to this end must strike you as well-considered.

Fifth, we applaud the proposed assistance to families with unemployed fathers living at home. Every critic of the existing system has commented on the fact that in states without provision for AFDC-UP, fathers have to leave home to make their families eligible for welfare.

Mr. Chairman, those strengths of the President's proposals are great indeed. They could lead us on to an immeasurably sounder and more equitable system of income maintenance. But if the promise of the proposals is to be realized, they must be strengthened at a number of points.

Can a national commitment to help impoverished families be met by a program which guarantees uniformity throughout the country only with respect to the first \$1,600 of benefits for a family of four, even with the commendable inclusion of food stamps? No doubt the level was based primarily on what the Administration believes it can afford under present budget constraints. I would like to assume that the President's ultimate goal is to increase that figure until it reaches the poverty level. But he has made no provision for such an increase and, even with the proposed state participation, there is no incentive whatever for states to raise their benefit

levels. Indeed, they are not required to raise them beyond the July 1969 level. If state supplementation is to be required, the legislation should provide an incentive for states to increase the supplementary benefits (e.g. by Federal matching above the \$1,600 floor).

As the best long-term approach, however, I urge the Congress to make provision for a nation-wide increase in benefits to the poverty level over a specified period of time. The \$1,600 floor proposed by the President can serve as a sound starting point for such a phased program.

Adequate provision should be made for "one-stop" administration of the proposed Federal-state system. The uniform national eligibility standards should help to eliminate the possibility of disparities in administration among the states, which is so clearly a problem in the present programs. However, under the President's proposal, if a state chose to cut its supplementary payments or to disregard Federal standards for such payments, the Federal requirements would be very hard to enforce. It may be necessary to find a more enforceable Federal sanction, such as administrative intervention.

The improved benefits for the aged, disabled and blind are a welcome step. It may be, however, that our ultimate goal should be a single income maintenance system which provides for uniform adequate assistance for all of our impoverished citizens, including needy individuals and couples without children.

It should probably be recognized that we are moving toward Federal assumption of the full cost of welfare programs. At a time when the nation as a whole is experiencing unprecedented prosperity, state and local governments are facing fiscal crisis. Largely dependent upon an inelastic tax base, they face inflation-linked increases in service expenditures compounded by spiraling welfare costs. Given the elasticity of its tax base, and the economies of scale and efficiency offered by Federal administration, a shift of the welfare burden to the Federal Government is clearly one means of resolving the fiscal dilemmas of state and local government. The fiscal relief offered by this shift would enable state and local governments to direct greater resources to those functions they are best fitted to finance and administer.

Another point at which the President's proposals must be strengthened is the part having to do with the work requirement.

The legislation should specify job standards and wage rates for "suitable employment". If this is not done, the legislated work requirement could end up providing a steady supply of forced labor to employers who provide substandard wages and working conditions.

The possibility of abuse by local employment services should be minimized by extremely careful definition of what constitutes a "refusal to work", and perhaps also by some system of Federal inspection.

The exemption from the work requirement granted to mothers with children under 6 and to mothers if the fathers are living in the home

should be extended to mothers with children over 6. It may be quite feasible for such a mother to work, and many do. But the feasibility depends on factors that she can best judge: her own health, the health (physical and mental) of her children, the presence in the home of adequate mother-substitutes (grandmothers, aunts) and so on. No bureaucracy should want to second-guess a mother in such matters.

In this connection, provisions for day care should be more explicit. Federal standards should be set. No work referral should be made unless adequate day care is provided. Responsibility for and funds for construction of day care facilities should be specified in the legislation.

Finally, I would emphasize that there must be provisions for job creation, so that the training opportunities won't be a revolving door into continued unemployment. The ideal solution is a public service employment program.

Mr. Chairman, that concludes my testimony. I am extremely grateful for the opportunity to appear before you.