

The original documents are located in Box D34, folder “Jaycees Roundtable, Grand Rapids, MI, April 10, 1973” of the Ford Congressional Papers: Press Secretary and Speech File at the Gerald R. Ford Presidential Library.

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CONGRESSMAN
GERALD R. FORD
HOUSE REPUBLICAN LEADER

**NEWS
RELEASE**

--FOR RELEASE AT 12 NOON FRIDAY--
February 9, 1973

Note to Correspondents: Please see attached letter to HEW Secretary Caspar Weinberger.

Rep. Gerald R. Ford today urged HEW Secretary Caspar Weinberger to order an HEW policy change which would enable states to wipe out welfare cheating.

Ford asked Weinberger to allow states discretionary use of the dual payee system of making payments to welfare recipients--the requirement that payment for specific goods, services or items be in the form of checks which are drawn jointly to the order of the recipient and the person furnishing the goods, services or items and negotiable only upon endorsement by both such recipient and such person.

The need for such restrictive payments is made clear by a study conducted in Genesee County, Michigan by the Michigan Department of Social Services and the Genesee County Dental Society, Ford said.

This study showed that in cases where dental work was performed on welfare recipients, only 50 per cent of the money sent to those recipients for payment of their dental bills was actually used for that purpose.

R. Bernard Houston, director of the Michigan Department of Social Services, has informed Ford: "The conclusion (of those making the Genesee County study) was that if public accountability and recipients' dental and optometric needs were of any concern, the need for change in the payment system was scarcely arguable."

Payment for needed services to welfare recipients is part of their cash grant in Michigan.

In a letter to Ford, Houston said: "This worked fairly well for a while, but as caseloads increased abuse increased. To be specific, many recipients received payment for authorized service and never returned to receive the service, or if received, did not pay for it. The incidence of this abuse reached such proportions that many individual doctors and, in some instances, county professional societies refused further service to welfare recipients."

Ford has introduced a bill, H.R. 1750, which would give the states discretionary power to use the dual payee system as much as they wish without losing Federal welfare payments.

HEW restricts use of the dual payee system to 10 per cent of the welfare caseload and then only to cases where the recipient has demonstrated inability to manage money.

Ford said he would be delighted to see Weinberger order the policy change, making his dual payee bill unnecessary.

#

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

February 7, 1973

The Honorable Caspar Weinberger
Secretary
Department of Health, Education
and Welfare
Washington, D. C.

Dear Mr. Secretary:

I am writing you with regard to welfare cheating--the failure of persons on welfare to pay for items or services with funds provided them for that purpose.

The remedy for such cheating is the dual payee system--the requirement that payment for specific goods, services or items be in the form of checks which are drawn jointly to the order of the recipient and the persons furnishing the goods, services or other items and negotiable only upon endorsement by both such recipient and such person.

This would apply, for instance, to the payment of rent, payments for dental and optometric services, and the purchase of such appliances as a refrigerator.

Michigan has sought to use this dual signature method of assuring payment for services and goods provided to welfare recipients since February 1971. But HEW has consistently maintained that the dual signature method can only be used where welfare recipients have demonstrated inability to manage money--and even then it must be restricted to 10 per cent of the welfare caseload.

R. Bernard Houston, director of the Michigan Department of Social Services, maintains that the policy being pursued by HEW is unrealistic--and I agree.

I have introduced legislation (H.R. 1750) which would allow a State discretionary use of the dual signature method in cases involving aid to dependent children. States would be permitted to use the dual signature method broadly without risking loss of Federal welfare payments.

The Honorable Caspar Weinberger
February 7, 1973
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However, Mr. Houston believes that HEW can remedy the present situation simply through a change in regulations.

I therefore urge that you, as Secretary of HEW, order a change in policy to allow states to use the dual signature method without loss of Federal assistance. Even if it were possible to gain enactment of H.R. 1750 in a relatively short time, I would be glad to see the objective accomplished through departmental regulation.

I hope I may have a reply from you in the near future.

Best regards,

/s/ Jerry Ford

Gerald R. Ford, M.C.

GRF:pc

GRAND RAPIDS, MICH.

APRIL 10, 1973

Herold R. Ford
M.C.

TUESDAY

7:30 P.M.

G.R. JAYCEES ROUNDTABLE

IROQUOIS MIDDLE SCHOOL



"REPORT FROM WASHINGTON"
For Release Tuesday, April 3, 1973

THE NEED FOR WELFARE REFORM was once more dramatically under-
scored last week with the release of a General Accounting Office sur-
vey done for the Fiscal Policy Subcommittee of the House-Senate Joint
Economic Committee on which I serve.

The study points out in graphic detail that the huge and costly
maze of federal welfare programs is glutted with bureaucratic overlap
and duplication. There is so much duplication that a true picture is
almost impossible to obtain.

For example, in determining the number of Americans living in
poverty, the Census Bureau has always considered only "cash" income
from wages or welfare benefits. It has not considered the value of
non-cash benefits, such as the value of food stamps, housing supple-
ments, medical and dental care paid for through government programs,
and the like.

Thus, the study concludes, the government figures on poverty have
been exaggerated, because they have always listed only cash income
against the poverty line. The study even noted that welfare benefits
(whether in cash or in non-cash items) are non-taxable. This can
give welfare recipients a "net" benefit level that is often higher
than the working neighbor. And even if that working neighbor is
paid a few dollars more, he may keep less because he is paying Social
Security and other taxes.

But the Census Bureau should not be criticised for losing track
of what's going on in its surveys of income. There are approximately
100 federal benefit programs, ranging from Social Security payments
to veterans benefits, food, housing, health care, etc., which will
cost \$131 billion in the 1974 fiscal year. Congress has put these
programs on the books in such a tangled mess that the confusion seems
to be almost a matter of intent.

The study showed that more than half of the families receiving
benefits participated in more than one program, and that 19 percent
participated in five or more programs. And the survey pointed out

(more)

that by taking advantage of these overlapping programs, many families received more income than the median amount received by their working neighbors.

And finally, the survey report makes the point once again that the structure of most of the welfare programs discourages welfare recipients from trying to get off the welfare rolls and into the work force. They can't make the switch gradually, because part-time wages almost always reduce benefits. And the great majority of welfare recipients can't jump into a job that would pay more than they can obtain under the welfare programs--or they wouldn't be there in the first place. So they are forced to stay on the dole, hoping the benefits will be increased, or more programs will be added.

The subcommittee does caution that the survey covered only six low-income areas around the nation. Therefore, the data collected should be considered on a preliminary basis. The report calls for an on-going national study on which final judgements in reforming the welfare system should depend. Nevertheless, the preliminary data strongly indicates that the costly welfare system in this country has become so inequitable and has trapped so many citizens on its treadmill that no excuses exist for delaying many reforms.

FOR SEVENTH DISTRICT TOURISTS who plan to visit Washington this year, there is good news. Parking along the Mall has finally been restricted from 10 a.m. each day until midnight so that tourists will have an opportunity to park. There is a three-hour limit, but tourists in the past have often complained of spending that much time just looking for a non-existent parking spot.

STOREY, TOWNSEND, COX: Office (202) 225-3565
TOWNSEND: Home (703) 821-2908

HOLD FOR RELEASE
Monday, A.M., March 26, 1973

CONGRESS OF THE UNITED STATES
JOINT ECONOMIC COMMITTEE

Subcommittee on Fiscal Policy

Subcommittee Report on GAO Search of Public Welfare Records Shows Huge
Overlap of Programs

Representative Martha W. Griffiths (D-Mich.), Chairman of the Joint Economic Committee's Subcommittee on Fiscal Policy, released a Subcommittee staff study today which reports on data collected from public welfare agencies by the General Accounting Office (GAO) at her request. "This study documents what I have been saying for some time. When you have 100 different programs consuming more than \$100 billion a year in Federal taxes, some families can get more out of this 'nonsystem' than they could possibly earn or than a high percentage of people in the area are earning. But other equally needy families get little or no aid."

The staff study, How Public Welfare Benefits are Distributed in Low-Income Areas, is based on a GAO check of agency records for benefits distributed under 100 separate Federal, State, and local programs, including aid to families with dependent children (AFDC), aid to the aged, blind, and disabled, general assistance, social security, unemployment insurance, veterans benefits, medicaid and medicare, food stamps, school lunches, public housing and a host of others. The records were searched in six different local areas for benefits paid to each of 1,758 households. These households were chosen at random from Census tracts identified by the Bureau of the Census as having concentrations of people with low incomes. Both the six locations and the names of household members have been kept in strict confidence by the GAO and the Subcommittee.

"I would like to thank the GAO for the tremendous job they did in amassing the data for the Subcommittee," Mrs. Griffiths said. "It required an enormous effort to review so many records in a short period of time, and the GAO staff is to be commended for this work."

"The Subcommittee is also very appreciative of the assistance received from the House computer staff in analyzing the data," Mrs. Griffiths added. "We received the full cooperation of Congressman Wayne Hays, Chairman of the House Administration Committee, in utilizing the computer center operated by that committee. This was truly an historic partnership because it marked the first

time that a congressional committee relied directly on congressional facilities for data processing in undertaking analysis of a significant budgetary item. We are all aware of the need for Congress to strengthen its capability for program evaluation if it is to carry out fully its role in setting spending priorities. The Administration Committee's computer facility is an important resource that should facilitate progress in this area."

Summary of Findings

Mrs. Griffiths said, "Sixty percent of the sample households received some form of publicly provided aid during the year--whether cash, goods, or services. But what is most important for policymakers to realize is that the typical recipient is no longer affected simply by one and only one program. This study shows that over half the households with benefits received them under more than one program. In fact, 11 percent of all sample households--or 19 percent of the households receiving benefits--participated in five or more programs during the year. The members of one household actually participated in 11 programs. Households receiving large numbers of benefits come in all shapes and sizes.

- An 85-year-old man and his wife in a rural area received \$155 monthly in old age assistance and social security checks and also received benefits from four different food and medical programs worth \$405 a month. Their benefits total \$560 a month or \$6,720 on an annual basis.
- A 17-year-old mother of two children on AFDC in a south atlantic city received \$316 worth of assistance from seven food, health, housing, and manpower programs in addition to her \$226 a month in cash from the welfare agency. This amounts to \$6,504 annually.
- A mother of 10 children in a midwestern city had \$616 monthly from AFDC and also participated in four other programs with benefits valued at \$177 a month. The total of \$793 a month in benefits is equivalent to \$842 monthly and over \$10,000 annually of earned income before taxes. This income is not only untaxed, it cannot be garnished.
- On the other hand, in a southern city, a family of 11 headed by an able-bodied male, although not eligible for cash assistance, did receive help worth \$131 a month from five noncash assistance programs;

- A household of five adults and four children in a western city among them had \$353 in monthly cash assistance (if we add the current month's AFDC payment to their average monthly unemployment insurance benefits), to supplement the household's average private income of \$972 a month and the \$685 of aid in kind derived from eight different programs; and
- An unemployed man and a working wife supported a child and minor relative in an eastern city with \$104 monthly from AFDC and general assistance benefits and \$281 worth of aid in kind from four other programs in addition to the wife's average monthly wages of \$429. Their benefits alone are equal to about \$5,000 in before-tax wages."

"With the best of intentions," Mrs. Griffiths said, "we have tried to fill the gaps in our inadequate public assistance programs by providing other benefits. But in so doing we have created an impossibly complex maze of programs which produces unintended results. This report shows how program rules discourage work, how some people are treated inequitably relative to others, and how programs often work against each other to undo legislative intent. And incredible as it may seem, while total incomes for the 1,059 households with benefits average more than \$400 a month at three of the six sites, some families receiving large numbers of benefits still have incomes below the Federal poverty standards."

Why This Study Was Done

This study was done to find:

--Who receives benefits, how much are their total benefit packages worth, and from how many programs are benefits received?

--Are the benefits equitably distributed from place to place and among households of various types?

--Are the benefits distributed in cash, or in goods and services?

--To what extent are benefits related to household income?

This study goes beyond the usual analysis of the distribution of benefits in terms of cash benefits only, since such noncash benefits as food stamps, child care, and subsidized housing programs are both valuable to recipients and costly to taxpayers. Without taking such benefits into account, it is

impossible to gauge how well or how poorly the needs of low-income people are being met--or even how many people are poor. "The information in this study, by itself, cannot fill the data vacuum. However, it is a starting point for answering questions which merit more routine and detailed study. It must be remembered in interpreting the findings," Mrs. Griffiths cautioned, "that the data pertain to low-income areas, not to the nation as a whole or even to all the poor. But I for one find that they make a dramatic case for drastic action."

Adequacy of Benefits

"The point of welfare is to provide a reasonable amount of aid to those who need it. Nowhere is the failure of these programs more apparent than when judged by this criterion. In terms of adequate income, some beneficiaries have moved out of the poverty class and passed the median wage in their areas while others remain very poor."

Even receipt of many benefits does not guarantee that a household will escape poverty. "On average," Mrs. Griffiths indicated, "households in five or more programs have incomes above the poverty standards. At three of the six sites this group of households had total private incomes and benefits so high they averaged in excess of \$500 a month." But 10 percent of this group is still poor in spite of the many forms of aid available to them.

Mrs. Griffiths said, "I feel that this study shows three things we must be careful about in judging the adequacy of assistance in the future:

- (1) Programs cannot be viewed in isolation when the typical beneficiary in these low-income areas receives aid from more than one source during the year;
- (2) The level of cash assistance is a limited indicator of income adequacy since the study shows that about half the assisted households also had private income and a very high proportion received noncash assistance as well; and
- (3) When you look at one small part of a household, the income and other assistance may not be adequate. When you bring into the household grandparents drawing social security or old age assistance,

brothers, sisters, or others with earned income, the total income may not only be adequate, it may be far more adequate than the income of those who work. But, if we cannot even check properly on the whereabouts of the father under AFDC, we certainly cannot base welfare on who is in the total household."

Incentives to Work

"Another important issue that concerns me," Mrs. Griffiths said, "is what the financial incentives are for people with low incomes to work. By adding one program on top of another, we have made it possible for some people to derive as much or more income from welfare programs than they could earn in a full-time job and than their neighbors currently are earning. And since many of these programs reduce the benefit amounts as earnings rise, being in several programs often means that the recipient who increases his work effort may have very little gain in net income to show for it.

"I would like to point out the study's findings that both work disincentive factors become critical when all of the overlapping benefits are considered together. If you look at the families who are in a number of programs and who are not working, you find that their total benefits generally exceed what a woman working full-time at the median wage rate earns after taxes in the six low-income areas we studied. The benefit amounts are even close to the average workingman's wages after you deduct taxes and work expenses to figure take-home pay.

"For instance, in the eastern city we looked at, the average monthly cash, food, and housing benefit for nonworking families with five or more benefits was \$426. This is approximately \$55 more than the median wage less social security taxes for women and only \$80 less than the comparable figure for men. For any man who had to pay income taxes and who had work expenses, there would be even less of a difference. If only cash benefits are counted as income, the average cash benefit of \$339 is still comparable to the after-tax median wage for women in that city.

"In the midwestern city, a similar group of nonworking households averaged \$376 a month in cash, food, and housing benefits. A woman working full-time at the median wage rate for that area would have netted only \$388 after social

security taxes. The comparisons between benefits and wages available in the other three cities are similar to this," Mrs. Griffiths noted.

"Now even if the head of a family eligible for these benefits still wants to work and finds a job," Mrs. Griffiths continued, "he or she will probably discover that the family's financial position won't be improved much. After the first few dollars of earnings, the AFDC program reduces its benefits by 67 cents for each added dollar earned. If an AFDC family gets food stamps, the price of the stamps will go up as earnings increase, too. If the family lives in a subsidized housing unit, the rent will rise. Adding all of these program actions together, the family's total income may have increased by only a few cents per dollar earned.

"If you look at the families with children that receive benefits under five or more programs, you see that most of them face potentially large benefit losses if they work. In fact, in the eastern city we studied, we found that 70 percent of this high-benefit group would probably have more than two thirds of each additional earned dollar disappear through tax deductions and benefit reductions. Similar situations were found in the other locations as well. This means that one half the women working full time in those areas are earning less than women on welfare and yet working women pay taxes to support women on welfare."

Program Effectiveness

"One of the most unfortunate things about having so many programs aiding the same group of people is that we are wasting money duplicating administrative tasks. Meanwhile, these programs are stumbling all over each other and preventing one another from effectively carrying out legislative intent." Mrs. Griffiths said, "The data collected by the GAO came from the records of 100 programs administered by more than 20 agencies. Of 1,758 households in the study, 1,059 received 2,935 different benefits. At an average rate of roughly three benefits per household served, one of the reasons why welfare administration is so overburdened becomes clear. With all of these agencies checking income and family characteristics, keeping records, mailing checks or paying vendors, and enforcing program rules while serving largely the same clientele, the amount of wasted motion and wasted taxpayers' dollars is deplorable.

"As an example, the GAO found a household of nine people receiving benefits from 10 different programs. Some benefits were paid all year, some for only part of the year. Some were paid to a single household member, others went to a related family group within the household, and still other benefits went to a boarder living there. How would we possibly expect the staff from several independent agencies to keep all of this straight so that benefits are totally accurate every month for all these programs?

"There are many examples of how programs automatically change to offset legislative changes in other programs, thereby weakening or reversing the intent of the change in law. The most recent event occurred last fall when social security benefits were raised by 20 percent. For the many social security beneficiaries who also receive old age assistance in low-income areas, the increase meant that other benefits decreased, sometimes to the point of making the beneficiary worse off financially than before the 20 percent increase. States and cities are very vocal when the Federal Government threatens to reduce programs, but we never hear about the fiscal relief they obtained by reducing their assistance payments because of the 20 percent social security increase to the aged and disabled on welfare.

"This is only one well-publicized example of the way in which these program overlaps can misdirect public funds away from the goals of legislators. These interlocking programs present many other situations where congressional or agency intent may be thwarted. For example, an amendment to the Housing Act of 1971 placed Federal limits on rents paid by public housing tenants. This restriction forced many State and local welfare agencies to change their payment policies so that public assistance recipients in public housing now receive more discretionary income than do equally needy recipients living in private housing. If a welfare agency financially penalizes an AFDC recipient for refusing a valid job offer, the penalty may be partially offset if the public housing authority lowers the family's rent to reflect the income decrease caused by the penalty. If the social security payroll tax rate is increased, this increases the income levels at which public assistance eligibility ceases since taxes paid are disregarded in calculating income for welfare eligibility determination. This list of program changes affecting other programs could go on and on, but the point is clear. The high degree to which benefits overlap means that all changes in these programs should be coordinated if the desired impact of one change is not to be offset by automatic adjustments in other programs."

Equity of Benefit Distribution

Persons with similar needs should be treated as alike as possible in terms of the benefits they receive. It has often been alleged that inequities built into current welfare programs have produced a variety of socially undesirable behavior patterns among low-income people--that they tend to migrate to places with better programs; fathers leave or pretend to leave their families or refuse to marry the mothers in the first place, so the women and children can qualify for welfare; and once on welfare, mothers continue to have children in order to retain eligibility for AFDC and related benefits.

"But when you look at all the public welfare programs," Mrs. Griffiths stated, "it is a very complicated business to tell just how inequitably they may be working. For instance, a program like food stamps may partially offset the differences in treatment of male- and female-headed families under public assistance cash payments. That is, a male-headed family with an income low enough is eligible for food stamps, and he may be eligible for a bigger food stamp bonus than a female-headed family on AFDC which includes a worker. But another program like medicaid may increase the benefit differentials. The man's income may be too high for medicaid in his State. As long as the female-headed family gets one dollar of welfare, it is eligible for medicaid, no matter what its income. So, without a national survey of all programs, it is impossible to say what the overall situation is.

"But we do know that there are families in worse straits than their neighbors because of how our programs work," she continued. "For example, the GAO found two four-person families in one city with the same amount of wages--about \$350 a month. One family, which included a mother and three children, also received AFDC, food stamps, and medicaid averaging \$359 a month in all. The other family, which included a mother, father and two children, could not qualify for AFDC or medicaid because of the father's presence in the home. Yet if the mother pushed the husband out of the home and married another man, the step-father could continue to earn and the mother could continue to draw AFDC for the children.

"We have similar problems with our programs for the aged. We found two elderly couples in the rural area, both having similar cash incomes of around \$250 a month and eligibility for medicare. But one couple had all that cash income from social security, while the other couple received both social security and welfare checks. Because they qualified for welfare, the latter couple also had \$33 of free food per month plus free health care under medicaid. The couple on welfare was clearly better off. This example is but one indication of the great need for a total medical program.

"This study is hopefully only a beginning. We need to know the kind of information presented here not just for six areas but for the nation as a whole, and not just at one point in time but on a regular, recurring basis.

"The Executive Branch is at fault in not collecting better data. I would like particularly to point out the inadequacy of census data. They check on nothing but cash income, and even on that their reports are inadequate. It has been known for some time that they don't get a full count of all cash welfare income. Our figures show this too. The Census Bureau does not check on any other benefits received, such as the more than \$2 billion in food stamps, and other 'almost-cash' benefits. The result, as this study shows, is that they are exaggerating the poverty in this country under the present system. Yet the Executive sends up programs and Congress acts to correct these inadequacies based on Census Bureau information.

"As I said in the beginning, this study is an historic first--the first study of all income maintenance programs completed by Congress' own facilities.

"However much it has shown, it still has not shown the whole picture. Yet it has shown enough to make it obvious to all that the present system is in serious need of a complete overhaul. We cannot continue to add program after program aimed at the same or almost the same group of people, each program having different requirements for eligibility, and different benefit reduction rates for working, and different staffs for administering each program.

"These programs should be reviewed with a view of combining the necessary ones, and possibly eliminating some of them altogether. In Congress there is

only one tax committee. No other committee can levy a tax without the approval of the Ways and Means Committee. Yet any committee can enact an income maintenance program, or welfare program if you will--they call them getting rid of surpluses, housing America, and so forth. We should set up an on-going device in Congress that reviews how all of the programs work together, and factual explanations should be given to all Members before any votes are cast."

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Members of the Subcommittee on Fiscal Policy are:

House of Representatives

Martha W. Griffiths, (D-Mich.) Chairman
 Richard Bolling (D-Mo.)
 Hugh L. Carey (D-N.Y.)
 William B. Widnall (R-N.J.)
 Barber B. Conable, Jr. (R-N.Y.)

Senate

William Proxmire (D-Wis.)
 Abraham Ribicoff (D-Conn.)
 Lloyd M. Bentsen, Jr. (D-Tex.)
 Jacob K. Javits (R-N.Y.)
 Richard S. Schweiker (R-Pa.)

JC'S COMMUNITY WIDE FORUM ----- 4-10-73

DR. STEVEN MONSMA - HON. GERALD R. FORD - COMM. STEPHEN L. KISHKORN
CHARLES P. CALATI - DOROTHY WYSOCKI - and FRANK M. WHITE

THANK YOU DR. MONSMA -- CONGRESSMAN FORD,
OTHER FELLOW PANELISTS AND INTERESTED CITIZENS WHO HAVE COME TO THIS
AUDITORIUM THIS EVENING.

It is indicated that with the very limited time for a presentation I should attempt to give all of you a general overview of the KC DSS in respect to the "goods and services" provided by the Department.

To begin with I want you to know that as of today we are providing financial assistance and related services to approximately 40,000 residents of Kent County. Since the present population of Kent is approximately 410,000 people it means we are touching one out of every ten residents. We are doing this in the following manner:

6,765	Families Receiving ADC
1,582	Individuals Receiving OAA
1,554	Individuals Receiving AD
61	Individuals Receiving AB

*as of
March 1, 1973*

This totals 9,962 grants of financial assistance. We must also keep in mind that in each ADC family there is approximately 4 members.

SOCIAL SERVICES

The day care program must be allowed to continue. I believe the termination of this important program only throws women who are deprived of day care, back on welfare. I recently wrote to Caspar W. Weinberger, Secretary of Health, Education and Welfare, to protest this cutback. There are many who side with me on this so I am hopeful we can get another look at the program and have day care restored. Many of the cutbacks the President has made, however, are justifiable. And for example, many social services programs such as Headstart, Health Care and Legal Services will receive more money under Revenue Sharing than they did previously. The Administration is trying to cut down spending, cut waste and prevent an increase in taxes. It is my hope that with a responsible Congress acting upon the suggestions of the President, we can arrive at a reasonable, equitable system which protects working mothers and at the same time, stabilizes spending and balances the budget.

SOCIAL SERVICES FOR ELDERLY: Senator Schweiker and I have introduced legislation to allow needy senior citizens who are not on welfare to participate in social services programs on the same basis that those who are on welfare now do. Last fall the Senate voted to place a \$2.5 billion ceiling on the spiraling annual cost of social services programs. This prohibited the states from spending more than 10% of their Federal allotment for services for individuals not actually receiving public assistance. This meant that in order for senior citizens to receive homemaker, nutrition, recreation, transportation and other social services, they would have to accept welfare. Our amendment simply allows the States to fund social service programs for non-welfare poor senior citizens from their total Federal allotment, rather than from just the 10% reserved for the nonrecipient poor.

PEACE AGREEMENT

At the International Conference Center in Paris for the signing of the Vietnam Peace Agreement, I was greeted warmly by Chi Peng Fei, the Minister of Foreign Affairs for the People's Republic of China. This was an extremely happy and long-awaited occasion.



QUICKIES

I have given my support to the following measures:

1. A bill to permit private property owners along Lake Erie to qualify for Federal assistance. This area is experiencing a serious threat of continued erosion which may create a major disaster along the shoreline.
2. A bill to give minority businessmen greater access to major sources of private investment capital. This would authorize the Small Business Administration to guarantee up to 70% of the purchase price paid by investment companies and other private investors for securities issued by minority businesses.
3. The appointment by the President of Vincent J. McCoola of Pennsylvania to the National Council on Education Research. He is an expert on nonpublic school education.
4. A bill to improve high speed rail passenger service in the north-eastern United States. This would also substantially reduce travel time between Washington, D.C. and Southeast Pennsylvania.
5. A bill which provides sufficient protective funding, through a workable insurance program, to meet any natural disaster with a swift federal response. The title of this bill is the National Catastrophic Disaster Insurance Act of 1973.
6. A bill designating certain segments of the Interstate Highway System as the "Dwight D. Eisenhower Highway." The memorial to the late President includes Interstate 70 from Washington, D.C. to Denver, Colo.; Interstate 25 from Denver to Cheyenne, Wyo., and Interstate 80 from Cheyenne to San Francisco. The route includes 150 miles through 5 southwestern Pennsylvania counties: Fulton, Bedford, Somerset, Westmoreland and Washington.
7. A policy position adopted by a third of the members of the Senate, supporting fiscal prudence and calling for a spending ceiling. This is an attempt to make the Congress more fiscally responsive and responsible to the American people.

United States Senate

COMMITTEE ON FOREIGN RELATIONS
WASHINGTON, D.C. 20510

Hugh Scott
U.S.S.

HON. GERALD FORD
SUITE H-230
WASHINGTON, D. C. 20500

YOUR SENATOR REPORTS

Hugh Scott

"It may be laid down as a primary position, and the basis of our system, that every citizen who enjoys the protection of a free government, owes not only a portion of his property, but even of his personal services to the defense of it."

General George Washington

1783

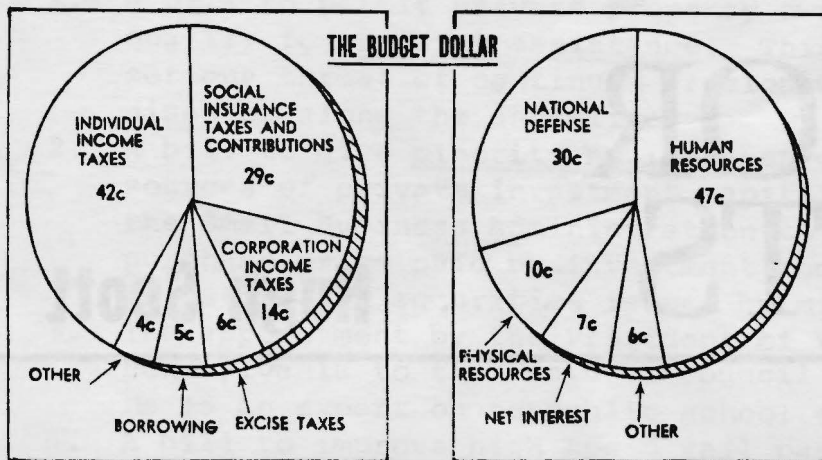


IN THIS REPORT

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- * School Prayer
- * Social Services
- * Peace Agreement

APRIL 1973

THE BUDGET



The Administration's reorganization of human needs spending is an effort to make government aid more effective and to stabilize spending to balance the budget. It does not, as some have charged, cut off funds for human needs. When President Nixon took office in 1969, 45% of the budget went for defense and 35% was earmarked for human

services. Now 47% will go for human services while only 30% is channeled into defense spending. Here are the facts:

- 1973 Human Resource outlays are 13% over 1972
- 1974 Human Resource outlays are 8% over 1973
- 1974 Human Resource outlays will be double those of 1969

While the overhead money for Community Action Agencies (\$328 million spread over 908 agencies) is being dropped in FY 1974, all the substantive programs of OEO (migrants, Indians, Community Development, Neighborhood Health Center, Head Start, Legal Services, etc.) are being transferred to other agencies or set up under new authority at a funding level equal to or higher than the FY 1973 level.

CAMPAIGN REFORM

Senator Charles McC. Mathias and I have reintroduced legislation to correct deficiencies in the existing campaign disclosure law. In 1971, we proposed creation of a Federal Elections Commission and called for stronger reforms in the area of contribution reports. If this legislation had been adopted, the entire aura of the Presidential campaign would have been strikingly different. The new legislation attempts to deal with some additional problems. Primarily it calls for full reporting and disclosure of campaign contributions and the creation of a six-member Federal Elections Commission with full legal powers.

SCHOOL PRAYER

I have joined with Senator Richard S. Schweiker in reintroducing a constitutional amendment to reinstate voluntary prayer and Bible reading in our public schools and buildings. This will ensure voluntary and nondenominational expression of individual religious belief. We are working for early Senate action.

COMMUNITY-WIDE ROUND TABLE 1973

"Open Public Forums for Discussion of Topics of Community Concern"

March 21, 1973

Hon. Gerald R. Ford
Congressman 5th Congressional District
110 Michigan N.W.
Grand Rapids, Michigan 49502

Dear Mr. Ford:

The Grand Rapids Jaycees in conjunction with the American Association of University Women, The League of Women Voters and the Municipal Action League, have initiated a new and exciting program which should be of interest to you. The program is entitled "Community-Wide Round Table 1973" and will sponsor two open forum discussions on topics of current interest in the Metropolitan Grand Rapids area. We feel that you or your group would be interested in attending one or both of these interesting forum discussions and actively participate by posing questions for our panel of speakers.

On April 10, 1973 we will present an open forum discussion entitled "The Welfare System." Our guest panelists will be: Gerald R. Ford, Congressman, Fifth Congressional District; Frank M. White, Deputy Director, Kent County Department of Social Services; Stephen L. Kishkorn, Kent County Commissioner; Charles T. Calati, Welfare Reform Coalition and Assistant Director, Human Relations Commission, Grand Rapids Catholic Diocese; Dorothy Wysocki, Welfare recipient and member of the Welfare Rights Organization. Our moderator will be Dr. Steven Monsma of Calvin College's Political Science Department.

On April 24, 1973 we will present our second open forum discussion entitled "Crime in Grand Rapids". Our panelists for this forum will be: Honorable Woodrow A. Yared, Judge 61st District Court; Francis Pierce, Deputy Superintendent, Grand Rapids Police Department; David Kamm, Kent County Assistant Prosecuting Attorney; William Jackson, local defense attorney. The moderator for this forum will be Dave Bolton, WOTV newscaster.

Both of our programs will be held at Iroquois Middle School (Old Ottawa High School) and will begin at 7:30 p.m. Each of the speakers will have an opportunity to make a presentation



after which the program will be opened for questions from the floor.

We encourage you and your group to attend both of these interesting and informative programs. Please feel free to pose questions to our panelists and become better informed in these areas of vital community concern.

We look forward to seeing you on April 10th and 24th.

Very truly yours,

Robert J. Dugan, Chairman
Community-Wide Round Table 1973
800 Union Bank Building
Grand Rapids, Michigan
Telephone: 451-8251

February 23, 1973

MEMORANDUM

TO: Mr. Ford

FROM: Gordon

keep on file for that date

It might interest you to know that I was recently a panel member for the same type of program I see you have committed yourself to for April 10.

Fred Slikkers of the Department of Social Service represented the County and I represented you. Otherwise the panel was identical. This was for the American Association of University women.

Basically, the thrust of my remarks that evening were that welfare reform had been proposed by the President some time ago, that the House had moved on it but that the Senate had been derelict in their duty.

Beware Calati!!! He is flakey and very "left-wing" in his thinking. You may find yourself agreeing with Kishkorn but not being able to say so publicly because of his Democrat position.

Of course you know that Monsma is also a Democrat and Dorothy Wysocki, I am certain, has never had occasion to vote for a Republican candidate. Frank White is an unknown factor.

It's too bad you got into this thing because I know what the panelists are ~~going to try to do to you~~ Going to try to do to you. If you have any questions or if you would like to discuss this, please feel free to give me a call.

Gordon

OFFICE OF THE CLERK
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20541



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RICHARD J. QUIST
ROBERT J. DUGAN

February 21, 1973

Honorable Gerald R. Ford
Minority Leader
United States House of Representatives
Washington, D.C. 20515

Re: Community-Wide Round Table
"The Welfare System"
April 10, 1973

C
Dear Mr. Ford:

O
On behalf of the Grand Rapids Jaycees I would like to thank you for agreeing to participate in our Community-Wide Round Table program on Tuesday, April 10, 1973. It will be a great benefit to our program to have such a knowledgeable and distinguished speaker.

P
We fully understand the necessity of making a tentative commitment in view of the heavy legislative schedule in April. We very much appreciate your attempt to work our program into your very busy schedule.

Y
Our program will be held in the auditorium of Iroquois Middle School (Old Ottawa High School) and will commence at approximately 7:30 p.m.. If you are not able to attend until somewhat later in the evening, we will make every attempt to arrange our program accordingly.

For your information, the other speakers participating in our program will be as follows:


Frank M. White, Deputy Director, Kent County
Department of Social Services

Stephen L. Kishkorn, Kent County Commissioner

Charles P. Calati, Assistant Director, Human
Relations Commission of the Grand Rapids
Catholic Diocese

Dorothy Wisocki, Welfare Recipient and Officer
of the Welfare Rights Organization

Stephen Monsma, Political Science Professor,
Calvin College (Moderator)



Honorable Gerald R. Ford
Page Two

The Grand Rapids Jaycees hope to publicize this program as much as possible. Although the program is new we hope to encourage a broad range of interested citizens to attend and become better informed on the problems confronting the present welfare system. Various members of the media have been contacted and at least one local radio station has expressed an interest in broadcasting the program.

The Grand Rapids Jaycees again thank you for your interest in our program and your willingness to participate as a speaker. Should you have any questions, please feel free to contact me at any time.

Very truly yours,

Robert J. Dugan

RJD:gk
cc: Michigan Office



STATE OF MICHIGAN



WILLIAM G. MILLIKEN, Governor

DEPARTMENT OF SOCIAL SERVICES

R. BERNARD HOUSTON, Director

GENESEE COUNTY
DEPARTMENT OF SOCIAL SERVICES
P.O. Box 3010
310 West Oakley Street
Flint, Michigan 48502

April 2, 1973

The Honorable Gerald R. Ford
Office of the Minority Leader
Congress of the United States
House of Representatives
Washington, D. C. 20515

Re: H. R. 1750 - 93rd. Congress, 1st. Session

Dear Representative Ford:

We wish to thank you for providing us the opportunity of being able to discuss the above legislation which was introduced by you on January 11, 1973, and referred to the Committee on Ways and Means. Your introduction of this legislation and its successful passage in both the House of Representatives and the Senate will do much to improve the present administration of the Aid to Families of Dependent Children Program.

At the present time, we in Michigan are experiencing anywhere from ten to fifteen percent of the caseload who are not using their public assistance grants for the purpose of meeting the needs of their families. Your proposed legislation will permit the States to administer public assistance by permitting that checks be drawn jointly to the order of the recipient and the person furnishing goods, services or items, and this check would only be negotiable upon the endorsement by both the recipient and such person who furnishes the above to the public assistance recipient.

① We would also like to address you to three other areas of administration of public assistance programs which are the cause of much criticism of public assistance. The recent report issued by the GENERAL ACCOUNTING OFFICE cites numerous examples of families on welfare programs who receive more money than persons who work, as well as examples of families not receiving enough for a minimum standard of living. It would appear that the incentive toward employment which is known as the "Income Disregard" principle in administering public assistance should be examined and corrected in order that families on welfare would not be receiving more money than those persons who are working. It would be our suggestion that the principle of income disregard be retained in order to encourage families on welfare to take employment but that once employed, the income disregard



Page Two-April 2, 1973
The Honorable Gerald R. Ford
Re: H. R. 1750 - 93rd. Congress, 1st. Session

principle would then be applied on a diminishing basis over a period of six months to one year to the point where the income disregard would no longer be applied in administering public assistance, and that the families on welfare who are employed would after the elimination of the income disregard, be on the same income basis as other families who are not on welfare.

2) The second suggestion toward welfare reform would be that the Department of Health, Education and Welfare instruct all States to do away with the principle of "declaration" at the time of application so that all applicants would need to provide documentation in order to prove their eligibility for public assistance. It would also appear that the Department of Health, Education and Welfare should return back to its former instructions of making it a necessity that home calls must be made at least on a semi-annual basis in all cases where public assistance is being paid to a family. It is our belief that much criticism that is being leveled at the administration of public assistance programs today results from the earlier Health, Education and Welfare Department regulations which directed the States that the declaration method for application for public assistance be used so that documentation and home calls no longer were mandatory in administering public assistance throughout the fifty States and Territories.


3) Our last suggestion toward a reform of the welfare program would be to require that Michigan be allowed to enter into an experimental program of "workfare" similar to that plan which the Department of Health, Education and Welfare allowed the State of California to enter into. We are enclosing a copy of a recent news release from the small Michigan community of Linden, located in Genesee County, Michigan, whereby the Council became involved in the discussion of public welfare administration and urged that a method of workfare be required of all able-bodied public assistance recipients.

It is a strange anomaly that for instance, local Departments of Social Services in Michigan are permitted to administer work relief programs when these work relief programs do not involve the use of Federal monies. However, when the case is moved over to families of dependent children as well as unemployed fathers, local Welfare Departments are not permitted to have able-bodied recipients become involved in work and training programs. The local citizenry at the local level is very confused by such double standards of welfare administration at the County level. They cannot understand why their tax funds which are sent to Washington will not allow that workfare programs are not permitted in administering the Aid to Families of Dependent Children and Unemployed Fathers.

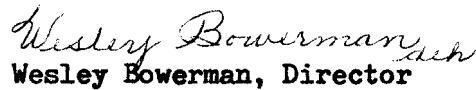
Page Three-April 2, 1973
The Honorable Gerald R. Ford
Re: H. R. 1750 - 93rd. Congress, 1st. Session

We wish to thank you again for your interest in the administration of public assistance programs by your introduction of H. R. 1750.

Sincerely,



Chester Bielaczyc, Director
Genesee County Department of Social Services



Wesley Bowerman, Director
Berrien County Department of Social Services

CB:deh
Enclosures

Some items in this folder were not digitized because it contains copyrighted materials. Please contact the Gerald R. Ford Presidential Library for access to these materials.



The **Flint Journal**

Section Five, Pages 69 to 76
Thursday, March 22, 1973

Linden council favors change in welfare system

By **ROBERT P. WELSHANS**
Journal Fenton Bureau

LINDEN — Heeding a northern city's plea, the Linden Village Council has decided to join in urging the Legislature to require welfare recipients to work for

urging them to adopt a similar resolution.

Wenger said he opposes the present welfare system because it "encourages persons not to work because a living is provided for them under the condition

RESOLUTION

WHEREAS It is believed that in any organized society of citizens, the individual has a right to ask what he can be guaranteed when he is in trouble, and

WHEREAS There is already a commitment by government to provide services to individuals who direct their pleas for assistance to government, and

WHEREAS The unemployed who seek assistance are often serviced exclusively through a welfare grant because the economy has never provided sufficient jobs for all those seeking them, and

WHEREAS There is pointed criticism expressed openly by the public and government on the unemployed who ask for assistance despite a constant search for jobs that do not exist, and

WHEREAS A truly responsive government, concerned with its citizens, would guarantee employment of the jobless, so that an individual could fulfill himself in work and gain the benefits and respect entitled to him as a citizen.

THEREFORE BE IT RESOLVED THAT The Michigan County Social Services Association support the appropriate action by government to fulfill its obligation to its citizens by guaranteeing jobs for the jobless, to the point of being employer of last resort.

Submitted by:
District X, Resolution Committee Chairman
Gerald Servinski, Director
Keweenaw County Department of Social Services

MAR 30 1973

W. F. BAIRD, President
A. A. MILLER, Manager
L. P. LEE, Editor



MICHIGAN REPORT

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Telephone (517) 489-4327

REPORT NO. 60, VOLUME 12

WEDNESDAY, MARCH 28, 1973

INVESTIGATION OF WELFARE FRAUD CASES PROVES SUCCESSFUL

Newly appointed inspector general in the Department of Social Services, John Gambotto Wednesday released figures on investigations of suspected cases of public assistance abuse.

Department investigators undertook 1,323 cases during the last three months of 1972 and completed 823 investigations, Edward Donald, head of the department's special investigations unit, said. Almost 32 per cent of these investigations resulted in referrals to law enforcement officials. In dollar figures, the investigations unit covering the tri-county metropolitan Detroit area alone recovered \$44,546.

Currently there are 39 investigators and 27 of them are assigned to metropolitan Detroit. Full-time investigators are also assigned to Ingham, Berrien, Calhoun, Kent and Saginaw Counties and three more counties are expected to have full-time investigators assigned within a few weeks, Mr. Donald said.

Experts employed by the unit have also proven successful in the investigations, he said. A documents examiner, who is a former State Police handwriting analyst found 434 checks during the latter part of 1972 which had been endorsed by persons who denied having signed them. "This meant substantial savings in state funds which otherwise would have been paid out to replace the supposedly 'lost' checks," he said.

In its work the unit has found instances of persons failing to report income, legal fathers actually living at home when they have been reported to the department as being absent, clients receiving duplicate assistance by applying for help in several counties, and frauds carried out by persons providing services to social services clients.

Complaints instigating the investigations have come from department workers, quality control auditors, public officials and citizens.

While the investigations unit has been successful in turning up several fraud cases, Mr. Donald said "I feel there are some areas which still need tightening up, such as checking of birth records and reverification of eligibility."

Mr. Gambotto also released figures on the department's effort to obtain payments from fathers in Aid to Dependent Children cases. During 1972 over \$28.1 million was collected, an increase of \$11.2 million over 1971.

These payments represent support money collected by friends of the court on behalf of children receiving the aid and are sent to the state to reduce dollar for dollar the amount which would otherwise be spent in the form of aid.

To: Mr. Wesley Bowerman
Director of Berrien County Social Welfare

Re: Rent money from A.D.C. Tenants

After much study by the "United Landlords of Berrien County", this is our summation. The consensus of opinion of the owners of Rental Property feel the State could save millions of tax dollars and give the Landlord the opportunity to improve their properties, giving the tenant a better place to live.

1. If the State would send the rent monies directly to the Landlord.
2. Checks could be printed and mailed in the County in which the tenant lives.
3. This would save on individual fraud on tenants who claim they didn't get their checks. 90% sign them and get replacement money.
4. Money would reach the right party and be used for the intended purpose. This would help the Landlord, who in turn can provide better housing.
5. It would stop the flighty tenant and make them more responsible. Many of them destroy our property and most leave, owing much rent.
6. By streamlining this service, many caseworkers could be trained for other work. (Another savings for the State.) Much of a Service Worker's time is confined to complaints of non-payment of rents. Many Landlords refuse to rent to A. D. C. people because of collections. We strongly recommend that the checks be mailed once a month to the Landlord.

All of our Members are in favor of reducing their rentals by 10%. We would save this in time trying to collect rent, we would be guaranteed against fraud and it would almost eliminate the flighty tenant. Best of all, it would save the State millions of dollars each year.

P/E what is story for Welfare Remittance on G.I. on Tuesday

HEW Delays Welfare Cleanup

United Press International

In the face of stiff opposition from state governors, the administration yesterday abandoned its highly controversial threat to begin withholding immediately \$689 million in federal welfare aid from states making payments to ineligible welfare recipients.

Formal announcement of the retreat on a major welfare issue came in a Los Angeles speech by Secretary Caspar W. Weinberger of the Depart-

ment of Health, Education and Welfare, who conceded last week that the administration proposal had "one or two flaws" in it.

HEW Under Secretary Frank C. Carlucci told news- men here:

"We haven't backed away from the principle of not paying for people who shouldn't be on welfare rolls. That's something everybody agrees on in principle. We agree,

however, that we need more time to put this into effect."

The states will be given as long as two years to complete the administrative housekeeping demanded by HEW, federal officials explained.

Under the plan announced Dec. 4 by then HEW Secretary Elliot L. Richardson, the department would have withheld over an 18-month period an estimated \$689 million in federal aid from the states as a penalty for their alleged failure to

weed out ineligible and overpaid recipients.

The cutback originally was to take effect Jan. 1, then was delayed until April 1 after angry state welfare directors protested to HEW, and 34 states and localities hired a law firm to fight the plan.

The original plan ordered states to reach a zero level of overpayments and payments to ineligible recipients, and set no timetable. The new HEW plan gives states until June 30, 1975, to reduce the rate of ineligible recipients in needy families to 3 per cent and to cut overpayments to 5 per cent.

The latest national survey of state administration of federally supported welfare aid reveals an ineligibility rate of 6.8 per cent and an overpay-

Tartan plaid short stop jackets



The Day's Activities in Congress

Senate

Meets at 10:30 a.m.
Committees:
Agriculture—World food situation and international trade. John Hannah, AID; Vernon Sorenson. AICH. State

be Comm. of Ed. 9:30 a.m. Open 4233 DOB.
Armed Services—Cmte. bus.; nomina. CIA Dir. Schlesinger. 10 a.m. Closed. 212 ROB.
Labor—Cmte. Bus. 2:15 p.m. Closed.

Interior—Water and Power Resources Subcmte. Mark-up HR 5464—Saline water prog. approp. auth. 9:45 a.m. Open. 2253 ROB.
Commerce—Trans. and Aero. Subcmte. Airplane hijacking. 10 a.m. Closed. 3772 ROB.

scottish plaids add

P/ what is story for Welfare Committee on C.R. on Tuesday

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The Day's Activities in Congress

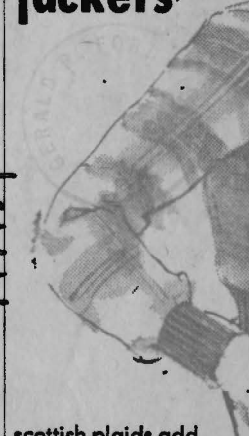
Senate

Meets at 10:30 a.m.
Committees:
Agriculture—World food situation and Intl. agricultural trade. John Hannah, 212 ROB.
Labor—Cmte. Bus. 2:15 p.m. Closed.

be Com. of Ed. 9:30 a.m. Open 4232 DOB.
Armed Services—Cmte. bus.; nomins. CIA Dir. Schlesinger. 10 a.m. Closed.
Labor—Cmte. Bus. 2:15 p.m. Closed.

Interior—Water and Power Resources Subcomte. Mark-up HR 5464—Saline water prog. approp. auth. 9:45 a.m. Open. 2253 ROB.
Commerce—Trans. and Aero. Subcomte. Airplane hijackings. 10 a.m. Closed.

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JOHN R. STARK,
EXECUTIVE DIRECTOR

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Congress of the United States
JOINT ECONOMIC COMMITTEE

(CREATED PURSUANT TO SEC. 5(a) OF PUBLIC LAW 394, 75TH CONGRESS)

WASHINGTON, D.C. 20510

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RICHARD S. SCHWEIKER, PA.

March 26, 1973

Dear Colleague,

Enclosed you will find a chart book which summarizes some of the findings of a welfare study I am releasing today as Chairman of the Subcommittee on Fiscal Policy. This is a staff study based on data gathered by the General Accounting Office at my request.

The study, entitled How Public Welfare Benefits are Distributed in Low-Income Areas, examines how benefits of 100 Federal, State, and local public welfare programs are distributed in six low-income areas of the Nation. It is the first such study to document the number, type, and amount of benefits actually being received by specific households.

The data reveal a dramatic pattern of benefit distribution, ranging from no benefits up to participation in programs dispensing over \$1,000 monthly to one household. Eleven percent of the 1,758 sampled households received benefits from five or more programs.

The programs discussed include aid to families with dependent children and other cash public assistance programs; food stamps and commodities; unemployment insurance, social security and other insurance-type programs; public housing; medicaid and medicare; day care and manpower training; legal aid; and many others. In my judgment, the study offers a unique look at the impact of programs as they operate in combination rather than one by one as they generally are proposed, legislated, and administered.

It is my hope that you will have the opportunity to review this chart book and that you will find it informative and useful. We would be pleased to send you the entire study if you would care to receive it.

Martha
Martha W. Griffiths, Chairman
Subcommittee on Fiscal Policy

Graphic Material For

STUDIES IN PUBLIC WELFARE

Paper No. 6

HOW PUBLIC WELFARE BENEFITS ARE DISTRIBUTED
IN LOW-INCOME AREAS

Based on Data Collected by the
General Accounting Office

A STAFF STUDY

Prepared for the Use of the
SUBCOMMITTEE ON FISCAL POLICY

of the

JOINT ECONOMIC COMMITTEE
CONGRESS OF THE UNITED STATES

March 26, 1973

JOINT ECONOMIC COMMITTEE

(Created pursuant to sec. 5(a) of Public Law 304, 79th Cong.)

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Mary Beth Curry

Sharon S. Galm
James R. Storey

WHY THIS STUDY WAS DONE

- Many programs exist which distribute cash, food, housing, medical care, and other valuable goods and services. These programs generally have been enacted and are administered separately, despite the fact that many people benefit from more than one program.
- Official surveys (such as the Census) and program statistics do not contain information on the full range of these programs. This study was designed to obtain a picture of who receives benefits from what programs and in what amounts.
- The findings have relevance to policy questions such as:
 - The adequacy of combined benefits;
 - How equitably benefits are distributed;
 - The work incentive aspects of combined benefits; and
 - The administrative problems created by the operation of 100 programs.
- Programs covered include:
 - Social Insurance (Social Security, Unemployment Insurance, Workmen's Compensation, Veterans' Compensation);
 - Need-based cash (Public Assistance, Veterans' Pensions, General Assistance);
 - Food, health, and housing programs;
 - Training, scholarships, public employment, and Day Care; and
 - Other service programs.

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- Food, health, and housing programs;
- Training, scholarships, public employment, and Day Care; and
- Other service programs.

THE AREAS SAMPLED, AND THE CONDUCT OF THE STUDY

- The study is not based on a nationally representative sample. The costs prohibited this. Therefore, the findings cannot be generalized rigorously to the entire country, or to all the poor. The findings are statistically valid only for the six low-income areas in which the study was conducted.

- The study is based on a random sample of 1,758 households drawn from six sites. These are six of the 59 sites which the Census Bureau has designated as 'Low Income' areas. Four sites are sections of large cities, one includes parts of a medium-sized city, and one consists of several rural counties. Sites are identified with descriptive rather than actual names to retain maximum confidentiality.

- Since the study sites are low-income areas, it should be expected that the households sampled will participate more heavily in welfare programs than the general population. About one in four of all families in these areas are poor.

- Information was collected from program records, not from interviews. Records of most programs were checked to see if benefits had been received by any household members anytime during the year. If they had been received, average monthly amounts were calculated. Thus, benefits were not necessarily received all at once.

- The information was collected and is presented on a household rather than a family basis. Some households contain several families or more than a simple family. For example, a young couple with children may have their elderly parents living with them.

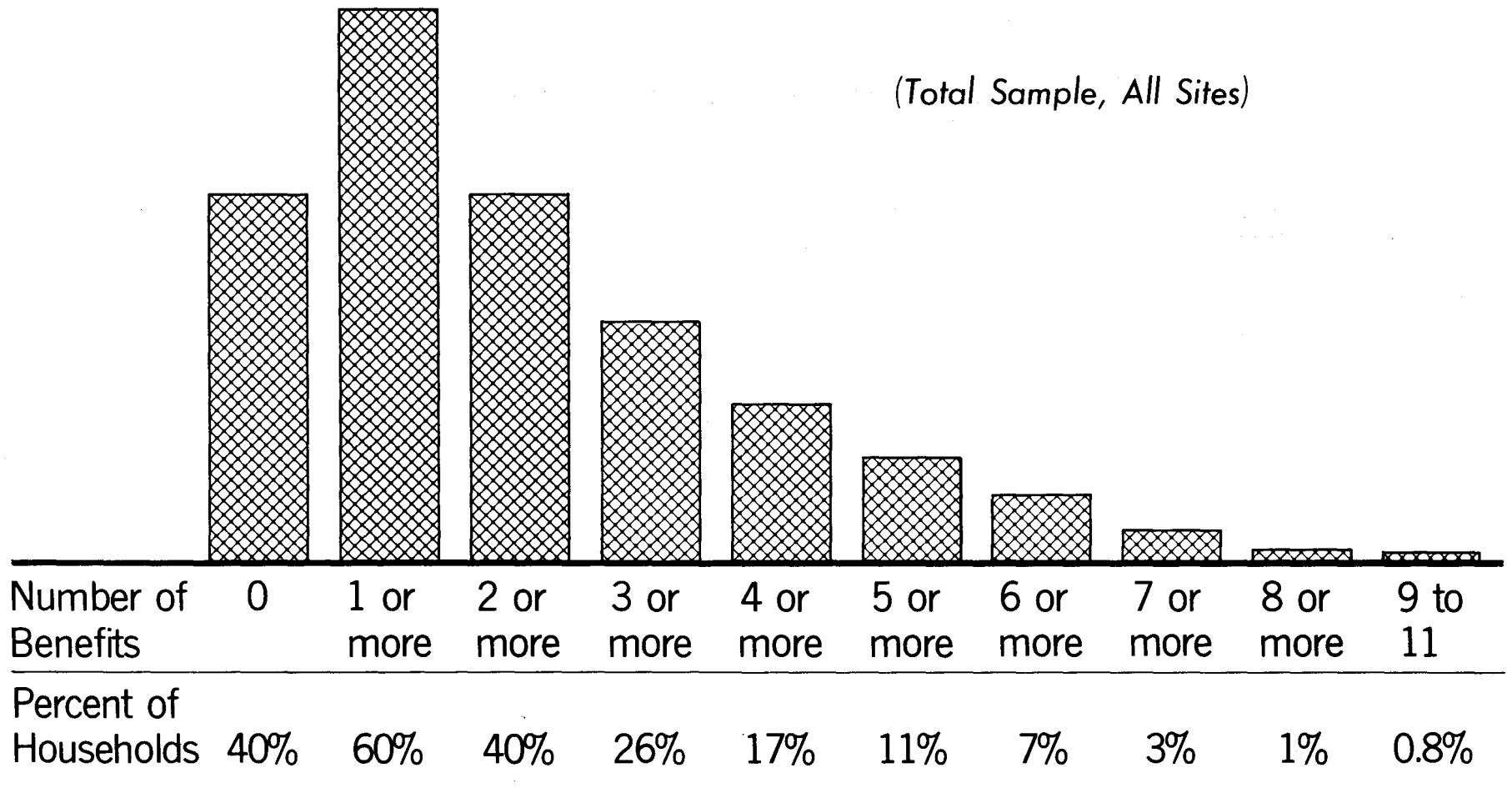
HOW MANY HOUSEHOLDS RECEIVE BENEFITS?

The number of households which have contact with the public welfare bureaucracy is far greater than the number receiving cash welfare benefits such as Aid to Families with Dependent Children (AFDC).

Sixty percent of the sample households received at least one benefit. Forty percent received benefits from two or more programs, 11 percent participated in five or more programs, on down to almost 1 percent involved in nine to eleven programs. One household received benefits from eleven different programs.

The typical beneficiary does not participate in one and only one program.

Chart 1. SAMPLE HOUSEHOLDS BY NUMBER OF BENEFITS RECEIVED

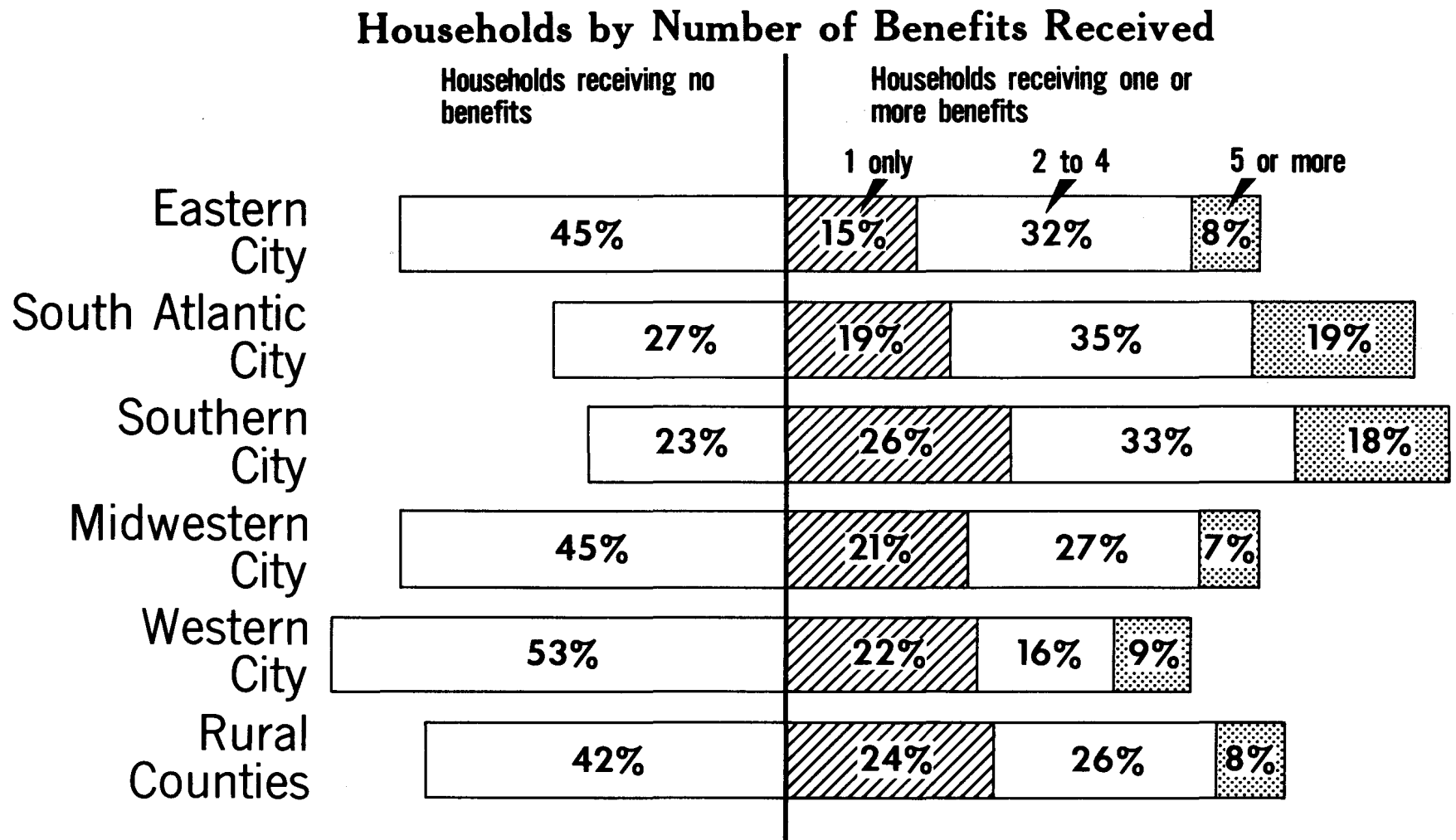


THERE ARE VARIATIONS FROM SITE TO SITE IN HOUSEHOLD
PARTICIPATION IN PROGRAMS

The proportion of households receiving benefits varies widely among the six sites.

More households received benefits in the two southern cities than in any of the other sites. This reflects several factors. First, wages are low in these areas, so that working people can qualify for benefits such as food stamps or commodities. Second, these cities contain many female-headed families which are eligible for Aid to Families with Dependent Children. Finally, many households contain more than one family--such as elderly parents living with grown children. "Doubling up" increases the likelihood that households will receive benefits.

Chart 2. OVER HALF THE SAMPLE HOUSEHOLDS RECEIVE A BENEFIT; RECIPIENT HOUSEHOLDS OFTEN RECEIVE SEVERAL BENEFITS

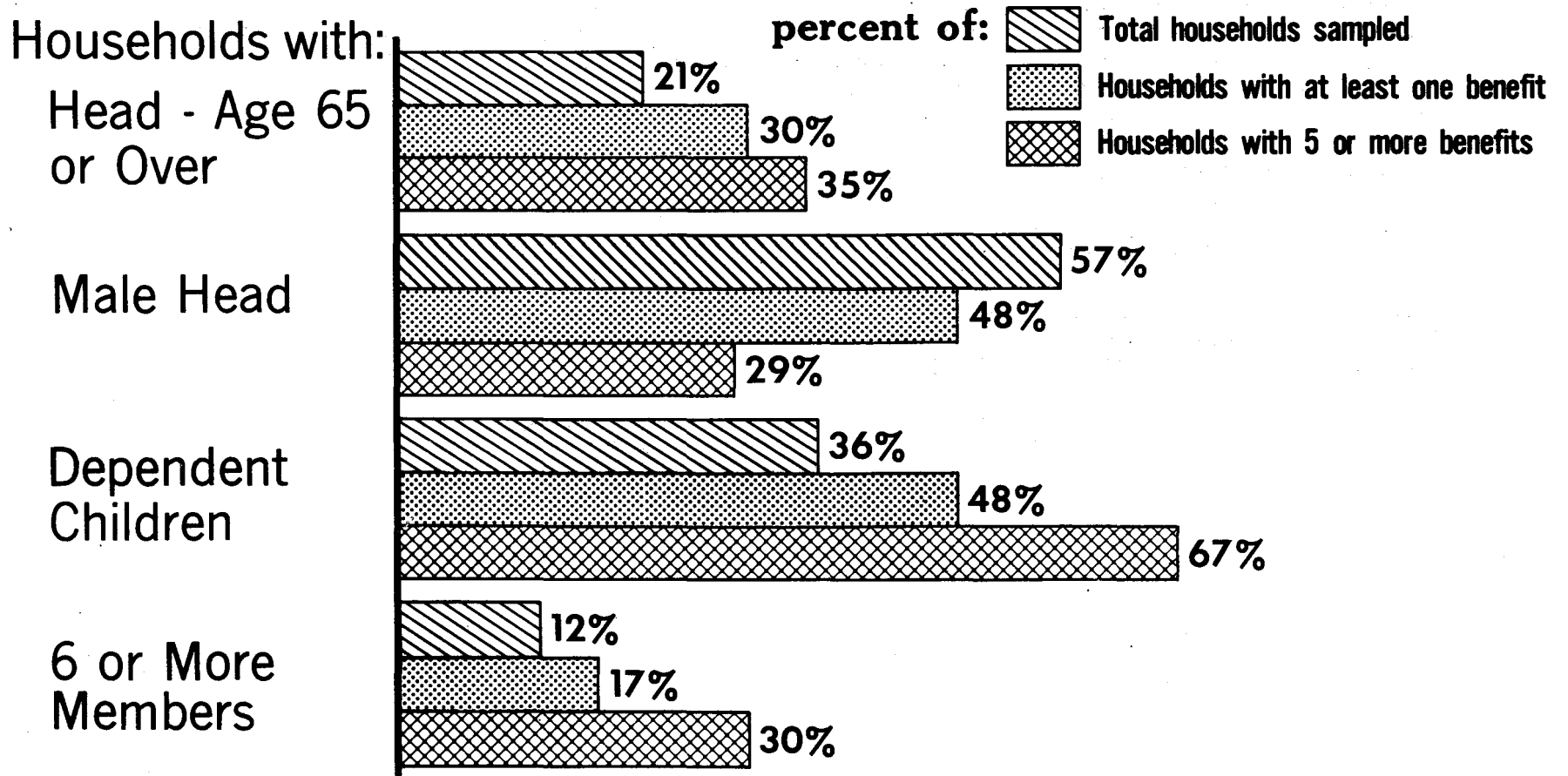


**SOME HOUSEHOLD TYPES ARE MORE LIKELY TO RECEIVE
BENEFITS THAN OTHERS**

Certain types of households are more likely to receive benefits than others. These include large households, those with children, and those with household heads aged 65 or over. Male-headed households tend to be less likely to receive benefits. These findings are consistent with program eligibility rules and with the earning levels of the various household types.

Chart 3. THE HIGHEST BENEFIT SHARES GO TO HOUSEHOLDS WITH AGED HEADS, LARGE HOUSEHOLDS, AND HOUSEHOLDS WITH CHILDREN

Characteristics of sample households in urban sites as



WHO RECEIVES LARGE NUMBERS OF BENEFITS?

It can happen quite legitimately that households get benefits under five or more programs. As is shown in Chart 3, certain types of households are more likely to be multibeneficiaries than others. But, there is no general rule, just as there is great diversity in the situations of households which receive very few benefits or none at all.

Chart 4 examines some actual cases to illustrate the diversity of their situations.

Dollar values have been assigned to noncash benefits such as food, health care, and housing based on their cost to the Government (as in the case of health care) or their net retail value (as in the case of food stamps). It is probably true that such goods and services are not as valuable to recipients as is cash. But to ignore their value altogether is to assume that these noncash benefits have no value at all. This is clearly not true.

Chart 4. EXAMPLES OF HOUSEHOLDS RECEIVING LARGE NUMBERS OF BENEFITS

A. A couple in Eastern City supporting a young child and the wife's teen-aged brother with 5 benefits:

PROGRAM	AMOUNT PER MONTH
AFDC	\$ 21
General assistance	83
Food stamps	34
Medicaid	123
Public housing	106
Neighborhood youth corps	18
Benefits, total	\$385
Earnings	429
Total income	\$814

B. 17-year old mother of 2 children in South Atlantic City with 8 benefits:

PROGRAM	AMOUNT PER MONTH
AFDC	\$176
Welfare grant for special needs	50
Food stamps	20
Medicaid	33
Public health services	21
Public housing	56
Housing relocation grant	2
Concentrated employment (CEP)	6
Neighborhood youth corps	178
Benefits, total	\$542
Earnings	56
Total income	\$598

C. A 3-generation family of 5 in Southern City with 11 benefits:

PROGRAM	AMOUNT PER MONTH
AFDC	\$ 79
Old age assistance	91
Social security (old age benefits)	77
Social security (disability benefits)	131
Veterans pensions	221
Free school lunches	8
Medicare	8
Medicaid-payment for medical services	14
Medicaid-payment of medicare premium	6
Rent supplements	55
Neighborhood service center	1
Benefits, total	\$691

D. A mother of 10 children in Mid-western City with 5 benefits:

PROGRAM	AMOUNT PER MONTH
AFDC	\$616
Food stamps	110
Free school lunches	11
Public Health services	3
OEO emergency health services	53
Benefits, total	\$793

E. Elderly husband and wife in Rural Counties with 6 benefits:

PROGRAM	AMOUNT PER MONTH
Old age assistance	\$ 85
Social security	70
Surplus commodities	22
Medicare	372
Medicaid-payment for medical services	5
Medicaid-payment of medicare premium	6
Benefits, total	\$560

THE SYSTEM IS OFTEN UNFAIR

The public welfare "system" distributes benefits in a way that sometimes seems arbitrary. It can be more generous to one family than to another with the exact same income and of exactly the same family size. Some of the poorest households receive little public aid.

Chart 5 illustrates two types of unfair situations with actual cases.

The upper part of the chart compares two families of four in Eastern City. Because Household B is not eligible for Aid to Families with Dependent Children (AFDC), its average income and benefits are far lower than Household A's--even though the man's earnings are lower than those of the woman receiving AFDC.

The lower part of the chart shows two elderly couples in the Rural Counties site. Couple C has a small enough social security check that it also qualifies for welfare for the aged, called old age assistance. So it automatically qualifies for benefits such as surplus food commodities and medicaid which go along with public assistance in the Rural Counties site. Couple C had actual medical expenses averaging \$47 a month paid for by medicaid. Medicaid will pay for many medical expenses not covered by medicare. By virtue of having no more than \$10 "too much" social security, Couple D is ineligible for old age assistance, free food commodities, and free health care.

Chart 5. BENEFITS CAN BE INEQUITABLE

Male - Headed Households Can Get Less

Household A: Woman and 3 Children in Eastern City

Earnings	\$355
AFDC	281
Food stamp bonus	46
Public health	<u>32</u>
Total, average monthly income and benefits	\$714

Household B: Man, Wife, and 2 Children in Eastern City

Earnings	\$346
Unemployment insurance	<u>25</u>
Total, average monthly income and benefits	\$371

Public Assistance Can Confer an Advantage

Aged Couple C in Rural Counties

Social security	\$184	
Old age assistance	65	
Surplus commodities	<u>33</u>	
Total, average monthly income and benefits	\$282	+ Medicaid
		+ Medicare

Aged Couple D in Rural Counties

Social security	<u>\$259</u>	
Total, average monthly income and benefits	\$259	+ Medicare only, No Medicaid

HOW WELL OFF ARE HOUSEHOLDS RECEIVING BENEFITS FROM MANY PROGRAMS?

Households receiving many benefits do not always escape poverty. Chart 6 shows the effect that benefits have in reducing poverty for households participating in five or more programs.

The top bars show that if only the private incomes and none of the benefits of these households are counted, most beneficiaries, in fact, are poor.

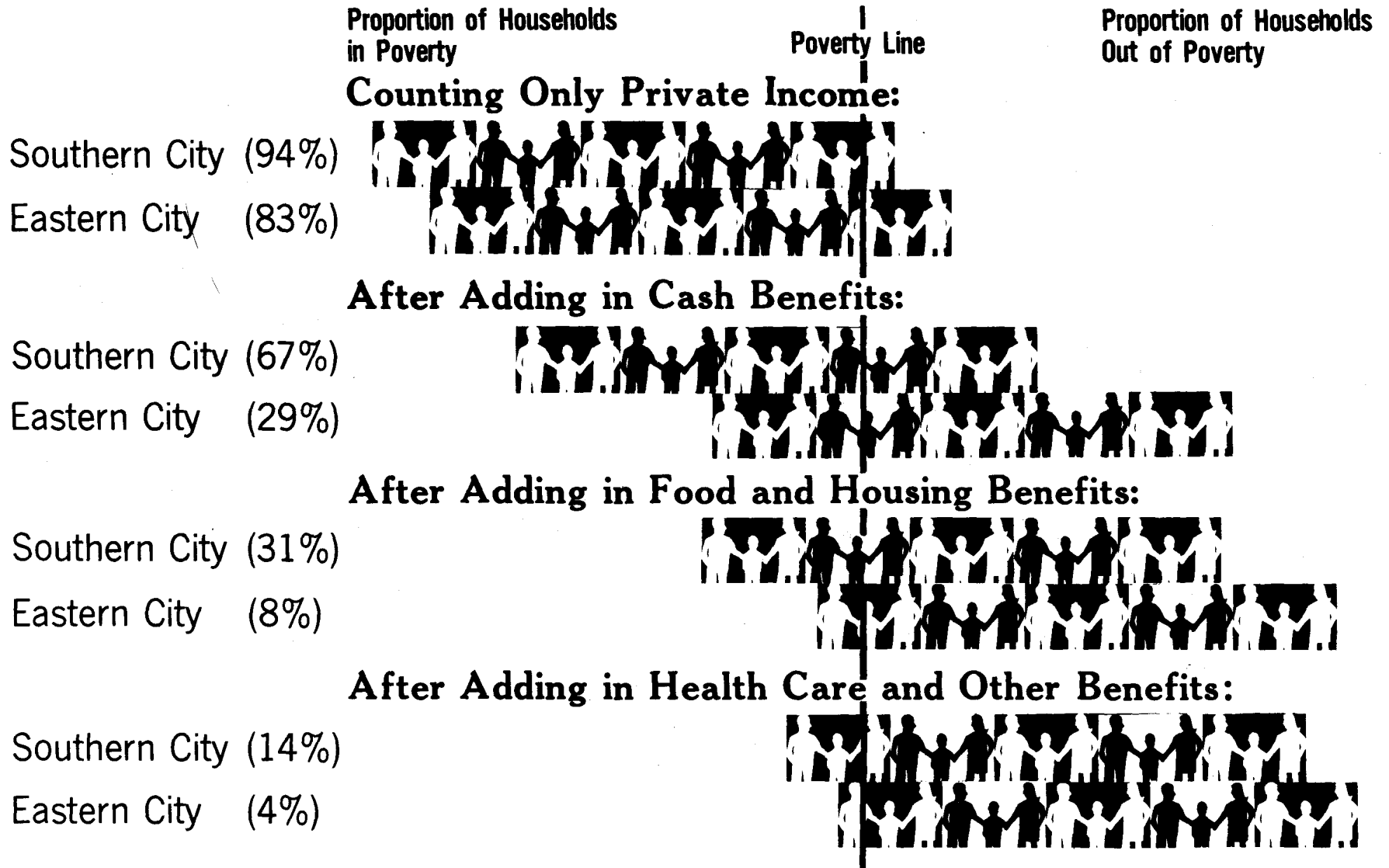
After adding in cash benefits, 67 percent of the households in Southern City and 29 percent in Eastern City are still poor. This is shown in the second set of bars.

When food and housing benefits are added too, the percentage of these households in poverty is reduced to 31 percent in Southern City and 8 percent in Eastern City.

Even if the Government costs of all benefits--such as health and other services--are added in as if they were income, some households are still poor. But some do very well. At two of the six sites, the five-benefit households had total private income and public benefits averaging over \$6,500 a year.

Since the typical recipient participates in more than one program and many recipients have earnings, it is not generally useful to evaluate the adequacy of individual programs alone. A broader look at all benefits and earnings is necessary.

Chart 6. EFFECT OF BENEFITS IN REDUCING POVERTY For Sample Households Receiving 5 or More Benefits



HOW DO MULTIBENEFIT PACKAGES COMPARE TO MEDIAN WAGES?

Some low-income people receive no public welfare benefits; others only small amounts. But there are people who receive as much from welfare programs as they could earn in a full-time job and as much as their neighbors currently are earning.

Chart 7 examines the benefits received by a specific group in the sample: urban households with children, receiving five or more benefits, and having no earnings. Only their cash, food, and housing benefits are included here in order to compare only those benefits which can be assumed to be consumption items. Thus, benefits such as medical care, legal services, manpower training, and the like are excluded.

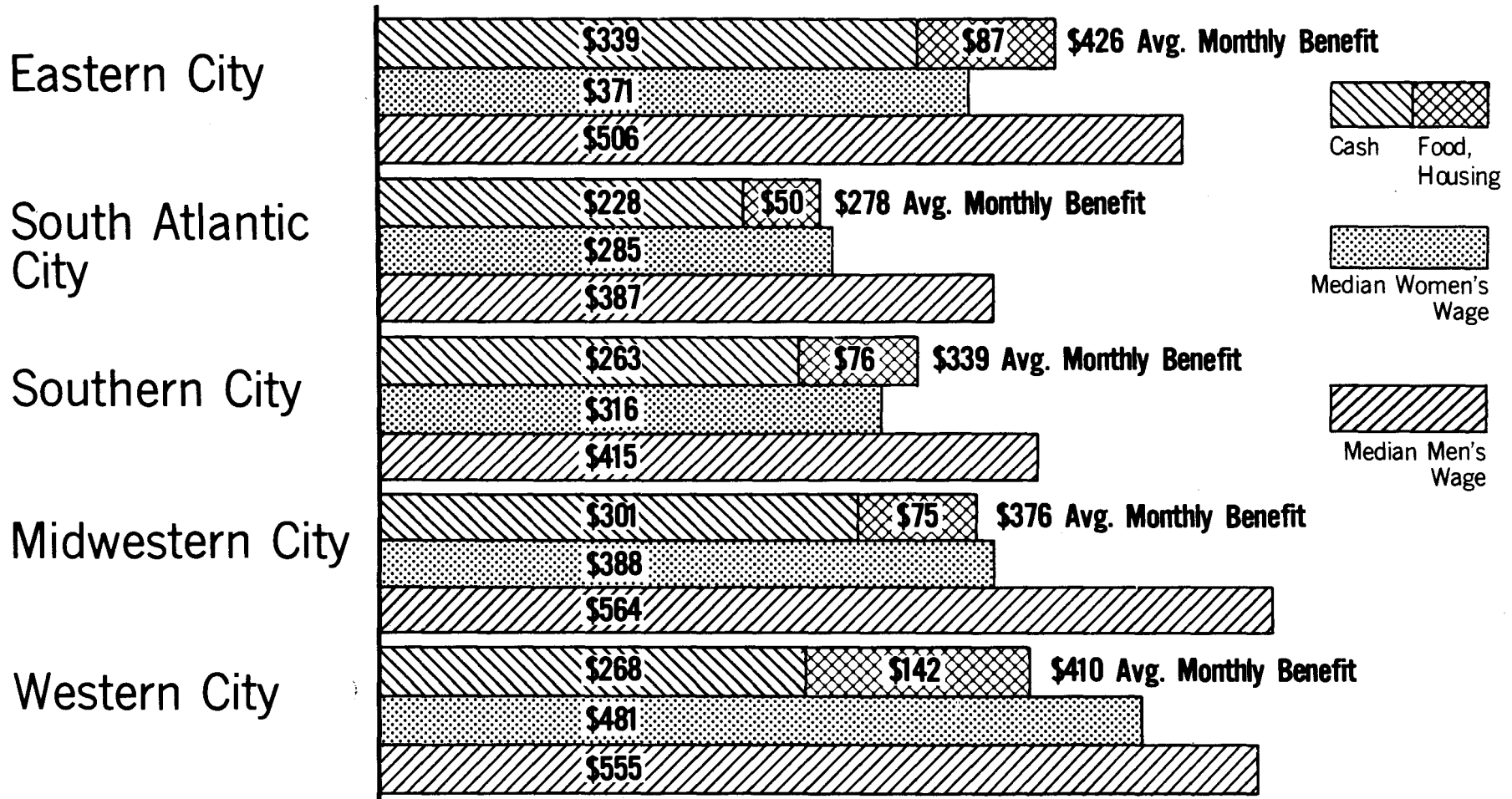
The cash, food, and housing benefits of the households are compared to median wages for men and women in these low-income areas. Social security payroll taxes have been subtracted from the median wages, but work expenses and any Federal, State, and local taxes would reduce the median wages below the amounts shown. Of course, the benefits shown are tax-free.

Average benefits for this group exceed median wages for women in Eastern and Southern Cities and would exceed them in at least two of the three other sites after the wage earners paid taxes and work expenses.

Average benefits are significantly below men's wages only in Midwestern and Western Cities.

Chart 7. COMBINED MONTHLY TAXFREE BENEFITS COMPARED TO MEDIAN WAGES*

for 42 sample households with children, having
5 or more benefits and no earnings (Urban sites)



*Median monthly wages (after Social Security deduction only).

Families subject to Federal Income Tax would have lower net median wages than shown.

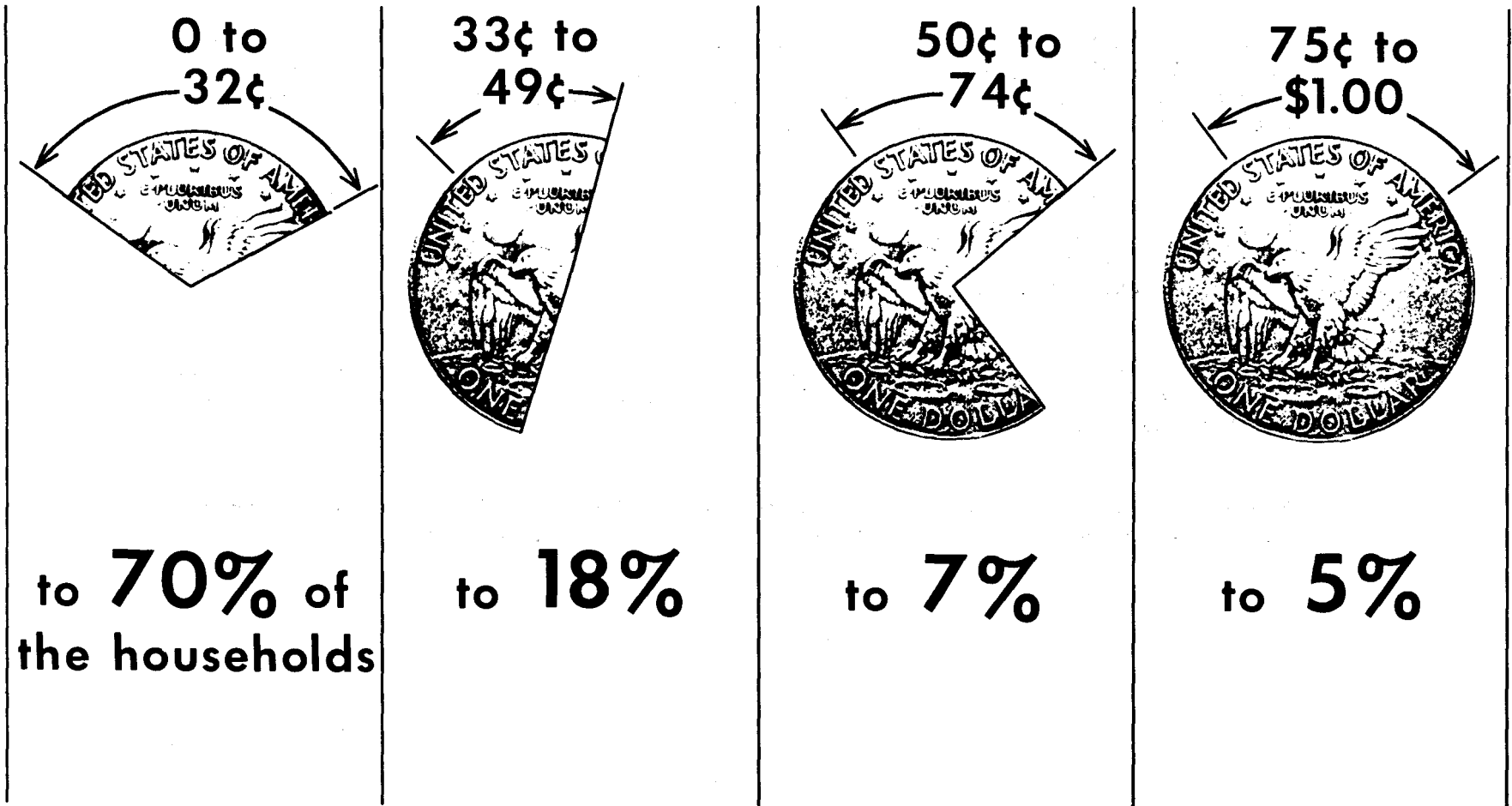
ARE RECIPIENTS OF MANY BENEFITS BETTER OFF IF THEY WORK?

The structure of public welfare programs does not promote the reasonable objective that working should make people financially better off in every case. Working can leave recipients of several programs little better off--and sometimes worse off--because their benefits are reduced. After their benefits are reduced and after they net out work expenses and payroll taxes, recipients who go to work may see little change in their total income. The AFDC grant falls, more must be paid for the same amount of food stamps and the same public housing unit, and then there are payroll deductions.

Chart 8 shows the small gain that some beneficiaries would get from earning \$1 more. This group is composed of the 111 urban households with children getting five or more benefits. For 70 percent of these households, \$1 more in earnings will probably net them no more than 33¢ and as little as zero (or even a negative amount). Eighteen percent would gain from 33¢ to 49¢ on their added dollar, and only 5 percent would gain from 75¢ to \$1.

Chart 8. EARNINGS AREN'T ALWAYS PROFITABLE FOR BENEFICIARY HOUSEHOLDS

Of 111 sampled urban households with children receiving 5 or more Benefits, \$1 more in earnings would be worth. . .



DO AFDC HOUSEHOLDS HAVE EARNINGS?

Many of the multibeneficiary households shown in Charts 7 and 8 include AFDC cases. If AFDC recipients were either unemployed or unemployable, benefit levels and work incentive features of combined programs might seem unimportant. But adults in AFDC households do work.

The first bar for each site in Chart 9 shows the proportion of all AFDC households known to have adult earnings for some part of the year. From about one quarter to three quarters of the urban AFDC households had earned income in addition to the AFDC grant for some portion of a year.

The second bar for each site shows the proportion of single-adult AFDC households which have adult earnings. The AFDC parent was known to have worked in from 19 to 70 percent of these households.

These facts indicate that the work incentive features of AFDC and other programs are important--and they are important for women heading families, too.

Chart 9. MANY AFDC HOUSEHOLDS HAVE EARNINGS SOMETIME IN A YEAR

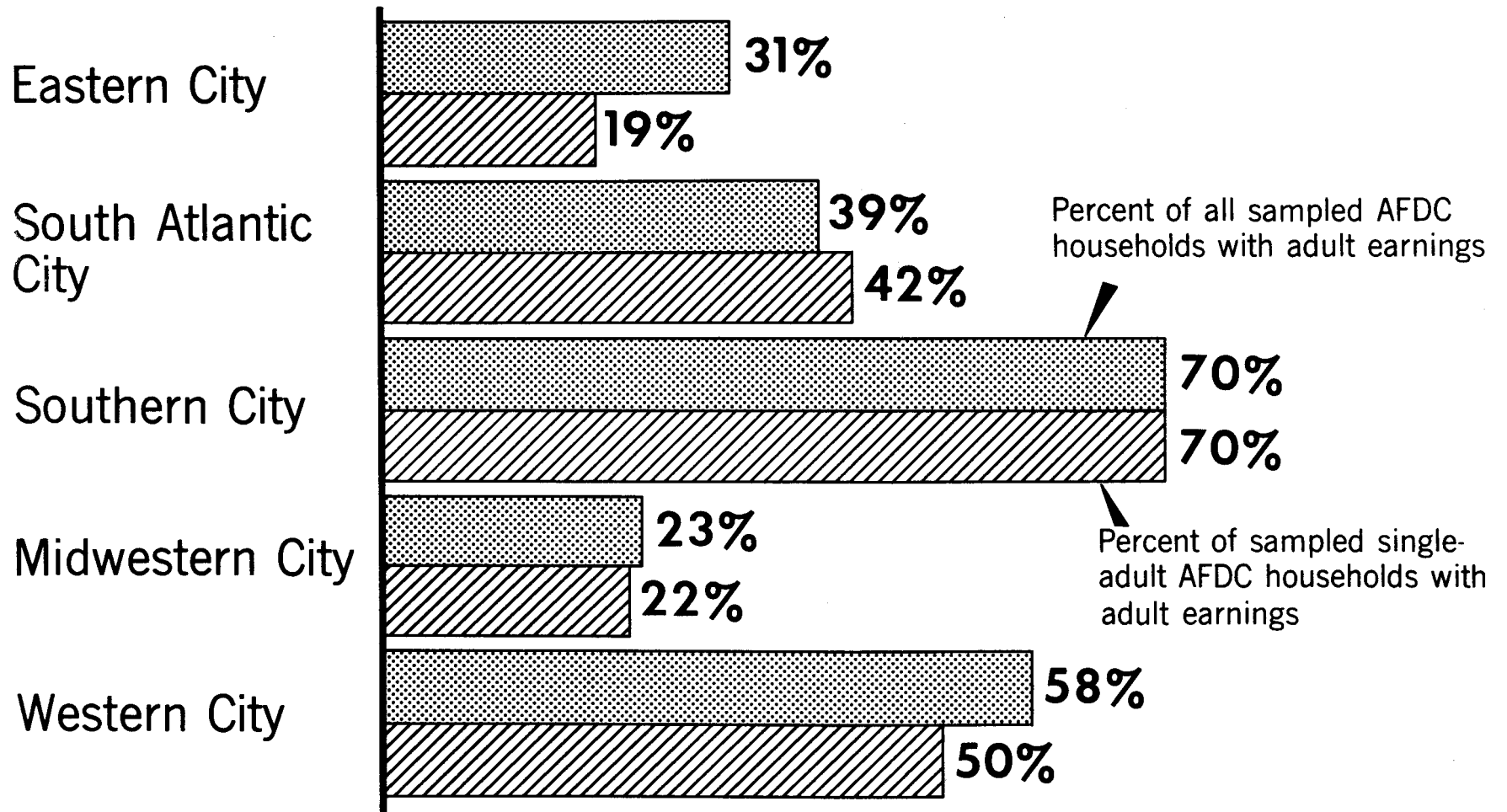


Chart 10. AN EXAMPLE OF ADMINISTRATIVE COMPLEXITY. . .

Income and Benefits Received by One Nine-Member Family Over One Year

Household Member:

Source and Duration of Income and Benefits

Aged Household Head

Second Adult Member

Four Children of Second Adult

Third Adult Member

Fourth Adult Member

Fifth Adult Member

Source and Duration of Income and Benefits											
JULY	AUG.	SEPT.	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.	APR.	MAY	JUNE
Private Income											
Public Health Services											
Private Income											
Unemployment Ins.											
Aid to Families with Dependent Children											
Manpower Training (MDTA)											
Food Stamps											
Medicaid											
Public Health Services											
Free School Lunches											
Special Milk Program											
Medicaid											
Aid under Title I, Elementary and Secondary Education Act											
Concentrated Employment Program											
Public Health Services											
Public Health Services											

1971

1972

NEWSLETTER NOTES

Ideas for your own newsletter from the

Public Relations Division
512 House Office Building Annex
225-1800

April 3, 1973

Welfare or Warfare?

"Anticipate charity by preventing poverty; assist the reduced fellowman either by a considerable gift, or a sum of money, or by teaching him a trade, or by putting him in the way of business, so that he may earn an honest livelihood, and not be forced to the dreadful alternative of holding out his hand for charity." -- Moses Ben Maimon in the year 1200.

The present format of the war on poverty includes some of all of this solution suggested more than 700 years ago. And it apparently isn't working now any better than any of the old-time plans. Why? Poverty today is not a "one-on-one" proposition, from giver to receiver. It's the "in-between" that seems to be causing all the trouble. An old saying states that charity is first a gift, then an expectation, then an obligation. This has been the pattern in the U. S. effort to help the poor. From a few State programs, including the much-described poorhouse, to a national effort, to today's militant poverty workers and organizations who demand "rights" and bigger benefits, the war against poverty has strayed from efficiency, and out of public favor.

The chief complaint stems from the welter of multi-level programs administered by the States, Uncle Sam, cities and localities. One 17-year-old mother of two children has a tax-free income of \$6,504 a year from nine different tax-supported poverty programs. Another mother of 10 gets \$793 a month from five different programs. The examples are everywhere.

Another facet is administrative costs that seem to go up in geometric progression as programs proliferate. In Hamilton County, Tennessee, there are 21 Federally funded agencies. Fourteen of them operated vans for "social-service clients" at a cost of \$2.93 per passenger mile. The Community Action Program, another tack in the poverty fight, used up to 80 percent of its funds for administrative expenses. The big money is in poverty, a member of Congress said back in 1967, and the poverty war still has a huge army of money distributors who are out to expand their empires as rapidly as the bureaucratic process will allow.

The General Accounting Office says there are more than 100 programs aimed at income maintenance for which the taxpayers shell out \$100 billion a year. Says GAO: "No fraud is necessary to do well under the current programs."

President Nixon has attempted to dig into the mess. He is being resisted by its creators in Congress, who offer no alternative, but seem to be saying that throwing a lot of money at poverty is bound to help someone. It is ironic that with 66 percent more funds to help the poor, 67 percent more to help the sick, 71 percent more for older Americans and 242 percent more to help the hungry in this year's budget than in 1968, the LBJ days are considered the heyday of welfare -- and the President is accused of being stingy.

* * * *

Where Do All the Dollars Go?

When we look at the Federal budget in terms of billions, we "cannot see the forest for the trees." Figures this size are incomprehensible to any of us. But what about the individual tax dollar? How is it split up in this year's budget, as proposed by the President?

As a starter, defense gets 39 cents, down sharply from the 49 cents it took as recently as 1970. Nevertheless, we are living in the age of science. Weapons are costly. For instance, the Trident submarine is twice the size of our present Polaris subs and it will cost \$45 billion for 30 of these huge, world-wide undersea rangers. This is a long-term project, but \$900 million has been proposed to start it off

Although most taxpayers fail to realize it, despite the wave of talk about health care and Federal programs to advance this care, a dime out of every dollar now goes for Federal health programs. One of the reasons for concern over increasing deficits is the fact that 12 cents, one-eighth of every tax dollar spent, goes for interest on our national debt. Education and manpower training get almost a nickle. Income security (not including Social Security) gets 6.81 cents. Veterans' benefits get 5.72 cents. The rest of the budget is divided as follows: transportation and commerce, 3.35 cents; community development and housing, 2.4 cents; revenue sharing, 2.94 cents; international affairs, 1.86 cents; agriculture and rural development, 2.72 cents; natural resources, 1.79 cents; space programs, 1.53 cents; general government, 2.94 cents, and allowances, about a penny.

Defense, space, international affairs and agriculture are down from 1970. All the rest are up, with health care and income security up two cents and the others showing steady increases as defense spending dropped. Revenue sharing is a new category. The picture shows clearly that our spending priorities are changing to emphasize domestic programs -- government that is helping more people learn and earn, in other words -- and away from expanding emphasis on technology and armaments.

* * * *

Facing Up To It

President Nixon said of our need for a new trade policy: "In choosing an international trade policy which will benefit all Americans, I have concluded that we must face up to more intense long-term competition in the world's markets rather than shrink from it. Those who would have us turn inward, hiding behind a shield of import restrictions of indefinite duration, might achieve short-term gains and benefit certain groups, but they would exact a high cost from the economy as a whole. Those costs would be borne by all of us in the form of higher prices and lower real income."

* * * *

Water Over the Dram?

With Congressional hearings being held, it appears that the metric system is about to be upon us, prepared or no. Business, the scientific community and many other U. S. groups and institutions are backing our conversion to the decimal system of measurements. In a recent "Peanuts" comic strip, Lucy solemnly reported that ten decigrams equal one gram, and ten grams equal one grampa. And that's about all that most of us know about this system.

It all started in France in 1795. The U. S. is the only major industrial nation that doesn't use it. Under the proposed "Metric Conversion Act," the Secretary of Commerce would have 18 months to develop a national conversion plan. The unit of measurement of distance is the meter, which is supposedly $\frac{1}{10,000,000}$ of the distance measured on the earth's surface from the equator to the pole. Actually, it is the length of a platinum bar kept in Paris. Metric measurements deal in such things as millimeters, centimeters, kilometers, hectares, decameters, ares (100 square meters is an are) centigrams, hectograms, kilograms and, praise be for small favors, the metric ton (1,000 kilograms).

It will be sport for all of us to change if the bill moves through Congress. Some States are putting their best foot, er, meter, forward and making dual highway signs to get the public accustomed to the new jargon. Cookbooks will have to be rewritten. Granny's idea of a "dab of this and smidgeon of that" may have a revival when housewives begin to wrestle with ideas such as an ounce being equal to .46871 centiliters. Conversion costs will run into the billions before everything is metrified. Perhaps the language will suffer as much as anything. I can't imagine people saying, "A miss is as good as 1.609344 kilometers." Or "all wool and 91.42 centimeters wide."

For those who would like to get a head start, plastic wallet-size metric conversion cards prepared by the National Bureau of Standards are available for 10 cents each, or \$6.25 a hundred, prepaid, from the Superintendent of Documents, U. S. Government Printing Office, Washington, D. C. 20402.

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