

WELFARE REFORM—OR IS IT?

ADDRESS OF HON. RUSSELL B. LONG, CHAIRMAN,
COMMITTEE ON FINANCE, AND
SUPPORTING MATERIAL

COMMITTEE ON FINANCE
UNITED STATES SENATE
RUSSELL B. LONG, *Chairman*



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On August 6 Senator Russell B. Long, chairman of the Senate Committee on Finance, made an address on the Senate floor dealing with the subject of our present welfare system and proposals to modify it; that statement is reproduced here. Persons interested in additional background information supporting Senator Long's statement will find it beginning on page 13.

(1)

WELFARE REFORM—OR IS IT?

Mr. LONG. Mr. President, the present welfare program has been universally described as a mess. It is fair to say, however, that no one really contends that this is true of the old age assistance program, the aid to the blind, and the aid to disabled persons categories. These adult programs were soundly conceived and, while they could undoubtedly be improved by closer supervision or by merging some of them with parallel social insurance programs having the same general purpose in view, no one contends in any serious way that they are a mess. They make sense, they meet needs of people, they assure social and economic justice.

It is in the program to assist families with dependent children that the welfare program has gone astray so badly that the children are described as its victims rather than its beneficiaries. It is this program that has mushroomed without planning, grown like Topsy until it has caused the entire program, including those soundly-conceived, well-administered adult categories, to take on the appellation of the "Welfare Mess."

As one who has labored for 24 years to help construct the programs for the aged and disabled, I am determined to do what I can to bring about the resurrection of the program to aid little children. I am frank to say, after a 2-year study of the President's Family Assistance plan, that it does not constitute welfare reform at all. It has every prospect of being just the opposite.

First, let us look at the way in which the program for AFDC has burgeoned in comparison with other welfare categories.

Mr. President, I ask unanimous consent to have printed in the Record a table showing the number of recipients and the dollar cost in selected years.

WELFARE RECIPIENTS, DECEMBER OF SELECTED YEARS

Year	Aid to families with dependent children		Aid to the aged, blind, and disabled	
	Number of recipients	Percent increase since 1960	Number of recipients	Percent increase since 1960
1940	1,222,000		2,143,000	
1945	943,000		2,128,000	
1950	2,283,000		2,592,000	
1955	2,182,000		2,883,000	
1960	3,073,000		2,781,000	
1961	3,568,000	+16	2,725,000	-2
1962	3,708,000	+24	2,716,000	-3
1963	3,930,000	+28	2,713,000	-3
1964	4,218,000	+38	2,725,000	-2
1965	4,398,000	+44	2,728,000	-2
1966	4,665,000	+52	2,748,000	-1
1967	5,308,000	+73	2,802,000	+1
1968	6,088,000	+98	2,810,000	+1
1969	7,313,000	+138	2,858,000	+6
1970	8,668,000	+215	3,088,000	+8

Mr. LONG. Mr. President, in the late 1960's, the burgeoning welfare rolls reflect the work of welfare activists, including the Government-paid corps of attorneys for the Office of Economic Opportunity. The poverty lawyers scored their greatest victories in loading down the welfare rolls with millions of persons who were never intended to be there.

The two greatest victories of these OEO lawyers to misconstrue the intent of Congress involved the so-called man-in-the-house rule and the residency requirement, which the Supreme Court abolished.

The most obvious threat of the so-called welfare reform is that it would start by doubling the welfare rolls and set an irresistible foundation to redouble, and then to double again, the list of recipients.

The family assistance plan tries to proceed upon the theory that every family of four should be assured of at least \$2,400 per year incomes if they do nothing.

To begin with, the program would increase the number of beneficiaries under the children's program from the present 10 million to 19 million. It would increase the total number of people on welfare from the present 13 million to 26 million. But the advocates of the program freely admit, and even apologized in the beginning, that the program does not take the needy out of poverty. It is merely a step in that direction. They agree that the program should indeed move all people out of poverty but that such an objective is too expensive and that the guarantee of \$2,400 for a family of four is all that can be afforded while the burden of a war in Vietnam is on our hands.

Once we accept the logic that each family should be assured enough income to lift it out of poverty, there is no logical excuse for permitting persons to stay in poverty when it is within the resources of the Federal Government to correct that situation. Where the program starts out by guaranteeing everyone \$2,400, it will be politically impossible to vote against a starting point of \$3,900 instead of \$2,400 for the simple reason that the very administration proposing the program defines poverty level for a family of four at \$3,900.

Once we adopt a \$3,900 poverty level as a guaranteed income for a family of four, we will have some 35 million people receiving welfare benefits. It will be a welfare program for more than one-sixth of the entire population. Already the National Welfare Rights Organization, which is becoming increasingly powerful

across this Nation, is demanding \$6,500 for a family of four, with benefits for single persons and childless couples as well as families. Such a program, which could place 112 million persons on welfare, would inevitably follow the one which would place 35 million people on welfare. It is difficult enough for a person to resist the political appeal of higher and higher welfare benefits when the number of beneficiaries totals 13 million, with most of them being children ineligible to vote. When those rolls total 26 million, it will be much more difficult. Welfare beneficiaries at the next election will be asking but a single question: "How did this Senator or that Congressman vote when our welfare increase was before the Congress?"

The best evidence of the irresistible nature of the downhill drift into a welfare state can be illustrated by the fact that at this very moment we have a Republican President fighting for such a program—although probably less than 10 percent of the people involved voted for him at the last election—in the hope that he can persuade some of those people to join the ranks of his supporters at the next election. All he has achieved is the guaranteed assurance that every Democratic challenger is likely to advocate an even higher figure than the Republican President is now offering. Even before the bill has passed, it has already developed into a political version of the once popular radio program, "Can You Top This?"

One of my Republican friends described it this way: He said it will be like a poker game where the contenders for office will say, "I'll call you a hundred and raise you a hundred," and the next candidate will say, "I call that bet and raise you by a hundred," with the next one saying, "I call that bet and raise you a hundred."

Once we launch our National Government on this course, I can foresee no end to it until the whole Government comes down in shambles.

Mr. President, I ask unanimous consent to have printed in the Record the projected increase in numbers and costs of the program provided to me by the Department of Health, Education, and Welfare.

RECIPIENTS AND COSTS OF VARIOUS WELFARE PLANS

Guaranteed minimum income level	Number of recipients (millions)	Annual payments (billions)
\$2,400.....	19	25
\$3,900.....	35	15
\$6,500.....	112	72

¹ Includes single persons and childless couples.

THE REFORM FIASCO

Mr. LONG. Mr. President, any good welfare reform measure should remove from the rolls millions of recipients who have no business being there in the first instance. That is what comes to the minds of most people who have never enjoyed any benefits from the program, either directly or indirectly, but who must pay taxes to support it.

Let me give but two illustrations of the welfare mess which would not be improved but which would become worse if H.R. 1 were to be enacted as it passed the House.

Let us assume a situation in which a father is unmarried to the mother of his children and is making \$7,000 a year.

Theoretically, he is unavailable to help support the mother of his three children—although as a practical matter he is. The benefits to which she would be entitled vary according to the State. In New York City or Chicago, she would be entitled to cash benefits of \$3,800, plus medical aid with a value of \$900. The total family income for these five people is, therefore, \$11,700, and the bonus not to marry is \$4,700.

I ask unanimous consent to have printed in the Record a table entitled "Family income and marital status under H.R. 1 in Chicago, Ill."

There being no objection, the table was ordered to be printed in the Record, as follows:

Family income and marital status under H.R. 1 in Chicago, Ill.

Father not married to mother:	
Father's earnings.....	\$7,000
Welfare payment to mother and 3 children.....	3,800
Value of medical aid benefits.....	900
Total	<u>11,700</u>
Father married to mother:	
Father's earnings.....	7,000
Welfare payment to mother and three children.....	0
Value of medical aid benefits.....	0
Total	<u>7,000</u>
Bonus for not marrying.....	4,700

Mr. LONG, Mr. President, if the authorities were to legally establish that the father is, in fact, available to help support his three children, the family unit would be entitled to zero welfare benefits. Assume, for the sake of argument, that the mother and children are living next door to a family in which the mother and father are married, and the father is faithfully bringing home his paycheck of \$7,000 per year. The latter family is entitled to no benefits whatever, but they pay more than \$700 a year

in Federal taxes. This is a typical example of the welfare mess. Similar situations are common and people are outraged about it. They are not demanding welfare payments for themselves; they do not expect it. But they do feel entitled to a law under which those who have no right to be on welfare would no longer be paid Federal and State money taxed away from the hard-earned incomes of those who toil for a living.

What kind of example does this set for the children? If the mother admits that she knows the whereabouts and identity of the father, the family income is reduced. Therefore, she does not admit it. If the father admits that he is the father, the family income is reduced. Therefore, he does not admit it. Mother tells the children, "That man over there is your father, but do not tell anybody. Keep it a secret because if the Government finds out about it, we will lose our welfare money."

The children are taught to lie and deceive from the moment they are able to understand. They learn to cheat and to bend the welfare rules to their advantage. Welfare becomes a way of life, and a welfare subculture is being built upon it.

Let me state how the situation I have described works out today in Louisiana and how it would work under the so-called welfare reform measure. In my State the disparity between the deserving and the undeserving would be increased; the social and economic injustice would be broadened.

One reason the payments are low in Louisiana is that the Supreme Court has required the State to load the welfare rolls down with people whom the State thought to be ineligible. Because of limited State resources, the result has been to reduce welfare payments to the truly needy in order to accommodate the rolls to large numbers of undeserving persons. In Louisiana, let us assume that a father is earning \$5,000 per year. The mother and three children would be receiving approximately \$1,250 in welfare payments, and approximately \$250 of medical benefits. If the father and mother were married, the mother and children would not be receiving welfare payments. Under the Family Assistance plan the unemployed mother would receive \$2,500 in welfare as illustrated by the chart—the incentive to immorality would be further widened.

Mr. President, I ask unanimous consent to have printed in the Record a table entitled "Family Income and Marital Status Under H.R. 1 in Louisiana."

There being no objection, the table was ordered to be printed in the Record, as follows:

Family income and marital status under H.R. 1 in Louisiana

Father not married to mother:	
Father's earnings.....	\$5,000
Welfare payment to mother and 3 children.....	\$2,400
Value of medical benefits.....	250
Total	<u>7,650</u>
Father married to mother:	
Father's earnings.....	5,000
Welfare payment to mother and 3 children.....	0
Value of medical benefits.....	0
Total	<u>5,000</u>
Bonus for not marrying.....	2,650

Mr. LONG. Mr. President, advocates of the family assistance plan will describe situations in which the gap between the deserving family and the undeserving family would be narrowed. Invariably, however, the family in which the employed father does not marry the mother would receive more when any fair application of law would require that they not be given a monetary bonus for not marrying.

Oratorical splendor dictates that advocates of the family assistance plan describe the present welfare system as one which encourages a father to desert his family. They well know that this is not the big part of the problem. The big part of the problem is that the family unit is not forming to begin with. The family assistance plan, like the welfare mess it would supplant, just would not deal with this basic problem. True, in some cases, the bonus for not getting married, the subsidy for illegitimacy, might be narrowed but it would not be eliminated. The cash incentive would still be against marriage and against the legitimate birth of children.

It is fundamental that when you subsidize an act, people are led to believe that this is what they should do. When you tax them heavily for doing another act, they are led to believe that it is something they should not do.

Patrick Moynihan has generally been regarded as the architect of the family assistance plan—the chief adviser of it at the White House. It would be well to note what Mr. Moynihan had to say about the advantages of remaining single among the working poor today.

While minority group spokesmen are increasingly protesting the oppressive features of the welfare system and liberal scholars

are actively developing the concept of the constitutional rights of welfare recipients with respect to such matters as man in the house searches, it is nonetheless the fact that the poor of the United States today enjoy a quite unprecedented de facto freedom to abandon their children in the certain knowledge that society will care for them, and what is more, in a State such as New York, to care for them by quite decent standards. Through most of history a man who deserted his family pretty much assured that they would starve or near to it if he was not brought back, and that he would be horse-whipped if he were. Much attention is paid the fact that the number of able-bodied men receiving benefits under the AFDC program is so small.

In February 1966, Robert H. Mugge of the Bureau of Family Services of HEW reported that of the 1,061,000 AFDC parents there were about 56,000 unemployed, but employable, fathers. But in addition to the 110,000 incapacitated fathers, there were some 900,000 mothers of whom by far the greatest number had been divorced or deserted by their presumably able-bodied husbands.

Now, a working-class or middle-class American who chooses to leave his family is normally required first to go through elaborate legal proceedings and thereafter to devote much of his income to supporting them. Normally speaking, society gives him nothing. The fathers of AFDC families, however, simply disappear. Only a person invincibly prejudiced on behalf of the poor would deny that there are attractions in such freedom of movement.

To put it in simple, everyday language, if a man can enjoy larger income by remaining single and, indeed if the combined income of himself and the mother of his children will be far larger if the two remain single, why should he marry? Furthermore, when the father can put on his hat and leave without the hazard of a court order or a legal summons to return and provide support for his dependents, why should he give up his freedom and accept the burdens that go with marriage and the status of a husband if the result is going to be a large loss of overall income?

In other words, Mr. President, while this society claims to believe in the family unit and the institution of marriage—it is pouring out dollars by the billions to bring about the opposite result. The family assistance plan does virtually nothing to discourage this kind of illicit family relations.

THE WORK BUREAU

Now, let us analyze the problem of work incentive.

Due to the already high welfare benefits, the family assistance plan finds it necessary to sharply curtail the amount of earnings that a person can retain

when he goes to work. Otherwise, the mathematics of the plan makes it cost prohibitive. The administration-supported formula would reduce the overall family income by \$2 for every \$3 earned. In many cases, after one considers the increase in social security taxes paid, the loss of Medicaid benefits, and especially if the family is enjoying the benefit of subsidized public housing, the family income would be reduced by more than 100 percent of every dollar that a father or mother proceeded to earn.

I ask unanimous consent to have printed in the Record various tabulations and material explaining this point.

There being no objection, the material was ordered to be printed in the Record, as follows:

CHART A—H.R. 1: WHAT EACH DOLLAR EARNED WILL COST A FAMILY OF 4 IN WILMINGTON, DEL. (MOTHER WITH 3 CHILDREN)

	Range of earnings			
	0 to \$1,000	\$1,000 to \$2,000	\$2,000 to \$3,000	\$3,000 to \$4,000
Welfare reduction.....	\$0.19	\$0.67	\$0.67	\$0.67
Social security tax.....	.06	.06	.06	.06
State, Federal income tax.....			.01	.02
Medical deductible in- crease.....	.00	.33	.33	.33
Subtotal.....	.34	1.06	1.67	1.08
Increase in public housing rent.....	.15	.06	.06	.06
Total cost to family for each dollar earned.....	.49	1.12	1.19	1.14

H.R. 1: WHAT EACH DOLLAR EARNED WILL COST A FAMILY OF FOUR IN WILMINGTON, DEL.

Under H.R. 1, a family's assistance payment would be reduced by two-thirds of any earnings in excess of \$720 per year. Looked at in isolation, this appears to permit families to keep, as an incentive for increasing their earnings, the first \$720 per year of such earnings plus 33 cents out of every dollar above \$720. In practice, however, increased earnings would result in many other costs to the family in addition to the partial reduction in their assistance payments. This chart shows some of these costs as they would affect a family in Wilmington, Del., composed of a mother and three children. The four columns show for various earnings levels how much each additional dollar will cost the family in reduced assistance benefits, increased payments for social security and income taxes, an increase in the medical deductible under the provisions of H.R. 1, and the increased rent a family would have to pay for public housing under the administration's proposed housing legislation.

In the \$0 to \$1,000 range of earnings, the reductions are rather modest because the

first \$720 of annual earnings is not taken into account in determining either the assistance payment or the medical deductible. Each additional \$1,000 of earnings, however, results in costs to the family which average more than \$1 in added cost for each \$1 of added earnings. For example, a family increasing its annual earnings from \$2,000 to \$3,000 would have to pay out \$1.07 for every dollar of additional earnings. If the family lived in public housing, the total added cost for each dollar of earnings would be \$1.13. In other words, it would cost the family \$1,130 to increase its earnings from \$2,000 to \$3,000. This would be a net loss to the family of \$130.

The data in this chart with respect to the reduction in assistance, income taxes, and public housing rent are based on computa-

tions by the Department of Health, Education, and Welfare which assume that Delaware will supplement the basic Federal assistance payment of \$2,400 per year by \$216 which would maintain Delaware's existing payment level with an increase to compensate for the fact that food stamps or surplus commodities would no longer be available. The medical deductible would affect families to the extent that they have medical expenses. It is computed on the assumption that Delaware will set the medical assistance standard at the \$2,616 payment level although H.R. 1 would permit it to set that standard somewhat higher or lower. Social security tax costs are based on the employee taxes provided for in present law for 1973 and later years. The chart also assumes that the administration's public housing proposals will be enacted.

CHART B—H.R. 1: WHAT EACH DOLLAR EARNED WILL COST A FAMILY OF 4 IN CHICAGO (MOTHER WITH 3 CHILDREN)

	Range of earnings					
	0 to \$1,000	\$1,000 to \$2,000	\$2,000 to \$3,000	\$3,000 to \$4,000	\$4,000 to \$5,000	\$5,000 to \$8,000
Welfare reduction.....	\$0.19	\$0.67	\$0.67	\$0.67	\$0.67	\$0.67
Social security tax.....	.06	.06	.06	.06	.06	.06
State, Federal income tax.....					.18	.19
Medical deductible increase.....		.21	.33	.33	.33	.33
Subtotal.....	.25	.94	1.06	1.06	1.22	1.25
Increase in public housing rent.....	.15	.06	.06	.06	.06	.06
Total cost to family for each dollar earned.....	.40	1.00	1.12	1.12	1.28	1.31

H.R. 1: WHAT EACH DOLLAR EARNED WILL COST A FAMILY OF FOUR IN CHICAGO, ILL.

This chart is similar to chart No. A, but it shows the cost of each additional dollar of earnings at various earnings levels for a family composed of a mother and three children in Chicago, Illinois rather than in Wilmington, Del. The effects in both cities are comparable except that in Chicago the medical deductible would not be as large at earnings levels under \$3,000 on the assumption that Illinois continues its present practice of setting a medical assistance standard somewhat above its payment level for cash assistance. Also, because of the assumption that Illinois will supplement the basic Federal assistance payment, the family would continue to receive assistance until its earnings exceeded \$5,000. As a result, income taxes could be a significant cost factor for some families getting assistance. As in the Wilmington chart, this chart shows that families in Chicago who live in public housing and get assistance would find their earnings profitable only in the \$0 to \$1,000 range. Each \$1,000 of earnings above that level would cost the family \$1,000 or more in lost benefits, taxes, and increased fees and deductibles. Families not in public housing would be able to keep as a net gain 6 cents

on the dollar from earnings in the \$1,000 to \$2,000 range. Above that, the costs incurred as a result of increased earnings would exceed the amount of the earnings.

The data in this chart with respect to the reduction in assistance, income taxes, and public housing are based on computations by the Department of Health, Education, and Welfare which assume that Illinois will maintain its cash assistance levels with an increase to offset the loss of food stamps. The figures also assume that the administration's public housing proposals will be enacted. Social security tax costs are based on the employee taxes provided for in present law for 1973 and later years.

The medical deductible would affect families to the extent that they have medical expenses. It is computed on the assumption that Illinois will set a medical assistance standard higher than the cash assistance payment level in the same ratio as its current medical assistance standard bears to its payment level. The chart also assumes that, in reducing the State supplemental assistance, Illinois will follow the Federal practice of reducing benefits by only 67 percent of earnings above \$720. H.R. 1 would, however, permit the State to increase the reduction rate to as much as 100 percent in earnings ranges above \$4,320.

CHART C)—H.R. 1: WHAT EACH DOLLAR EARNED WILL COST A FAMILY OF 4 IN NEW YORK CITY (MOTHER WITH 3 CHILDREN)

	Range of earnings						
	0 to \$1,000	\$1,000 to \$2,000	\$2,000 to \$3,000	\$3,000 to \$4,000	\$4,000 to \$5,000	\$5,000 to \$6,000	\$6,000 to \$7,000
Welfare reduction.....	\$0.19	\$0.67	\$0.67	\$0.67	\$0.67	\$0.67	\$0.67
Social security tax.....	.06	.06	.06	.06	.06	.06	.06
State, Federal income tax.....			.01	.03	.17	.20	.21
Medicaid deductible increase.....						.32	.33
Subtotal.....	.25	.73	.74	.76	.90	1.25	1.27
Increase in public housing rent.....	.15	.06	.06	.06	.06	.06	.06
Total cost to family for each dollar earned....	.40	.79	.80	.82	.96	1.31	1.33

H.R. 1: WHAT EACH DOLLAR EARNED WILL COST A FAMILY OF FOUR IN NEW YORK CITY, N.Y.

This chart is similar to chart No. A, but it shows the cost of each additional dollar of earnings at various earnings levels for a family composed of a mother and three children in New York rather than in Wilmington, Del. The effects in both cities are comparable except that in New York there would be no Medicaid deductible at earnings levels under \$5,000 on the assumption that New York continues its present practice of setting a medical assistance standard 88 percent above its payment level for cash assistance. Also, because of the assumption that New York will supplement the basic Federal assistance payment, the family would continue to receive assistance until its earnings exceeded \$7,000. As a result, income taxes could be a significant cost factor for some families getting assistance. Families in New York which get assistance are shown by this chart to have a net gain from their earnings at all earning ranges below \$5,000. For families who do not live in public housing, the amount of this gain ranges from 75 cents on the dollar for earnings below \$1,000 to 10 cents on the dollar for earnings in the \$4,000 to \$5,000 range. Similarly, families in public housing have a net gain of 60 cents on the dollar for earnings below \$1,000 decreasing to 4 cents on the dollar for earnings between \$4,000 and \$5,000. Above \$5,000 for families (whether or not in public housing) the added costs attributable to earnings exceeded the amount of the increase in earnings.

The data in this chart with respect to the reduction in assistance, income taxes, and public housing are based on computations by the Department of Health, Education, and Welfare which assume that New York will maintain its January 1971 cash assistance levels with an increase to offset the loss of food stamps. The estimates also assume that the administration's public housing proposals will be enacted. Social security tax costs are based on the employee taxes provided for in present law for 1972 and later years.

The Medicaid deductible would affect families to the extent that they have medical expenses. It is computed on the assumption that New York will set a medical assistance standard higher than the cash as-

sistance payment level in the same ratio as its current medical assistance standard bears to its payment level. The chart also assumes that, in reducing the State supplemental assistance, New York will follow the Federal practice of reducing benefits by only 67 percent of earnings above \$720. H.R. 1 would, however, permit the State to increase the reduction rate to as much as 100 percent in earnings ranges above \$4,320.

Mr. LONG. Now again, Mr. President, this is how the program would work if the beneficiaries conducted themselves as the proponents of the plan would hope; namely, contrary to the economics of the situation. As a practical matter, it would pay the family if the father would simply remain outside the family unit in every legal and technical sense, while the mother pretended a degree of dependency on welfare that does not, in fact exist.

THE SUPREME COURT'S ROLE

A significant part of today's welfare mess exists because of the conduct of the Supreme Court's outlawing the man-in-the-house rule and the residency requirements.

Congress intended that all elements of income should be taken into account in determining the need for welfare, including the income of the man in the house. A mother could obtain welfare payments for herself and her children so long as no man were available to support the family. If she demonstrated that her husband had deserted her, or that she was not certain of the identity of the father of her children, she and her children were eligible for welfare. But they would lose welfare payments if the authorities found a man in the house who could support them. Because of the Supreme Court decision finding a man in the house is no longer sufficient and the States administering the program are confronted with an insurmountable burden of proof in identifying the father, establishing his whereabouts and his income and proving its availability to the

family. And they are not likely to gain the cooperation of the mother. Why should she provide such information, when to do so would make her and her children ineligible for State support?

Even in Washington, D.C., for example, where the Department of Health, Education, and Welfare oversees the program without the necessity of agreeing with a State government, a man-in-the-house rule was enforced. Some years ago, when Senator ROBERT BYRD of West Virginia was chairman of a subcommittee of the Appropriations Committee, the Senator from West Virginia conducted a sample study which demonstrated that 59 percent of the recipient on the AFDC rolls were ineligible and that half of the remainder were being overpaid.

Persuading the Supreme Court to strike down the man-in-the-house rule, probably was the supreme achievement of the poverty lawyers working for the Office of Economic Opportunity. This, plus the decision to strike down what Congress sought to support by way of residency requirements, have accounted for a large part of the increase in the welfare rolls and costs which have occurred since that time.

How would we have dealt with illegitimacy if there had been no welfare program? Suppose, for example, the mother was a daughter of any Member of this body. We would insist that the fellow responsible should either marry the mother, or that he should be taken to court, legally declared to be the father and ordered to pay support to the mother and child. This may sound old-fashioned, but it is the only sensible way to handle situations in which the father has deserted or denied paternity.

A Federal child support law, unimpeded by State boundaries, with the help of the Internal Revenue Service and the Social Security Administration in locating and collecting support from runaway fathers, is an essential part of any solution to the welfare mess. The administration bill has closed its eyes to the need in this area, I say, without the slightest doubt, that no equitable system of family support can make any sense—so long as we permit the father to remain outside the family unit without requiring any of his income to be made available to his children. Nor can any such program be made to work so long as it is to the cash advantage of the mother to cooperate with the father in doing business in such a fashion.

THE INCENTIVE TO WORK

Once people are placed on welfare, both the existing program, as well as the family assistance plan, intend that people should accept work where they can, and that the earnings will reduce the amount of the welfare payment.

One would wonder why the administration has been unable—after more than a year of solid criticism of the disincentives against work—to devise a proposal that would assure a person that he could keep at least one-third of his earnings. The administration has struggled with this problem so long that they have finally developed a machine to demonstrate the difficulty. Basically, what the machine demonstrates is that when we guarantee a person a large amount of money for not working, and then attempt to do justice to those who are working by permitting them to keep a part of their earnings, it is necessary to reduce the welfare payments sharply as the earnings increase. Otherwise, the person remains on welfare, drawing a small payment although his earnings have advanced to the point that he is in the middle income tax brackets.

In an excellent article that appeared recently in the Washington Post, former Health, Education, and Welfare Assistant Secretary Alice Rivlin explained why it is so difficult to provide a work incentive through a welfare-type system:

Under the not-so-generous Nixon Family Assistance Plan, a family would have its benefits reduced by \$2 for each \$3 earned; they would be subject to a 66½ percent tax rate. The effective tax rate would actually be higher—more like 80 percent—because they have to pay Social Security as their incomes rose. Getting to keep 30 cents out of each dollar earned is hardly much of an incentive to take an unpleasant low-paid job.

Why not compromise and move the guarantee to \$4,000 and the "tax" rate to 50 percent? This may well be a good solution, but it would cost at least \$90 billion more than the present welfare system and would involve payments to people with incomes up to \$8,000 or well into the middle income bracket. This may be worth it, but it should be recognized as a much more complex and expensive undertaking than appeared when we first asked, "Why can't we cure poverty?"

The point which many people miss about the whole matter is that once we make it comfortable for people to live on welfare and then tax away 80 cents out of each dollar they earn, work becomes far less attractive. The person is inclined to adjust himself to the com-

forts of welfare. If he works, there is an overwhelming temptation to cheat by insisting that he be paid in cash—with no records kept. This latter practice is becoming more and more an accepted thing in both the metropolitan and rural areas of our country today, even under existing law.

THE WORK REQUIREMENTS

We are led to believe that President Nixon decided to endorse the Family Assistance plan partly because he was led to believe that there were to be strict work requirements. The so-called work requirements are, in fact, a farce.

In the first place, the bill's highly touted "work requirement" actually only amounts to a requirement that an able-bodied individual register with the Labor Department. If that Department can offer the registrant a suitable job, he or she must accept it or face a partial loss of welfare benefits.

Unfortunately, the record of the Labor Department in placing welfare recipients in jobs is very, very poor. If a welfare recipient does not want to work, he has little to worry about from the Labor Department. By that Department's own estimates, they plan to develop only 200,000 jobs for 2.6 million registrants—only one chance in 13 from the recipient's standpoint.

If a welfare recipient is determined not to work, it is not difficult to terminate employment once placed in a job. For example, in practically every city in America there are jobs available as waitresses and dishwashers. All the person has to do is maintain the image of seeking work without the ability to keep the job and to accept any restaurant job available and then proceed to stumble and drop the glasses and dishes on the floor. A person does not have to break more than \$100 worth of china and glassware to persuade the boss he has the wrong employee.

CHILD CARE

But what about the welfare mother who wants to work? HEW studies show that many welfare mothers are eager to work but are held back by the lack of availability of child care. Funds the Congress has appropriated for child care under the work incentive program have gone unused and the care has not been made available. It was for this reason that the Committee on Finance last year approved my proposal to establish a Federal Child Care Corporation whose sole mission it would be to expand the availability of child care nationwide so that mothers who wish to work may do so.

I have reintroduced my child care proposal with improvements this year, and the Committee on Finance will be holding hearings on child care before we resume hearings on the welfare plan.

Adequate provision for child care is a crucial element in any welfare reform proposal. H.R. 1 provides funds for child care, but, in my opinion, we need to go beyond funds alone by providing a mechanism to insure the availability of child care as well.

A BETTER APPROACH

Mr. President, I am perfectly willing to subsidize low-income working persons, but we must have an approach that does better than providing a welfare benefit for doing nothing and then taking away part of the benefit as people increase their work efforts. We would do better to supplement an individual's wage on an hours-worked basis.

For example, suppose a father is earning \$1.20 an hour. We might decide to supplement his wages by 40 cents an hour for up to 40 hours a week. With this approach, he would start receiving an additional \$16 for each week in which he works 40 hours. He would receive \$8 if he works only 20 hours, and he will receive no benefit at all if he works zero hours. This is in direct contrast to H.R. 1, under which he would be paid the most in welfare benefits if he works not at all, less if he works 20 hours and least if he works 40 hours.

My proposal goes in exactly the opposite direction by providing benefits only to the extent that there is work effort. In short, I believe that we should guarantee a job opportunity rather than guarantee an income for doing nothing.

Of the other advanced countries none has a program which pays people to do nothing, comparable to what we are doing now, or to the Family Assistance plan.

There are a multitude of ways in which we can help provide employment opportunities and make jobs pay more than they pay at present. In fact, there are a considerable number of subsidized industries in America today, some of which pay very high wages. It is much cheaper to subsidize a job in private industry than to pay the person to do nothing.

There is no substantial argument in the Senate Committee on Finance about the desirability of providing day-care centers for children. Many of the welfare mothers can be offered good jobs in such day-care centers, which in turn will free other mothers to accept full-

time employment opportunities.

Once we are able to agree, and I believe that the Committee on Finance is willing to agree, that our objective is to provide everyone with an opportunity to work for a wage sufficient to provide for essential needs, we should have little difficulty in developing such a program. The only impediment is the administration's determined and dogged insistence on according everyone the opportunity to loaf, and guaranteeing them an income of \$2,400 a year while they do it.

It is easy enough to make welfare more attractive than work. This Nation probably has the resources accumulated over centuries of dedicated, honest, diligent endeavor to afford and sustain tax-

supported idleness, tax-supported illegitimacy, tax-supported corruption in the short run. No nation, not even this one, has enough fat to sustain such an erroneous course indefinitely.

A nursery story tells us of the grasshopper who fiddled all summer only to die with the first frost. Why should this Congress seek to make a grasshopper of Uncle Sam. Why not emulate the ant, or the squirrel who work tirelessly when they can to store something away against times of adversity. Uncle Sam will not be the inspiration of the free world while the major cities of America are clogged with trash and pollution and tax-paid welfare loafers wallow in litter and debris.

SUPPORTING MATERIAL

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TABLE 1.—PROPORTION OF POPULATION RECEIVING WELFARE UNDER CURRENT LAW AND PROPORTION OF POPULATION ELIGIBLE FOR BENEFITS UNDER H.R. 1 BY STATE, FISCAL YEAR 1973

[Persons in thousands]

	Civilian resident population, 1973	Federally aided welfare recipients, current law, fiscal year 1973		Persons eligible for welfare benefits under H.R. 1, fiscal year 1973	
		Number	Percent	Number	Percent
Alabama	3,449.5	408.2	11.8	761.9	22.1
Alaska	353.7	16.4	4.6	25.3	7.1
Arizona	2,151.3	97.7	4.5	163.2	7.5
Arkansas....	1,958.6	149.0	7.6	404.5	20.7
California ..	23,052.0	2,335.6	10.1	2,444.4	10.6
Colorado.. ..	2,529.9	146.2	5.8	190.6	7.5
Connecticut..	3,353.4	141.5	4.2	200.2	6.0
Delaware	621.9	36.1	5.8	58.5	9.4
District of Columbia.....	734.3	101.7	13.8	144.9	19.7
Florida	8,195.3	449.9	5.0	917.6	11.2
Georgia	4,914.6	485.1	9.9	961.0	19.6
Hawaii	840.7	43.8	5.2	63.0	7.5
Idaho	720.8	30.6	4.2	52.4	7.3
Illinois	11,643.9	639.5	5.5	959.4	8.2
Indiana	5,503.8	168.1	3.1	355.4	6.5

TABLE 1.—PROPORTION OF POPULATION RECEIVING WELFARE UNDER CURRENT LAW AND PROPORTION OF POPULATION ELIGIBLE FOR BENEFITS UNDER H.R. 1 BY STATE, FISCAL YEAR 1973—Continued

[Persons in thousands]

	Civilian resident population, 1973	Federally aided welfare recipients, current law, fiscal year 1973		Persons eligible for welfare benefits under H.R. 1, fiscal year 1973	
		Number	Percent	Number	Percent
Iowa	2,813.0	116.2	4.1	241.7	8.6
Kansas	2,252.8	104.0	4.6	234.1	10.4
Kentucky	3,247.4	259.8	8.0	621.0	19.1
Louisiana	3,792.5	473.3	12.5	823.7	21.7
Maine	982.7	91.9	9.4	131.0	13.3
Maryland	4,520.4	217.5	4.8	382.5	8.6
Massachusetts	5,990.7	417.5	7.0	536.3	9.0
Michigan	9,504.7	517.5	5.4	841.7	8.9
Minnesota	4,034.5	159.5	4.0	346.1	8.6
Mississippi	2,145.4	269.4	12.6	626.3	29.2
Missouri	4,851.4	332.3	6.8	555.5	11.5
Montana	687.3	26.0	3.8	51.8	7.5
Nebraska	1,508.4	57.5	3.8	124.3	8.2
Nevada	692.1	23.1	3.3	37.8	5.5
New Hampshire	815.5	30.9	3.8	49.1	6.0

New Jersey	7,900.4	517.6	6.6	603.3	7.6
New Mexico	1,032.5	100.1	9.7	144.1	14.0
New York	18,929.5	1,550.0	8.0	2,067.2	10.9
North Carolina	5,273.2	248.2	4.7	821.6	15.6
North Dakota	597.6	20.4	3.4	58.4	9.8
Ohio	11,160.3	523.7	4.7	928.7	8.3
Oklahoma	2,623.0	218.6	8.3	400.7	15.3
Oregon	2,282.2	138.1	6.1	203.5	9.0
Pennsylvania	11,918.3	880.2	7.4	1,267.5	10.6
Rhode Island	968.5	68.2	7.0	103.4	10.7
South Carolina	2,624.8	142.3	5.4	466.8	17.8
South Dakota	641.1	32.4	5.1	76.8	12.0
Tennessee	4,038.0	358.1	8.9	830.4	20.6
Texas	12,098.1	771.6	6.4	1,571.3	13.0
Utah	1,179.9	57.6	4.9	95.3	8.1
Vermont	474.3	25.1	5.3	44.8	9.4
Virginia	4,988.7	185.4	3.7	566.5	11.4
Washington	3,748.0	217.2	5.8	276.8	7.4
West Virginia	1,600.6	128.1	8.0	326.8	20.4
Wisconsin	4,678.6	138.2	3.0	311.7	6.7
Wyoming	327.5	13.7	4.2	23.3	7.1
Guam	104.0	2.8	2.7	3.5	3.4
Puerto Rico	2,953.7	339.1	11.5	995.8	33.7
Virgin Islands	100.9	2.6	2.6	3.9	3.9
Total	220,106.1	15,025.1	6.8	25,503.3	11.6

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Source: Department of Health, Education, and Welfare.

TABLE 2.—CHILDREN RECEIVING AID TO FAMILIES WITH DEPENDENT CHILDREN AS A PROPORTION OF CHILD POPULATION AND BY STATUS OF FATHER, 1940 TO 1970

[Number of children in thousands]

June of	Total children receiving AFDC		Number of children receiving AFDC by status of father ¹				
	Number	Number per 1,000 population under age 18	Dad	Absent from the home	Incapacitated	Unemployed	Other ²
1940	835	20	347	253	227	227	8
1941	946	23	373	304	259	259	10
1942	952	23	354	325	262	262	11
1943	746	18	260	269	207	207	10
1944	651	16	213	247	181	181	10
1945	647	15	197	257	182	182	11
1946	799	19	225	334	225	225	15
1947	1,009	23	262	441	286	286	20
1948	1,146	25	272	522	327	327	25
1949	1,366	29	306	648	382	382	30
1950	1,660	34	350	818	455	455	37
1951	1,617	32	320	826	435	435	36
1952	1,527	30	283	808	402	402	34
1953	1,493	28	255	819	386	386	33
1954	1,566	29	245	884	404	404	33

1955	1,691	30	234	982	443		32
1956	1,707	29	210	1,015	451		31
1957	1,831	30	211	1,103	482		35
1958	2,090	34	222	1,278	546		44
1959	2,239	35	217	1,399	571		52
1960	2,322	35	202	1,493	569		58
1961	2,600	39	193	1,658	590	89	71
1962	2,819	41	198	1,774	594	179	74
1963	2,893	41	198	1,856	584	179	76
1964	3,097	43	203	1,990	583	238	83
1965	3,241	45	208	2,130	584	232	87
1966	3,382	47	212	2,282	583	213	92
1967	3,744	52	224	2,558	608	250	105
1968	4,207	58	246	2,956	652	234	119
1969	4,893	68	274	3,563	684	242	130
1970	6,092	85	340	4,414	847	329	162

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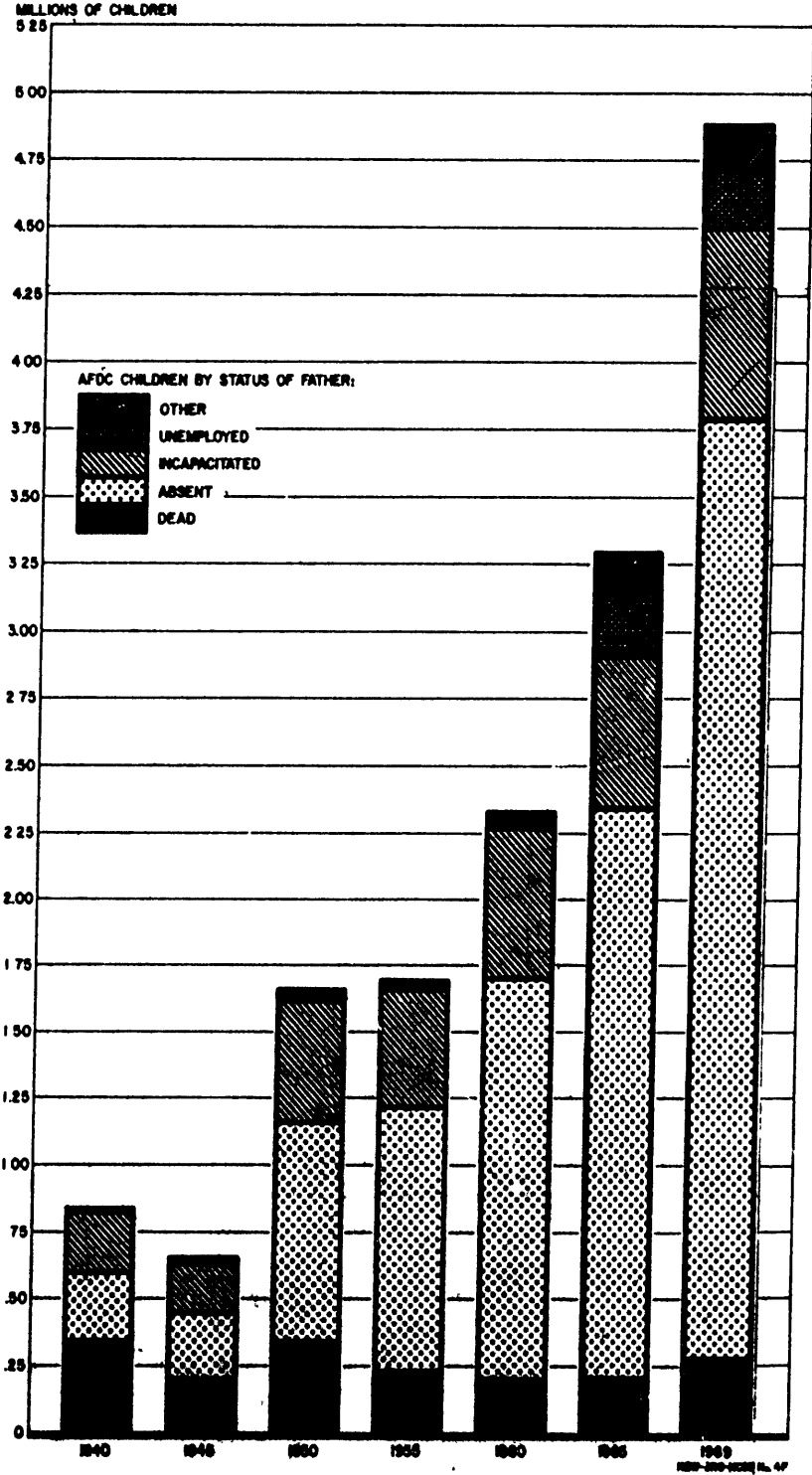
¹ Based on information obtained from State agencies in October 1942, June 1948, November 1953, February-March 1956, October-December 1958, November-December 1961 and May 1969. Data based on 1942-56 studies adjusted to agree with later classification with respect to coverage of "absent from the home" and "other."

² Includes children with father in home as caretaker because of death, absence, or incapacity of mother.

Source: Department of Health, Education, and Welfare.

Chart A

NUMBER OF CHILDREN RECEIVING AID TO FAMILIES WITH DEPENDENT CHILDREN MONEY PAYMENTS BY STATUS OF FATHER, JUNE OF SELECTED YEARS, 1940 TO DATE



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Chart B

NUMBER OF PUBLIC ASSISTANCE RECIPIENTS OF MONEY PAYMENTS BY PROGRAM,
JUNE AND DECEMBER OF EACH YEAR, 1936 TO DATE

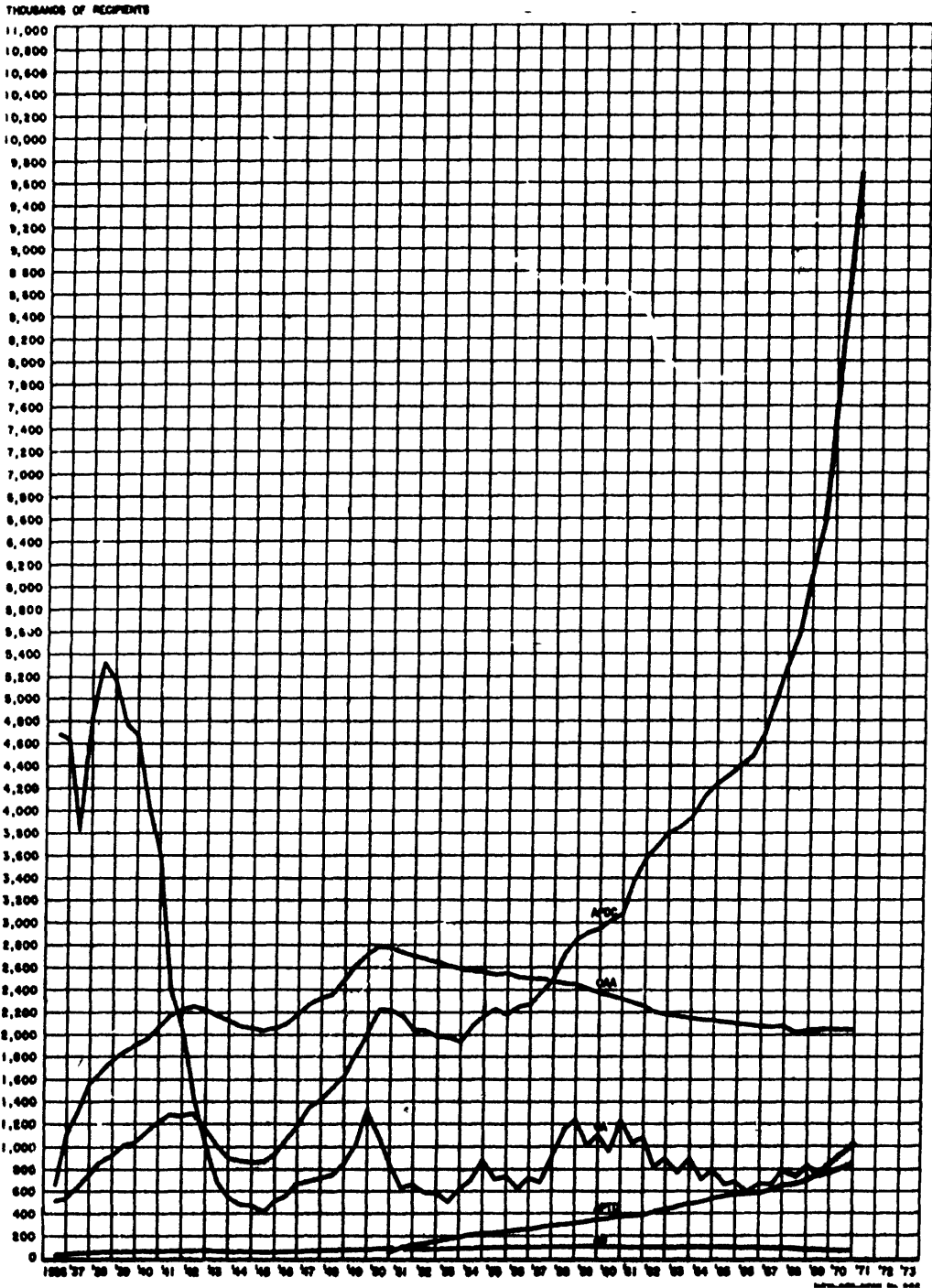


TABLE 3.—AFDC FAMILIES BY PARENTAGE OF CHILDREN, 1969

Parentage	Number	Percent
Total.....	1,630,400	100.0
Same mother and same father.....	1,101,300	67.5
Same mother, but two or more different fathers.....	468,300	28.7
Same father, but two or more different mothers.....	4,500	.3
Two or more different mothers and two or more different fathers.....	39,600	2.4
Unknown.....	16,700	1.0

Source: Department of Health, Education, and Welfare.

TABLE 4.—AFDC FAMILIES WITH SPECIFIED NUMBER OF ILLEGITIMATE RECIPIENT CHILDREN, 1969

Number of children	Number	Percent
Total.....	1,630,400	100.0
None.....	906,900	55.6
1.....	346,600	21.3
2.....	174,800	10.7
3.....	89,500	5.5
4.....	50,500	3.1
5.....	27,100	1.7
6.....	15,200	.9
7.....	10,200	.6
8.....	4,200	.3
9.....	2,200	.1
10 or more.....	1,300	.1
Not reported.....	1,900	.1

Source: Department of Health, Education, and Welfare.

TABLE 5.—AFDC FAMILIES BY STATUS OF FATHER, 1969

Status	Number	Percent
Total.....	1,630,400	100.0
Dead.....	89,700	5.5
Incapacitated.....	187,900	11.5
Unemployed, or employed part time, and—		
Enrolled in work or training pro- gram.....	36,000	2.2
Awaiting enrollment after referral to WIN.....	14,800	.9
Neither enrolled nor awaiting en- rollment.....	28,200	1.7
Subtotal.....	79,000	4.8
Absent from the home:		
Divorced.....	223,600	13.7
Legally separated.....	45,200	2.8
Separated without court decree.....	177,500	10.9
Deserted.....	258,900	15.9
Not married to mother.....	454,800	27.9
In prison.....	42,100	2.6
Absent for another reason.....	26,700	1.6
Subtotal.....	1,228,800	75.4
Other status:		
Stepfather case.....	30,400	1.9
Children not deprived of support or care of father, but of mother.....	14,400	.9
Not reported.....	200	(¹)

¹ Less than 0.05.

Source: Department of Health, Education, and Welfare.

TABLE 6.—AFDC FAMILIES IN WHICH FATHER IS ABSENT BECAUSE OF DIVORCE, SEPARATION, OR DESERTION, BY TIME FATHER LAST LEFT HOME, 1969

Time	Number	Percent
Total	1,630,400
Absent because of divorce, separation, or desertion.....	705,200	100.0
This year.....	39,800	5.6
1 year ago.....	124,900	17.7
2 years ago.....	94,000	13.3
3 years ago.....	76,200	10.8
4 years ago..	54,300	7.7
5 years ago.....	50,400	7.1
6 years ago.....	39,900	5.7
7 years ago.....	34,500	4.9
8 years ago.....	29,900	4.2
9 years ago.....	24,900	3.5
10 years ago.....	20,800	2.9
11 years ago.....	18,700	2.7
12 years ago..	14,800	2.1
13 years ago.....	13,000	1.9
14 years ago.....	10,300	1.5
15 years ago.....	8,000	1.1
16 years ago.....	5,100	.7
17 years ago.....	7,000	1.0
18 years ago.....	2,700	.4
19 years ago.....	1,700	.2
20 years ago.....	400	.1
Unknown.....	33,900	4.8
Not absent because of divorce, sepa- ration, or desertion.....	925,000
Unknown.....	200

Source: Department of Health, Education, and Welfare.

TABLE 7.—AFDC FAMILIES BY WHEREABOUTS OF FATHER, 1969

Whereabouts	Number	Percent
Total.....	1,630,400	100.0
In the home.....	297,500	18.2
In an institution:		
Mental institution.....	6,900	.4
Other medical institution.....	6,200	.4
Prison or reformatory.....	53,500	3.3
Other institution.....	1,300	.1
Not in the home or an institution; he is residing in:		
Same county.....	311,300	19.1
Different county; same State.....	86,200	5.3
Different State and in the United States.....	128,100	7.9
A foreign country.....	18,000	1.1
Whereabouts unknown.....	630,600	38.7
Inapplicable (father deceased).....	90,800	5.6

Source: Department of Health, Education, and Welfare.

