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ADMINISTRATION'S WELFARE REFORM PROPOSAL

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JOINT HEARINGS

BEFORE A

TASK FORCE

OF THE

WELFARE REFORM SUBCOMMITTEE

OF THE

COMMITTEE ON AGRICULTURE
COMMITTEE ON EDUCATION AND LABOR
COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES

NINETY-FIFTH CONGRESS

FIRST SESSION

ON

H.R. 9030

A BILL TO REPLACE THE EXISTING FEDERAL WELFARE PROGRAMS

PART VI—Public Witnesses

SALEM, OREG.,
NOVEMBER 9, 1977
OAKLAND, CALIF.
NOVEMBER 14, 1977

Serial 95–52

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ADMINISTRATION'S WELFARE REFORM PROPOSAL

WEDNESDAY, NOVEMBER 9, 1977

Salem, Oreg., Task Force

HOUSE OF REPRESENTATIVES,
COMMITTEES ON AGRICULTURE; EDUCATION AND LABOR;
AND WAYS AND MEANS,
SUBCOMMITTEE ON WELFARE REFORM,
Salem, Oreg.

The task force met at 9:30 a.m., pursuant to notice, in hearing room F, State Capitol Building, Salem, Oreg., Hon. Jim Guy Tucker (chairman of the task force) presiding.

Mr. TUCKER. The meeting of the U.S. Congress Special Subcommittee on Welfare Reform will come to order.

I am very pleased to have this opportunity to be here with my colleagues, Bill Gradison, a Representative of the First District of Ohio, and, of course, your own Congressman, Bob Duncan, from the Third District of Oregon.

I might point out that the special Welfare Reform Subcommittee that meets here today in this field hearing is one of only two committees in the Congress that have been created in this particular fashion.

The subcommittee is a special subcommittee composed of members of the Ways and Means Committee of the House, members of the Education and Labor Committee of the House, and members of the Agriculture Committee, and represents an effort by the Speaker and the chairmen of these three committees to offer the House of Representatives, the Congress, and the people of the country a comprehensive approach to welfare reform, recognizing the overlapping jurisdictions of these committees and the overlapping problem areas involved in this whole subject of welfare reform.

The only other committee that has taken a similar approach to this is the Energy Committee which, of course, is meeting even today through its conference committee in Washington to try and resolve the problems of our Nation's energy supply.

The field hearing that is being held here today in Salem meets simultaneously with a similar field hearing under way in New York City, and these two hearings represent the first in the Nation of field hearings on welfare reform designed to hear the views of

citizens who are the beneficiaries of various welfare programs, of citizens who do not have programs available to them, of taxpayers who pay the cost of the various assistance programs, and of the officials who are involved in the day-to-day practical problems of trying to grapple with the problem of welfare, human dignity, and jobs in our Nation.

I would like at this time to call on Representative Duncan for some remarks.

Mr. DUNCAN. Thank you, Mr. Tucker.

I only want to bring personally Congressman Ullman's greetings to everyone here and his regret at not being able to attend. As you know, in his position as chairman of the Ways and Means Committee, he and his colleagues have prodigious responsibilities because many of the crisis areas we are attempting to attack in this country today come within the jurisdiction of his committee, and he asked me to assure you that only something as important and as vital as the conference committee on the energy program would deter him from being here in Salem to be with you.

He asked me if I would attend and I said yes, I would be glad to. I am used to doing a lot of the nuts and bolts work for Al these days because of his responsibilities as chairman, whether it is the Chemawa Indian School or a reservation in eastern Oregon or the fish hatchery at Warm Springs; whatever it is, I try to pitch in and give him a hand.

I bring you his greetings, and I intend to participate for a few hours this morning and to take back your messages to him.

Thank you.

Mr. TUCKER. Thank you very much.

I want to share, by the way, in your comments with regard to your chairman. I am a new member of the U.S. Congress and Al Ullman took me under his wing early on and it has been a source of real inspiration and leaderhip to me not just on tax matters, but on the politics of how you do and don't get things done in the U.S. Congress.

Mr. DUNCAN. Al said the other day that that wing isn't large enough to hold you any more and he is drawing on you for strength at this point.

Mr. TUCKER. Our first witness this morning is your own Governor.

Governor, we are very pleased to have you here. We appreciate your journeying to Washington—I guess it was just 2 weeks ago now—and testifying before us in Washington on the very innovative things that you have been doing here in the State and problems you see in welfare reform.

We welcome you and we look forward to hearing your testimony this morning.

STATEMENT OF HON. ROBERT STRAUB, GOVERNOR OF THE STATE OF OREGON

Governor STRAUB. Chairman Tucker, Congressman Gradison, and our outstanding guest, Congressman Duncan.

I am pleased to testify this morning on behalf of the State of Oregon regarding President Carter's welfare reform plan.

I am here this morning to preface the remarks and analysis of the Carter plan that will be made by Department of Human Resources Director Dick Davis and members of his staff.

The program we're discussing here is the most far-reaching revision of the public welfare system this country has ever undertaken.

President Carter and HEW Secretary Califano deserve our highest praise for producing the most innovative and comprehensive welfare reform package we have had since the inception of our national welfare program.

When I spoke on behalf of the National Governors' Association last week, I noted that the public looks to the States as the responsible agents of welfare administration.

And, I stated that we are tired of being burdened with a system so unrewarding, a system with so few positive payoffs, a system that can lead nowhere except deeper into the mire of its own self-perpetrating confusion and failures.

The administration has responded to those feelings of frustration and concern with a program that offers us a way out of that mire, that provides us a means for satisfying human needs while, at the same time, restoring human dignity.

The President's plan is similar to one we developed here in Oregon and submitted early this year to HEW Secretary Califano.

The Carter plan, like mine, would provide all the poor of our country their first real opportunity to escape poverty through work.

I strongly support the work emphasis in the President's plan.

My plan, which contained a strong work incentive, received overwhelming support from the editorial press and public when I first announced it in March of this year.

Because the President's plan incorporates the same basic philosophy, I am convinced it also will receive strong general backing from our citizens.

In the President's plan, work is the primary source of income.

His plan appropriately distinguishes between those able to work and those not.

From our experience in Oregon, we have found that people on welfare want off and they want off through work.

Last year the WIN program placed over 7,500 welfare recipients in jobs in this State.

Since WIN began in Oregon, we have found work for over 31,000 men and women and we operate our statewide labor exchange for employers.

Last year we placed over 77,000 people with private employers within the State.

I understand that figure was over 4 million last year for the Nation.

What I'm really trying to emphasize here, Mr. Chairman, is that we Governors have developed the ability to place our people in jobs. We think the authority for job placement in Oregon should be kept at the State level.

I am strongly convinced the President's plan will gain wide acceptance from our citizens. The 1.4 million jobs it would create would provide employment to families with children, and the ser-

vices we could provide with those 1.4 million jobs would be services sorely needed in almost every community in this Nation.

Here are just a few of the kinds of services the new Presidential plan could provide:

It could produce much needed jobs affecting the quality of life in our country;

Jobs in child care agencies;

Work as housekeepers or homemakers for the aged and the handicapped;

Work in group homes for adults, in nursing homes, hospitals, State institutions, and our public schools.

It could provide jobs to upgrade the environment:

Work with the Forest Service;

With the Highways and Parks and Recreation Departments;

With Fish and Game; and air and water pollution control;

With disaster recovery from snow, flood, fire and wind.

I could go on and on enumerating the kinds of public service jobs we so badly need, and can have through this program.

The benefits of those jobs to our communities are among the things I most value about the President's plan.

As I noted in my testimony in Washington last week, there are some concerns we in Oregon have about the current proposal.

I said then that we were studying H.R. 9030 carefully and would have a detailed analysis when we were finished with the analysis.

We are now prepared to give you the results of our analysis.

We have uncovered some serious problem areas, and Dick Davis and his staff will detail those concerns in just a few moments, but I'd like to lay them out for you briefly here.

We think some benefit levels for certain individuals and families are too low.

We believe the plan should provide for annual cost-of-living adjustments.

We are concerned that the total cost of the plan will be too high because of increased eligibility levels.

We don't feel enough public service jobs have been written into the program to guarantee jobs for all who are required or want to work.

We strongly believe—as I indicated earlier—that the States should coordinate and administer the job placement aspects of the program.

We fear that Federal administration of the plan will result in reduced payment and this in turn will result in our having to substitute payments at the State level, substantially at our own costs.

This will also result in costly duplication of administration.

We also think the plan has some serious fiscal shortcomings.

The States are not adequately protected against increased costs of medicaid, foster care, emergency needs, and administration.

The States are not protected against increased costs beyond 5 years.

And there is no provision for ultimately phasing State and local governments out of the cost of public welfare.

Mr. Congressman, those concerns are real, and they are serious, but it would be strange indeed if we didn't have some concerns with a program as massive and as innovative as the one we're talking about.

But, I'd like to say right now that, even with the problems of the new program, it would be far superior as is than the one we now have.

The welfare program we now have is on its way to becoming a major national disgrace; a disgrace because of its major gaps and its unnecessary complexity.

It takes enormous amounts of money and effort and offers too little in return for it.

The President has offered us the first real opportunity to escape this morass into which we have been pouring increasing amounts of time and effort over the past 30 years.

Let's take that opportunity, for, honestly, we may never have a better one.

The President's plan is scheduled to go into effect in 1981. That's a long way off, Mr. Chairman, and I fear it may be even farther away by the time Congress enacts its bill.

I strongly urge that you consider keeping administration at the State level because we could put this plan into effect much sooner at the State level.

Oregon has invested a great amount of time and effort to help bring the current program to its present level of development. We are willing to offer more assistance.

Let us begin to work together in a cooperative effort to make this new welfare program a reality, a reality that can offer humane assistance with a maximum of human dignity.

Now, I would like to introduce Dick Davis, director of our department of human resources, and members of his staff, who will give a more detailed analysis of the Better Jobs and Income Act.

Thank you.

[The Governor's prepared statement which was presented at the Washington hearing follows:]

STATEMENT OF HON. BOB STRAUB, GOVERNOR OF THE STATE OF OREGON

Chairman Corman and members of the Welfare Reform Subcommittee, I appreciate this chance to speak in support of President Carter's plan for welfare reform on behalf of the State of Oregon and the National Governors' Association.

The program we're discussing here today is the most extraordinary innovation in the welfare system this country has ever undertaken.

President Carter and HEW Secretary Califano deserve our highest praise for producing the single most comprehensive welfare reform package we have had since the inception of our national welfare program.

For some time now, we Governors have believed such comprehensive reform was necessary.

Our concerns go far beyond the problems of financing public welfare.

We are deeply concerned with the many inequities of the current system, inequities that sometimes split up households, maintain generational cycles of people locked in poverty, leave many who want work out of work and *unable* to *find it,* and give still others their excuses for *not* working.

Besides all that, the complicated administration of the current system is a nightmare of confused and overlapping responsibilities among agencies, and indecipherable piles of codes and regulations.

The public looks to the States as the responsible agents of welfare administration, but frankly, Mr. Chairman, we are tired of being burdened with a system so

unrewarding, a system with so few positive payoffs, a system that can lead nowhere except deeper into the mire of its own self-perpetuating confusion and failures.

The administration has responded to our feelings of frustration and concern with a program that offers us a way out of that mire, that provides us a means for satisfying human needs while, at the same time, restoring human dignity.

The present welfare system is a maze of historically accumulated programs of categorical aid.

In place of that, the Carter plan provides a national income floor to all the poor, consolidates all existing welfare programs into a single cash assistance program, and achieves a single definition of poverty based solely on amount of income and resources.

Present welfare programs provide assistance only to special categories of the poor—the aged, blind, disabled, and families with dependent children.

No assistance is provided for unemployed single adults, childless couples, or the working poor.

President Carter's plan would assure a minimum $4,200 standard income for a family of four throughout the Nation.

It would substantially reduce the variation in benefit levels among the States and allow States, such as Oregon, to supplement the basic Federal benefit up to their current payment levels, including the bonus value of food stamps.

By removing the stigma of food stamps it would encourage the elderly and handicapped to participate and it would create income security for all the poor.

Mr. Chairman, 200 years ago, Dr. Sam Johnson remarked that a decent provision for the poor is the true measure of any society.

The Carter plan will give us such a provision, and it will provide the poor of our country with their first real chance to escape poverty through work.

I strongly support the work emphasis in the President's plan.

In March of this year, in response to the invitation of Secretary Califano, I submitted a welfare reform plan to HEW.

That plan, which contained a strong work incentive, received overwhelming support from the editorial press and public in Oregon.

Because the President's plan incorporates the same basic philosophy and many of the same provisions, I am confident of equal public support for it.

In the President's plan, work constitutes the primary source of income.

The plan appropriately distinguishes between those able to work and those not.

And, the plan creates jobs when they are not available in the private labor market.

The job search and work requirements under the President's plan are much the same as those under current Oregon programs.

Oregon has successfully operated a job location and placement program in conjunction with its welfare programs for over 2½ years.

Since our program's inception, over 20,000 welfare families have been given work.

Fifteen thousand of those families have left the welfare system completely, and 91 percent of those have been off welfare for over 2 years.

This has reduced our welfare expenditures by $3 million.

Because of our job placement program, we have been able to close out from 3 to 9 times as many welfare cases as our neighboring States.

We have done this in spite of high unemployment rates.

We are quite proud of Oregon's program, but in spite of our success, we still need to find work for thousands of individuals.

Contrary to the general opinion, Oregon's experience reveals that welfare recipients want to work.

President Carter has proposed the creation of 1.4 million jobs nationally to assure employment to families with children.

This would help those families greatly and provide a significant return to the public through the services rendered.

As I envisioned in the plan I submitted, this manpower resource could work at improving the quality of life and upgrading the environment to an extent not otherwise financially possible.

Whether or not 1.4 million jobs are sufficient, the fact is that this number would be a momentous step forward for those who want jobs and want out of the public welfare system.

Unemployment and inflation are ecnomic conditions clearly beyond the control of State or local government.

Yet, these conditions contribute directly to increases in welfare caseloads and costs.

As a result, the Federal Government must absorb an increasing share of the cost of welfare.

President Carter has recognized this and has proposed to limit the cost the State and local governments.

This would provide a substantial increase in the Federal financial effort to solve this national problem.

The benefit for large metropolitan States is expected to be great.

The benefit is equally important to small States, such as Oregon, who have attempted to provide a reasonabe income level to welfare recipients but who find it increasingly difficult to do so in the face of high rates of unemployment and inflation.

Mr. Chairman, we are now engaged in a detailed analysis of H.R. 9030 and will provide you that analysis as soon as it is completed.

We have some areas we are studying carefully in that measure, some areas in which we may recommend change. In a program as gigantic as this one there are bound to be areas of concern.

But our current system is a disgrace.

It takes enormous sums of money and offers little in return for it.

The President has offered us the first real opportunity to escape this morass into which we have been pouring an increasing amount of money and effort over the past 30 years.

Let's take that opportunity.

There can be little doubt about the sincerity of the States to find a workable program that offers total reform of the present welfare system.

We have invested a great amount of time and effort to bring this proposal to its current level of development.

And, we are willing to offer more assistance.

Both Oregon and the National Governors' Association are prepared to offer continuing technical staff assistance to the Congress as you work toward the enactment of a new welfare system.

We believe that through a cooperative effort, such as the one demonstrated by the States and the administration to this point, effective and humane welfare reform can finally become a reality.

Thank you.

Mr. TUCKER. I thank you very much for your observations and comments. I am glad you could cover this matter so rapidly. We will look forward to hearing from the other members of your staff. I know you have a meeting coming up at 10 o'clock. Are you going to have to leave now?

Governor STRAUB. Yes, sir.

Mr. TUCKER. I want to thank you again very much.

Mr. DUNCAN. I think your statement was very useful and ought to carry a great deal of weight.

Over the years of your public career, you have demonstrated your compassion for people in unfortunate circumstances. I think your credentials are impeccable.

Mr. TUCKER. Thank you very much, Governor.

STATEMENTS OF RICHARD DAVIS, DIRECTOR, DEPARTMENT OF HUMAN RESOURCES; RAY THORNE, ADMINISTRATOR, EMPLOYMENT DIVISION; LINDA KAESER, ADMINISTRATOR, ADULT AND FAMILY SERVICES, AND TIM LATTA, VOCATIONAL REHABILITATION DIVISION, STATE OF OREGON

Mr. TUCKER. Gentlemen, welcome. We are glad to see you again.

STATEMENT OF RICHARD DAVIS

Mr. DAVIS. I am Dick Davis, director of the department of human resources.

I think the Governor has pretty well set the stage for our testimony today. Rather than my taking additional time, I would just like to explain how we would like to proceed this morning.

We would like to offer some specific, constructive suggestions on how this particular bill might be improved.

On my right is Ray Thorne. Ray will talk about the jobs component and some specific concerns and recommendations we have in that area.

On my left is Linda Kaeser. Linda is the administrator of the adult and family service division which administers the welfare program. Linda will be talking about the benefit level, the cost-of-living, and also the Federal versus State administration of the program.

On my far left is Tim Latta. Tim is a member of the vocational rehabilitation division. He is program coordinator for welfare and SSI programs. Tim will speak to the concerns of the handicapped as they relate to this particular measure.

Without further introduction, I will ask Ray Thorne to proceed with his discussion.

STATEMENT OF RAY THORNE

Mr. THORNE. I am Ray Thorne of the Oregon Employment Division, the administrator there. I welcome you to Oregon, Congressman Duncan. It is nice to have you here again.

As Oregon has led the movement in environmental concerns, we also hope to lead the movement in the concerns on welfare reform. To this we are going to be giving comment today.

As an overview of my particular presentation, I will simply say that the President's welfare reform plan is an excellent conceptual framework for dealing with much of the public dissatisfaction with existing welfare programs. Work can now be avoided despite procedural requirements to register for employment and participate in job-finding activities. The only effective measure is to impose a work requirement as a condition of eligibility for benefits for expected-to-work persons.

The President's plan determines at intake which applicants are expected to work and provides them with employment opportunities. For persons not expected to work, the President's plan will provide cash assistance. This sharp delineation between the two groups should present a more positive image to the public who tend to categorize all welfare recipients as freeloaders.

The President's plan is an excellent starting point. There are, however, some refinements that I would like to suggest. These are all consistent with the thrust of the plan.

JOB ENTITLEMENT

H.R. 9030 emphasizes subsidized work and training which in fiscal year 1981 is limited to 1.4 million without respect for employment needs. Limiting both the private sector emphasis and the number of subsidized work and training opportunities establishes a fallback position that where employment needs exceed the number

of jobs, public assistance will be provided to compensate. This is a fundamental defect in existing welfare programs.

The key element necessary in welfare reform is a job. We are not advocating guaranteed annual incomes. We are advocating guaranteed jobs. Public service jobs are a needed element. However, public service jobs must be a last resort, not a first resort. If adequate private sector employment is not available, action must be taken to stimulate the economy. This recognizes the preference of private sector jobs over subsidized jobs and that there are limits to practical public service jobs. Congress should include in its deliberations on welfare reform continued discussion on economic stimulation measures to expand private sector employment.

Where private sector employment is not available in spite of economic stimulation measures, a job entitlement must be created for every family. Congress should amend H.R. 9030 to provide continuous and open-ended appropriations to CETA prime sponsors to meet reasonable costs for a sufficient number of subsidized work and training opportunities for all expected-to-work persons who cannot be placed in unsubsidized jobs. Channeling public aid dollars into work opportunities is preferable to public assistance without work.

CONTINUOUS JOB SEARCH

H.R. 9030 now provides for intensive job search activities during 8-week periods each year. Limiting the job search activity to 8 weeks per year will not make full use of private sector jobs as they become available. Congress may want to provide certain incentives on a periodic basis, but the bill should be amended to provide for what we assume was the meaning of the provision that job search activity should be a continuous activity throughout the year.

SUPPORTIVE SERVICES, FOR EXAMPLE, WIN

The work incentive program is very effective in moving welfare recipients into employment. In Oregon last year alone we placed 7,552 welfare clients into employment, for a total of 31,823 welfare clients since the WIN program began.

In the first three quarters of last year, employment security agencies throughout the Nation placed 199,050 WIN participants in employment. I'm told that these placements have resulted in over $300 million in welfare grant reductions. Altogether, over 1 million WIN praticipants have entered employment since June of 1971.

This program has been effective because of the close relationships established between cash assistance and employment security agency personnel. In Oregon, it is the close cooperation of the adult and family services division, the childrens' services division and the employment division that have made the WIN program work so well. Actually these relationships have pioneered many of the concepts in H.R. 9030.

However, the President's plan does not clearly provide for continuation of needed WIN supportive services such as testing, assessment, counseling, day care, homemaker services, et cetera. Al-

though we agree that the WIN program must be included in the final welfare reform package, it is necessary that Congress continue the services that have been provided by WIN. I also urge the Congress to look closely at the WIN program as a model, generally speaking, for many of the required components of welfare reform.

STATES' ROLE

Another needed refinement is the role of States in the jobs component. H.R. 9030 provides that funding for and authority over all of the jobs component will be given to local CETA prime sponsors, with only a nominal review and advisory role for Governors and no specified role for State legislatures. CETA prime sponsors are permitted to administer the job search assistance program through State employment security agencies or other comparable arrangements, depending upon the discretion of CETA prime sponsors.

The bill does not require utilization of existing statewide labor exchange programs. This removes the Governor and State legislatures from a key role in the movement of welfare recipients into private sector employment. This movement is the key to fiscal control of the States' supplemental cash assistance program. This is also important to Congress in financing welfare reform. This is critical because the job search program will be the first entry point into the jobs component and, more specifically, the entry point into private sector employment.

Assignment of the job search assistance program to CETA fails to recognize the important relationship of job search to activities, for example, wage supplementation, medicaid, social services, vocational rehabilitation, and so forth, of cash assistance agencies.

Cash assistance agencies are organized on a statewide or county basis, not along CETA jurisdictions. Cash assistance and job search activities must be organized along similar or at least compatible political subdivisions to assure effective cooperation and coordination. Flexibility should be given to the States to adapt the jobs program to the structure for delivery of the cash assistance programs in the State.

There are some other good reasons for changing H.R. 9030. Employment security programs are well administered all across the Nation. The unemployment insurance program should be left intact to hold together labor forces for employers who pay for this service during time of temporary employment dislocation. This employer-employee insurance program is operated for the mutual benefit of both and I do not think it ought to be disrupted as a consequence of welfare reform.

An integral part of the UI program is the free, public labor exchange provided to all unemployed individuals. Allocating welfare job search activities to CETA prime sponsors will fragmentize this existing public labor exchange among CETA prime sponsors and employment security agencies based upon welfare/nonwelfare clientele.

This would allow competitive conflicts where employers in metropolitan labor markets would be contacted by several CETA prime

sponsors and a statewide employment security agency soliciting jobs for welfare/nonwelfare clients.

Operation of two public labor exchanges will be confusing to the unemployed and to employers who want a unified, statewide job referral process. Will the unemployed know which agency to contact based upon their income? And will they get access to the same jobs at the various public agencies? And what about employers? Will they need to work with duplicative public agencies? A strong, unified labor exchange must be operated for the benefit of all unemployed workers and all employers.

It takes a delicate, balanced effort by employment security agencies to refer only job-ready workers to employers and at the same time provide employment opportunities for the disadvantaged. The experience of the 1960's indicates that without this balanced effort we lose the support of the employer community. Recognizing limited funding given employment security agencies, I think they have demonstrated their ability to manage this balance.

In Oregon alone, the State employment division job-placed 77,866 individuals last year. This up from the 64,886 individuals the year before.

Over 4.1 million individuals were job-placed last year by all State employment security agencies, and 34 percent of these were economically disadvantaged. And this is with a national employment security placement staff that has not increased in the last 10 years.

The President's proposal removes authority for the jobs program from both the Governor and State legislatures. State authority over certain segments of the jobs program is essential. The key to the State's role is State administration and delivery of the job search assistance program.

Governors and State legislatures should be given direct funding and authority for operating the job search assistance program. We have discussed this with the Governor's offices in Alaska, Idaho, and Washington and they agree with Governor Straub on this issue.

Also, Oregon's State Advisory Council on Unemployment Compensation has taken the position that the State should operate a statewide labor exchange.

The comprehensive employment and training program operated by CETA prime sponsors is obviously a well-estblished part of our communities. Their experience with CETA title I training programs and public service jobs under CETA's title II and VI establishes their crediblity as the provider of training for persons not job-ready and for administration of public service jobs created for persons job-ready but unable to find a job.

I, like the President, urge that the CETA prime sponsors be designated as that component responsible for creation and operation of public service jobs and training programs.

I believe Governors operating job search activities and CETA operating public service jobs and training programs can work effectively together.

To summarize then, I urge you to amend the President's plan to recognize Governors' and State legislative interest in job search activities. The following revisions are suggested:

Of the total State jobs component allocation, the Governor should directly receive funds to carry out the job search assistance pro-

gram. The allocation for subsidized employment and training should be directed to CETA.

The Governor should be responsible for planning and implementing a statewide job search assistance program. The job search assistance program should contain the following components: Intake systems; computerized job matching program, where available; counseling, testing, other supportive services; referral for job opportunity to public and private sectors; referral to subsidized work or training programs; job development; and job finding workshops.

Post placement services such as counseling and other supportive services to enable transition from PSE to private employment.

Private sector employment should be emphasized.

CETA funding should be open-ended to meet all subsidized employment needs.

Job search must be continuous all year.

Services now provided by WIN must be continued by both CETA, during training, and Governors, during and after job search.

Mr. TUCKER. Thank you, Mr. Thorne, for your comments.

We will next hear Ms. Kaeser.

STATEMENT OF LINDA KAESER

Ms. KAESER. My name is Linda Kaeser and I'm the administrator of the adult and family services division, the division with the department of human resources which administers the State's welfare program.

Time and time again Governor Straub has testified in this State and around the country on Oregon's proposed plan for welfare reform and President Carter's proposed Better Jobs and Income Act.

We share his enthusiasm for a consolidated welfare program—one based on a single definition of poverty—for those who are able to work. It's an innovative plan, a sweeping changes plan that is worthy of State and congressional attention.

State welfare programs are staggering under increased caseloads, necessary cost-of-living adjustments and soaring medical costs. Comparing the 1971-73 biennium to the latest 1975-77 biennium, we've seen our AFDC average monthly caseload grow from 23,999 to 37,225. While Oregon is managing to hold its own, some Eastern States are facing bankruptcy. Because of good management and supportive executive and legislative branches of government, Oregon's program remains solid, but we know that certain changes are necessary—no, mandatory—if we are to keep pace with societal changes and pressures.

Mr. Chairman, I would like to confine my brief remarks today to three points in H.R. 9030:

The benefit level, cost-of-living adjustments and Federal administration versus State administration.

Other concerns and suggestions for improvement of the cash assistance component are enunciated in the written analysis transmitted to you.

First, let me tell you of our concerns about the benefit level section of H.R. 9030. While we agree that benefits for single employ-

able persons, childless couples and households with inadequate income deserve consideration for public assistance, we are deeply concerned about the inadequacy of benefit levels for other categories of people. Such categories include:

Single pregnant women who are required to work;

Persons incapacitated for less than 12 months who are required to work;

Persons who are required to work but for whom no job is available;

Persons searching for work and who are not entitled to full benefits; and

Household units of more than seven whose benefits are frozen.

Let me touch on these four categories, especially the one dealing with single pregnant women. Under H.R. 9030, single pregnant women have been placed in the single employable category. This is totally unrealistic. Many pregnant women cannot work the full 9 months and I daresay employers would not be enthusiastic about hiring a pregnant woman, knowing she would be taking leave for delivery and post-natal care. The Federal benefit to this particular category, should these women not go to work and collect a salary, is only $92 per month. Obviously, this is not an adequate income. And, should the State choose to supplement all people within the single employable category, the cost to Oregon alone would be $37 million per year.

In all practicality, single pregnant women and those are incapacitated for less than 12 months, should not be considered employable.

They should be placed in the upper benefit level in order to receive an adequate income.

The other categories I previously mentioned—less than 12 months of incapacity, persons on job search and family units of seven or more—also need special attention, but I do want to focus on another problem.

I think we all agree that 1.4 million public service jobs are welcomed—employment is always a positive step toward solving the welfare problem—for the individual and for government. But 1.4 million jobs are not enough. No person should be penalized for not working if a job is not available.

Based on our estimates here in Oregon, there absolutely would not be enough jobs for both those who are required to work and those not required to work but who want to work. Oregon's experience is that most welfare recipients are motivated to work but the problem is the lack of available jobs.

In September there were 80,000 unemployed persons in Oregon. This represents a seasonally adjusted unemployment rate of 8.5 percent. Under the proposed plan, Oregon would be allocated only 12,800 public service jobs, assuming a 5.6 rate of unemployment. We believe that as a minimum, a job should be assured to every family who is required to work or wants to work.

Also, those 1.4 million public service jobs are designed to go to the primary wage earner. Usually the primary wage earner becomes the man but the plan shouldn't make that decision. It is equally appropriate today for the woman to be the primary wage earner. I sincerely believe the family should decide who is to the be the

principal wage earner. The welfare system should not be in the business of dictating who works, as long as the decision is economically practical.

Our second concern deals with the cost-of-living adjustments. We all know costs of everything—food, clothing, rent, utilities—continue to go up. These costs never go down. While the Better Jobs and Income Act does provide for an inflationary adjustment for the first year, there is no provision for subsequent adjustments. I believe the poor and the States need to be assured, or even guaranteed, that adjustments will be automatically made on a yearly basis. We cannot expect people who have very little resources, or next to nothing, to stretch their dollars to meet rising costs. You and I have a difficult time doing that. What must these people face?

Oregon has a progressive and enlightened philosophy about cost-of-living adjustments. Our legislature consistently has voted annual cost-of-living adjustments. During this biennium, in the face of an inflationary spiral, we are moving to provide semiannual adjustments.

It is Oregon's commitment to sustain standards of decency and health of its poor, despite unprecedented rates of inflation in the seventies. This commitment has caused Oregon to become one of the highest paying States in the Nation. In fact, this last session of the legislature, reflecting its concern about the adequacy of our welfare standards, directed the adult and family services division to conduct a thorough pricing study and report its findings to the emergency board. The welfare reform plan needs to embody the same commitment to provide for benefit adjustments so that welfare recipients can sustain their purchasing power.

Our third concern deals with administration. I administer an agency with a budget of approximately $768 million per biennium. We provide cash assistance or food stamps to an average of 225,000 people per month. You could look at the administration of a welfare program as anything from a nightmare to an opportunity. It's not easy to apply cost/benefit determinations to people who are hungry, aged, disabled and emotionally discouraged.

This is why I'm very concerned by what I see as a total duplication of program administration. And where there is no duplication, the level of service is lessened.

The reality of a welfare program is to respond to immediate needs for food, clothing and shelter. The reality of H.R. 9030 is a 2-month delay in getting checks to needy people because eligibility and check-writing would be done in the East. Oregon is proud of its standards of meeting emergency needs within 24 hours in both cash assistance and food stamps.

If States must live with a 2-month turnaround time, States would either have to stand by helplessly and see a deterioration of the program or substantially finance the cost of providing emergency assistance for minimum of 2 months, at a cost far surpassing the fiscal relief of $6 million for Oregon under the plan. DHEW intends to allocate only $4 million to Oregon for emergency needs, while we estimate a need of $27 million to compensate for delayed payments under this plan.

Because of all the expectations of the new plan, States would not be able to diminish its administrative and programmatic commitment. Let me give you a few examples of those expectations:

1. States would be expected to administer grandfather supplements to assure no existing welfare recipient receives less than they now are receiving;

2. States would be expected to administer emergent needs payments;

3. States would be expected to administer medicaid for most of the same people with a different set of eligibility criteria.

But the Federal administrative level would be an added level of bureaucracy that would only complicate and delay the process, increase the potential for error and increase the cost.

States should be given the option to handle the intake process, the determination of eligibility and the payment system. I think you'd find in States where the suggested Federal welfare system is superior, those States would opt to have Federal administration; where the State system is superior to the suggested plan, those States should do the job.

I'm happy to say Oregon's system is a superior one and we think Oregon should continue to handle eligibility and payments at this level; otherwise, welfare reform will be a leveling process.

Again let me touch on medicaid. H.R. 9030 does not interface with the entire medicaid program. The Department of Health, Education, and Welfare plans to have States administer the medicaid program under the old eligibility rules while working with the new rules for cash assistance. It simply doesn't make sense; DHEW must develop eligibility criteria for cash assistance, coupled with a method or provision to hold the State harmless against the increasing costs of providing medical assistance that results from the increased numbers of eligibles under the plan.

In conclusion, let me say that the President's plan provides a worthy and worthwhile vehicle for welfare reform. There are many positive features of the plan. I hope Congress will build on this base to reconstruct the welfare system from its present design for the 1930s to one for the 1980s.

Mr. TUCKER. Thank you very much, Ms. Kaeser.

Mr. Latta.

STATEMENT OF TIM LATTA

Mr. LATTA. Thank you for the opportunity to allow vocational rehabilitation to comment on H.R. 9030.

One of our primary functions is serving as an advocate for the handicapped and it is to this end that I will be addressing the proposal.

Most of our concerns have been developed for presentation to you in the context of the department of human resources package but I want to highlight these issues and add a couple of other thoughts for your consideration.

1. SECTION 2110—DEFINITION OF DISABILITY

Let me digress for a moment.

If I were an applicant and you were the intake worker, I will be eligible for benefits as soon as you can determine my financial

status. Next you must decide if I am a mandatory work referral or if I am excused.

If I am claiming the need for assistance because of disability, the length of my anticipated incapacity will determine how I am treated.

For example, will my full body cast be off in 10 months or will it be on in excess of 12 months? If it is the 10-month time, I will be eligible for benefits at a significantly lower level. Therefore, the definition of disability is a critical issue.

The definition in this plan uses the current SSI criteria, which is a duplicate of that used by the social security trust fund, which is an insurance program.

The welfare reform includes the SSI population, and is a program for the financially needy. Long term—in excess of 12 months—or short term—less than 12 months—disability should not be a factor in a welfare program. Unfortunately, the current plan will treat the 10-month full-body cast case as if that person were fully employable and without any children. Specific disability and time factors need to be used but with the following changes:

A. The social security criteria of unable to work for not less than 12 continuous months is not appropriate for this program. Medical/psychological information that documents a person's inability to engage in gainful activity for 30 continuous days should be sufficient to meet the disability criteria.

I will discuss later how this suggestion can be implemented.

B. The social security criteria which denies entitlement if a person could engage in work that exists in the national economy is too broad for this handicapped poverty level person. Work that exists within the State is a more reasonable geographic spectrum. The State components of the Department of Labor could help to identify work that exists within this economy.

C. The social security criteria that ties $200 monthly earnings to the definition of disability is not germane in a welfare program, if the $1 reduction in benefits for every $2 earnings is included, along with special work expense exclusions for the handicapped.

D. Alcoholism and drug addiction can be just as work debilitating as a broken back, yet the social security procedures tend to deny benefits to this population unless there is evidence of organ damage. It might be appropriate to tie eligibility to participation in a treatment or rehabilitation program.

2. SECTION 2142—DETERMINATION OF BLINDNESS AND DISABILITY

This section limits the sources of information that can be used in the determination of entitlement under the social security title II guidelines. Again, insurance criteria are not adequate when establishing entitlement for a welfare program. There are many factors which, by themselves or in combination, significantly and adversely affect a person with a physical or mental handicap, thus preventing them from engaging in gainful activity.

This information is only available through the analysis of a vocational rehabilitation counsel or social worker. Therefore, we feel that these sources of information should be sought and consid-

ered along with reports from the physician, psychologist and optometrist, and so forth.

3. SECTIONS 2107 AND 2109—TREATMENT OF INCOME AND ASSETS

These sections deal with the treatment of income and assets in the eligibility process. The handicapped often experience living and employment expenses that are not experienced by the nonhandicapped. The only work-related exclusions discussed in this plan is for child care. Failure to provide for the exclusion of expenses unique to the handicapped could be construed as unequal access to a federally funded program and thus a possible violation of sections 501 or 504 of the Rehabilitation Act of 1973.

With the SSI program there exists a provision to disregard income and assets if they are being used or conserved for a specific vocational objective. This provision provides the mechanism whereby the recipient is encouraged to financially contribute to his rehabilitation. This procedure, called a plan for self-support, should be continued.

To this process, we would suggest one additional category. The social security disability beneficiary is not entitled to medicare for 24 months. Many times specific and expensive medical treatment is planned during this waiting period. The plan for self-support should be carefully restructured to cover anticipated medical expenses not covered by medicare benefits.

Before I close, let me describe how we would see the implementation of the disability determination program:

In order to implement a disability program that includes short term disabilities, procedures must be established to allow for decisionmaking at the intake level. We would envision a system that utilizes medical/psychological information presented at the time of application or presumptive allowances based on specific observable factors such as amputation of both arms or cerebral palsy with marked difficulty in walking, speaking or coordination of hands and arms.

Using a reference text of medical listings, the intake worker will determine eligibility and establish a medical review date if the condition is expected to last less than 6 months according to the listings. If the condition has lasted or is anticipated to last more than 6 months, a presumptive allowance will be made at intake and forwarded to the State disability determination section for establishment of the medical review date. The medical review responsibilities will be carried out by the unit which establishes the date.

The reference text of medical listings should be designed in a manner that allows the intake worker to identify the condition from the medical report and a guide for establishing the medical review data per disability.

I am aware of the political pressures that emphasize the return to employment of the able-bodied; but we hope the welfare reform legislation will provide an opportunity to improve the services for the handicapped.

Mr. TUCKER. Thank you very much, Mr. Latta, and thank you, Mr. Davis, for some very excellent testimony. Obviously because

you are involved in the day-to-day workings of this, your particular testimony has some broad applicability that few others are able to bring to the whole problem area.

Mr. Duncan, have you any questions?

Mr. DUNCAN. I have no questions.

Mr. TUCKER. Mr. Gradison?

Mr. GRADISON. I would like to add a word to what you just said. It had been my hope, when I first suggested we have these field hearings, that it would be possible through them to have testimony from those who, because of cost and time, couldn't come to Washington, D.C. I am convinced from what we have heard already we are going to get benefit from our hearings today. This is far and away the best statewide analysis that we have received, to the best of my knowledge so far, of this plan.

Most States I know are working on them; some have completed them, but you have really taken this apart, put it back together and in a very constructive way. Most of the questions I have have already been answered by your testimony.

Mr. DAVIS. We appreciate your comments.

Mr. TUCKER. I want to add my voice to that.

First, let me ask, if you have written statements that go beyond what you have said orally, they will be included in their entirety in the record.

Let me also say, as you continue with your analysis and really refine the disability question, the question of the single pregnant woman, who can work and who can't work, and the continuous job search and how we can approach that, I hope you will forward what information you have on that to the subcommittee.

I know you will be sending it to Chairman Ullman, but I hope you will make it available to all of us for use in the markup session, which we intend to implement the first Wednesday after Thanksgiving and proceed up until just before Christmas and we will attempt to write a bill during that period.

We would like your comments as quickly as possible.

Thank you very much again for your testimony.

We will include in the record at this point "Analysis of H. R. 9030, Better Jobs and Income Act."

[The information referred to follows:]

ANALYSIS OF H.R. 9030, BETTER JOBS AND INCOME ACT

Prepared by

Department of Human Resources, State of Oregon

This Analysis Was Prepared

Under The Direction Of

Richard A. Davis

Director

DEPARTMENT OF HUMAN RESOURCES

By The

WELFARE REFORM TASK FORCE

Leo T. Hegstrom, Chairman	Adult & Family Services Division
Darrell Ralls	Employment Division
Dana C. Roberts	Department of Human Resources
Sondra Lippmann	Adult & Family Services Division
Sherwin Cullison	Adult & Family Services Division
W. Vern Fisher	Adult & Family Services Division
Glen Knickbocker	Childrens Services Division
Tim Latta	Vocational Rehabilitation Division
M.R. Arbuckle	Adult & Family Services Division
David M. Davidson	Adult & Family Services Division
Dorothea E. Latta	Adult & Family Services Division

SUMMARY OF ANALYSIS

President Carter announced his plan for better jobs and income on August 6, 1977. The comprehensive plan for welfare reform responds to many of the concerns expressed by the States. Those concerns are reflected in the position of the National Governors' Association urging the enactment of a comprehensive program of national welfare reform that includes equity among the States; adequate benefits to those in need; fiscal relief for State and local governments; a strong work requirement with an emphasis on job creation; consolidation of existing programs; elimination of categorical distinctions; and simplification of administration.

The present maze of welfare programs is a historical accumulation of separate programs of categorical assistance that serves only selected individuals and families, while providing no assistance to others who are equally poor and destitute. The existing programs fail to provide the opportunity or incentive to work and requirements to work are ineffective because they fail to assure the availability of jobs for all those who are able to work. The multiplicity of programs, conflicting rules of eligibility, and varying and duplicating standards of assistance is inequitable to the beneficiaries, complicated to carry out accurately, and costly to administer. High rates of unemployment and inflation have caused an unprecedented increase in the caseload and cost of welfare programs beyond the fiscal capacity of State and local governments to sustain adequate standards of assistance or absorb future growth.

President Carter has proposed a comprehensive plan of welfare reform that provides a national income floor to all the poor, that creates incentives and assures jobs which will enable those able to work to increase their income above poverty levels, that enables the states through matching funds to provide an adequate assistance to those not able to work, and it offers fiscal relief to state and local governments while limiting expenditures to 90 percent of current levels or below. Governor Robert W. Straub has supported this long-needed reform and urged Congress to sustain the basic principles of the program and to make such adjustments as are necessary to assure an effective implementation of the program at its earliest possible time.

This analysis is intended to provide the welfare reform subcommittee of the U.S. House of Representatives program perspectives of H.R. 9030 and an assessment of its fiscal implications to the State of Oregon. The focus of this analysis is upon those provisions of the bill that have effect on: the beneficiaries of the welfare programs, both transitory and long term; the fiscal impact to the State of Oregon; and the administrative workability of the plan. The objective of the analysis is to identify those provisions that can be further strengthened to achieve the intent of the President as applied to the State of Oregon.

Benefit Level

Comprehensive coverage is provided under the plan, including eligibles under the existing categories of public assistance and the working poor. For the first time in recent Oregon history single-employable persons and childless couples would be provided with cash assistance when unemployed or underemployed. Similarly, two-parent families with inadequate income would be assured a minimum level of income nationally. The basic federal benefit is less than the amount of cash assistance and bonus value of food stamps now provided in Oregon under existing welfare programs. However, the states are encouraged and enabled to supplement the basic federal benefit up to current levels of assistance through federal participation in supplements and hold-harmless provision. As a result, the State is enabled to sustain current levels of assistance for existing beneficiaries while extending cash assistance to new eligible persons and families under the plan.

The plan distinguishes the benefit levels for those required to work (lower tier) from those not expected to work (upper tier). The benefit level for the lower tier is approximately one-half the level of the upper tier. Lower tier benefits apply to those who are required to work during periods of job search and when the primary wage earner refuses to accept employment. The lower tier benefit level during periods of work search is expected to create an obstacle to successful job search. It is recommended that the lower tier benefit level apply only during periods of employment and when the primary wage earner refuses to actively search for work or accept employment. Oregon experience is that most welfare recipients are motivated to accept employment and that a reduced benefit is not necessary as an inducement to actively search for work or accept employment. The primary problem is the lack of available jobs, which the plan proposes to respond to by creating public service jobs.

The plan appropriately provides for varying cash assistance benefits by family size. However, no provision is made for the household units exceeding seven members. This limitation would impose financial hardships upon households exceeding seven members, especially under the expanded filing unit concept embodied in the plan. The number of such families in Oregon is not proportionally significant and it is recommended that this limitation be removed. The impact of this provision increases the necessity for grandfather supplements in Oregon and similarly would adversely affect many other states.

The plan is not explicit as to the benefit level of single-pregnant women. Presumably they are included in the category of single-employable persons who are required to work and whose basic federal benefit is $92 per month. Similarly persons who are incapacitated for periods of less than 12 months are included in the category of single persons who are required to work. Obviously, the benefit level for these individuals who have no other source of income is totally inadequate. The predicament confronting the states is that the states cannot supplement those persons without similarly supplementing all other single-employable persons and childless couples in the same category. The cost to the State of Oregon is prohibitive,

and is estimated to amount to $37,000,000 annually. It is recommended that both single-pregnant women and persons incapacitated, for periods of more than 30 days, be included in the upper benefit tiers for those persons and families not required to work.

The provisions of the plan do not provide for inclusion of the food stamp bonus value in the level to which state supplements are federally matched. The Department of Health, Education, and Welfare has acknowledged this omission as an oversight and contrary to their intent. For purposes of this analysis, the inclusion of the food stamp bonus value has been assumed.

Technically, the provisions of the bill do not provide for any cost of living increases in the basic benefit plan after the initial increase. Assurance must be made in the plan that annual cost of living adjustments in the basic federal benefit will be made to sustain the purchasing power of the beneficiaries. It is inconceivable that the cost of living adjustment can be made or financed by the states through nonmatching state supplements. It is essential that provision be made in legislation for annual cost of living adjustments.

Two provisions of the plan delay cash assistance to persons or families in need of immediate assistance for periods ranging from two to four months or more. This is caused by the provisions for a two-month retrospective payment system and a seven-month accountable period. Oregon is proud of its present standard of providing cash assistance to persons and families in emergent need within 24 hours. It is inconceivable that cash assistance to new applicants in immediate need of assistance not be responded to for a minimum of two months and in some cases for three months or more. Provision is made in the plan allowing the states to use the allocation for Emergency Needs to meet the immediate need of applicants under these circumstances, but the anticipated Emergency Needs allocation of $4,000,000 to Oregon is totally inadequate. A conservative estimate using the State's general assistance standards for food and shelter to compensate for the delayed payments is estimated to cost $27,000,000 annually. These delayed payments, due to the retrospective payment plan, are the direct product of a less responsive federal payment system. It is recommended that either the states be given an option to administer the eligibility and payment system, eliminating the necessity for a retrospective payment system, or provided an open-ended appropriation for Emergent Needs.

Eligibility Limits

Eligibility under the plan is determined on the basis of countable income. For purposes of arriving at the countable income, 20 percent of unearned income and 50 percent of earned income is disregarded. This formula is applied equitably in arriving at the eligibility of new applicants as well as for determining the benefit amount of existing beneficiaries. Its effect, however, is to substantially increase the income levels and numbers of persons and families eligible under the plan. The plan provides a national income floor of $4,200 for a family of four with no income, but similar families with incomes up to $8,400 would be eligible for a partial benefit. The estimated result is that over 60,000 additional persons and families would

receive benefits under the plan in Oregon, conservatively estimating less than half of those who would qualify would actually apply.

It is recommended that the total amount of unearned income, excluding certain educational income, be taken into account in determining eligibility and benefits under the plan. The 50 percent disregard on earned income, which is intended as a financial incentive for working, is substantially the same as the allowance under the current aid to families with dependent children program (33 1/3 percent plus work expenses). The major change from the present is that the disregard on earned income is applied in arriving at the eligibility of new applicants which is not done under the present programs. This assures equitability between those not receiving cash assistance and those who are, but has a significant effect on the numbers who could qualify under the new plan. It is recommended that consideration be given to not continuing the financial incentive indefinitely and that some provision be made for phasing out the disregard on earned income in a reasonable period of time.

Asset levels are significantly increased under the plan as compared with provisions of existing welfare programs. The current asset limitation for Aid to Families with Dependent Children and Supplemental Security Income households is $1,500 for a single person and $2,250 for a couple. The plan proposes to increase the nonbusiness assets held by an eligible household to $5,000 and to impute income from both nonbusiness and business assets by a fixed monthly percentage to be deducted from the monthly cash benefit. This potentially increases the number of eligible households and complicates the administration of benefits without significantly reducing the cost. It is recommended that the asset limitation be reduced to the levels under current programs and the provision for monthly imputation of income deleted entirely.

State Supplementation

Oregon is enabled under the plan to provide a state supplement to the basic federal benefit level to maintain current levels of assistance. Federal participation in the cost of states' supplements is authorized, providing they conform to certain specified conditions. This will enable the states to maintain current levels of assistance, except that the limits on the number of different supplementation percentages will require grandfather supplements to assure no existing beneficiary receives less than their current level of assistance. Under existing programs in Oregon, the amount of the benefit varies not only by family size but also by age. The inclusion of the grandfather supplements in the hold-harmless provisions enables the State of Oregon to make the transition from the present benefit structure to the proposed categories of benefits under the new plan. It is estimated that the cost of supplementing the basic federal benefit under the new plan will amount to $63.8 million of which 52 percent or $33 million would be federally funded. In addition, it is estimated that $16.6 million would be required in state funds to provide grandfather supplements to assure no reduction in the benefit level to existing beneficiaries. It is the State's position that the federal government

should participate in the cost of the grandfather supplements which is a transition cost of converting from the existing benefit structure to the benefit structure under the new plan.

A feature of the design for state supplementation, as a condition of federal participation, is that the supplementation percentage for those who are required to work and for whom there are no jobs available is limited to 112 percent of the federal payment amount, and that the benefit reduction rate on earned income cannot be increased beyond 52 percent. The effect is that if the state opts to supplement those who are required to work beyond a 112 percent the income eligibility levels are increased significantly beyond the federal break-even point and there is no federal participation in the additional cost. This limitation has been imposed to assure a meaningful differential between the income level of those who are required to work but for whom there are no jobs available and the income they would obtain if employed, as a financial incentive to accept employment.

The benefit level in Oregon for a family of four with state supplementation would be $434 per month for those not required to work compared to $393 per month for those who are required to work but for whom no job is available. If the 112 percent limitation were removed, there would still remain a meaningful difference in the total income level in a minimum wage job which would produce a total income of over $600 per month. Therefore, it is recommended that the 112 percent limitation on state supplementation for those who are required to work be removed and that both those required to work and not required to work be flipped to the lower tier when employed full time to maintain parity.

No provision is made in the plan for phasing out state supplementation. If states use the cost-of-living adjustment in the basic federal benefit to reduce the amount of state supplementation, it would have the effect of reducing the purchasing power of the beneficiaries by freezing the benefit level. Oregon experienced a similar effect in connection with the Supplemental Security Income program under a law which required one-half of the cost of living increases to be used to reduce the amount of state supplementation. It is recommended that the bill include provisions for increases in federal funding above cost-of-living increases in order to phase out state supplementation. This also might be accomplished by eliminating inflationary adjustment on the States' maintenance of effort requirement which would eventually diminish the proportion of state costs in the benefit program leading ultimately to complete federal funding.

Jobs Component

The key element necessary to welfare reform is an effective jobs component. H.R. 9030 is an excellent framework for needed changes. However, several revisions are required for a successful program including: (1) There must be a job entitlement for every expected-to-work family. Private sector employment must be stimulated and subsidized work and training must be available to all not able to find private sector employment. CETA Prime Sponsors must receive continuous and open-ended appropriations to meet all needs. (2) Job Search Assistance must be assigned to Governors. (3) Job search must be continuous and not limited to eight weeks each year. (4) Subsidized jobs should not require State supplementation of wages. (5) Supportive services similar to WIN must be provided by Governors and CETA.

The Better Jobs and Income Act establishes a limit on subsidized work and training jobs in FY 1981 of 1.4 million, without respect to employment needs. Limiting subsidized work and training opportunities establishes a fall-back position that where employment needs exceed the limit public assistance will be provided to compensate. This is a fundamental defect of existing programs. This plan should be amended to provide a job entitlement for every family and consideration should be given to assuring a job for singles and childless couples.

Adequate recognition must be given to private sector employment opportunities. Public service jobs should be a last resort, not a first resort. Therefore, added, complementary actions need to be provided for economic stimulation to insure that private sector employment is available. This also recognizes that there are limits to practical public service jobs.

Where adequate private sector employment is not available, unlimited subsidized work and training must be provided. H.R. 9030 should be changed to allow continuous and open-end appropriations to CETA Prime Sponsors to meet reasonable costs for sufficient subsidized work and training opportunities for all expected-to-work but unemployed applicants who cannot be placed in private sector jobs.

The bill assigns the Job Search Assistance program to CETA Prime Sponsors. CETA Prime Sponsors are permitted to administer the Job Search Assistance program through State Employment Security agencies or other comparable arrangements. The bill does not utilize existing state-wide labor exchange programs. This removes the Governor and state legislatures from a meaningful role in the movement of welfare recipients into private sector employment. Performance of this activity is the key to fiscal control of the states' supplemental cash assistance program. This is because the Job Search program will be the first entry point into the jobs component and more specifically, the key entry point into private sector employment.

Assignment of the Job Search Assistance program to CETA fails to recognize the key relationship of job search to operational activities of cash assistance agencies. Cash assistance agencies are organized either on a state-wide or county basis, not along CETA jurisdiction. Cash maintenance and job search activities must be organized along similar or at least compatible political subdivisions to assure effective cooperation and coordination.

Splitting job search activities for welfare recipients from Employment Service agencies will require duplication of an existing labor exchange activity performed by the States. This would also promote competitive conflicts where employers in metropolitan labor markets would be contacted by several public organizations soliciting jobs for welfare/non-welfare clients. Operation of two public labor exchanges will be confusing to unemployed persons.

It is recommended that the bill be amended to clearly assign the Job Search Assistance program to the States and their Employment Security agencies. All funds for the Job Search Assistance program should be appropriated directly to Governors with a clear mandate of assignment for operation of these activities by the States.

Subsidized Work and Training clearly is assigned to CETA Prime Sponsors. This appropriately recognizes their experience in these activities. Congress should retain these provisions to ensure continued responsiveness to local needs and priorities.

The proposed plan requires an initial eight-week job search period with a renewed eight-week period of job search after a total of 52 weeks has passed since the eligible participant first entered subsidized work or training. Limiting the job search activity to eight weeks per year would not make full use of private sector jobs as they become available. The text of the bill should be revised to provide for what we assume was the meaning of the provision that job search activities should be a continous effort throughout the year.

The bill provides that each state that supplements cash assistance shall make payments to CETA Prime Sponsors to pay wage supplements to participants service jobs should be jobs of last resort, not first resort. There must be an adequate incentive for applicants to move from public service jobs to private sector jobs. If the public service job is supplemented in Oregon, the monthly income for a family of 4 would be $635 compared to $653 in a private job of minimum wage plus the earned income tax credit. If the wage is not supplemented, the total monthly income in a public service job would be $580, providing a meaningful incentive to accept a private job of minimum wage producing a total income of $653. Public service jobs should be created without automatic wage supplementation required of the states.

The WIN program is eliminated without clearly establishing in the bill how supportive services would continue as part of the new program. The WIN program has effectively moved welfare recipients into unsubsidized employment. The WIN relationships between cash assistance and Employment Security delivery system have pioneered many of the concepts in H.R. 9030. Key provisions of WIN include supportive services such as testing, assessment, counseling, day care, homemaker servies, etc. These activities are critical to successful job search.

Oregon recommends that the bill be amended to clearly authorize continuation of services now provided under WIN. However, as proposed, the WIN program should be consolidated with Title IX. Governors should be authorized to provide these services as part of job search activities. CETA should provide these services as part of their subsidized work and training program.

State Participation

Considerable provisions are made in the bill to assure continuation of the states' financial effort and to assure that existing beneficiaries are not adversely affected in states such as Oregon whoes benefit levels exceed the basic federal benefit of the new plan. Coupled with the maintenance of effort provisions are hold-harmless provisions that protect the states against the fiscal impact of increased eligibles and benefit levels under the plan. The Department of Health, Education, and Welfare has estimated that Oregon would realize $6,000,000 in reduced state expenditures through the hold-harmless provisions as compared with the state's expenditure for AFDC, SSI, and General Assistance in 1975. The reliability of this estimate is highly dependent on the decisions made by the state for state supplementation, emergency assistance, and the impact on the cost for Foster Care, Medicaid, and administration.

It is recommended that state expenditures for post-reform administration be counted against the hold-harmless levels in determining fiscal relief for the states. The bill as it is now written does not allow states to count post-reform state administrative expenditures even though the alternate hold-harmless formula includes pre-reform administrative expense in establishing the states' maintenance of effort requirement. It is argued that the cost of administering nonmatching supplements and grandfathering supplements is a direct cost of the new plan to assure a smooth transition from the existing programs. Administrative costs associated with foster care and Medicaid would also be inseparable from the cost of administering cash benefits under the new plan.

Provision is made in the bill for holding the states harmless for the first five years of the plan. The hold-harmless provisions should be applied for an indefinite period beyond the fifth year. At the very least the states should continue to be held harmless for expenditures exceeding 95 percent of their adjusted maintenance of effort and

administrative expenses. By restricting hold-harmless protection to five years, the bill provides a disincentive for high benefit states to supplement the basic federal benefit for the purpose of maintaining current benefit levels. It is also urged that consideration be given to not raising the maintenance of effort requirement of the states by annually inflating the base-year requirement as a means of gradually phasing out State and local participation.

A satisfactory solution has not been developed to protect the states against the increased cost of Medicaid as a result of the expanded coverage of cash assistance recipients under the new plan. It is proposed that in the absence of the enactment of the national health insurance program that the existing eligibility criteria for Medicaid be maintained in effect. This would require that the states maintain a dual system to determine eligibility for Medicaid distinct from cash assistance. This proposal is not only administratively unworkable but also would be extremely costly. Furthermore, it would not assure that new eligibles would not be brought into the Medicaid program as a result of broadened participation in the cash assistance program.

Revision must be made under the bill to base eligibility for Medicaid on post-reform rather than pre-reform eligibility criteria, and to hold the states harmless from the increased cost of new eligibles resulting from the new plan.

The effect of repealing Title IV-A of the social security act adversely affects the funding of foster care for children. There is uncertainty as to the full coverage of foster care children under the plan and clearly reduced federal participation in the total cost of foster care. As a minimum it is recommended that compensating funding for foster care be provided either under Title IV-B of the act or under Title XX. It is also expected that an expanded cash assistance program would increase the demand for social services under Title XX and consideration should be given to increasing the ceiling under this title for this purpose.

The role of the states in administering the cash assistance benefit program is very limited. The states may optionally only contract to perform the intake function in connection with the administration of the federal benefit. Many states will be heavily involved in administering state supplements and grandfather payments in addition to continuing their responsibility for Emergency Assistance and Medicaid. Provisions, such as the retrospective payment system, are viewed as a direct product of federal administration necessitating additional state administrative functions that would not be required in a more responsive payment system. Oregon has for many years operated with a one-month retrospective accounting period and a mandatory monthly reporting system in its existing welfare and food stamp programs and simultaneously provided a highly responsive payment system. It is strongly recommended that consideration be given to permitting the states to optionally contract to administer the eligibility determination and payment process under nationally defined eligibility policy.

BILL PROVISIONS

Eligibility for and Amount of Federal Benefit - Eligibility of Household Unit for Payments

Section Reference: Sec. 2101

Bill Provision: A "household unit" is described as being 1) and adult who is not living with a related individual other than an aged, blind, or disabled adult, or 2) and adult and spouse (if any) either or both of whom may be aged, blind, or disabled, or not, and any child for whom the individual or spouse is exercising parental control, or 3) two or more adults living in a single place of residence, or 4) any child who is not living with either of his parents or with any other person who is legally responsible for his support and maintenance, if the child has been deprived of the support and care of both parents or legally removed from parental control.

Any individual other than one who can be considered a household unit who is living with a household unit and related to its members is considered a member of that unit if he applies for assistance. A child who is living with an eligible household unit may be considered a member of that unit even though he is not related to its members, when he is living there in order to safeguard his health or safety or because it will assure his well-being.

Program Impact Analysis and Conclusion: In providing for a separate application process for nuclear families living together, eligibility can be determined through separate consideration of income and resources as at present. Current AFDC regulations do not allow an unrelated child to be considered part of an eligible household even though the head of household may be acting as a surrogate parent. Under the proposed household unit concept, one application will result in full benefits for a nuclear family headed by an aged, blind, or disabled adult, and replace the present AFDC/SSI household with its need for double administration. The concept of the household unit as described in Section 2101 reflects the administrative simplification made possible by combining SSI, AFDC and Food Stamps under one title.

Recommendation on Plan Provision: Oregon concurs with the proposed concept of the household unit as being in the interests of simplifying welfare administration.

Payments for Single, Pregnant Women

Section Reference: Sec. 2105

Bill Provision: Payment for a single adult is to be made at the lower tier level of $91.67 monthly unless that person is disabled. No provision is made for a single, pregnant woman to receive the upper tier benefit or to be exempt from the work search requirement.

Program Impact Analysis and Conclusions: The proposed plan does not provide an adequate benefit level for the single, pregnant woman. A single, pregnant woman in Oregon now receives $202 monthly in addition to Food Stamp benefits when the pregnancy is medically documented. The welfare reform proposal would reduce her benefits by more than half.

Recommendation on Plan Provision: In order to provide security for the pregnant woman who cannot work and protection for the unborn child, Oregon recommends that provision be made to move the single, pregnant woman to the upper tier either initially or at some point in the pregnancy.

Payments for Household Units Subject to Work Requirement

Section Reference: Sec. 2105(d)

Bill Provision; The bill requires that employable heads of households receive a lowered benefit for 8 weeks of job search. The head of the household must accept employment during this period. If work is refused, the lowered benefit will be continued.

Program Impact Analysis and Conclusion: In Oregon, the assistance grant is lowered by the amount of the parents' needs if the parent refuses employment. The Administration's proposal will provide a lowered grant for all two-parent families and for single-parent families with children over 14, during 8 weeks of job search and continually when a job is refused. This proposal will provide less than full need during the critical 8 weeks of job search. A family of four would be provided less than $200 a month at the lowered grant amount during job search. This lowered grant amount will make it harder to place parents in jobs. The lowered grant can result in evictions from rentals and other financial problems that can greatly complicate any job search effort. Oregon feels that lowered grant amounts or other sanctions should be imposed only after the assistance client has refused employment.

Fiscal Impact Analysis and Conclusion: Compared to present assistance programs, the welfare reform plan would reduce benefits to many unemployed households. The proposed plan would require considerable additional State supplementation to restore benefits to meet the basic needs of these families. In September, Oregon had 4,377 unemployed father households plus many other single parent families which would be affected by this reduced benefit structure.

Recommendation on Plan Provision: In order to stabilize and support the family that is in need of employment, the full standard (upper tier) should be provided during job search. Oregon strongly recommends that benefits be paid at the lower tier level only after the individual becomes employed or refuses to engage in job search or accept employment without good cause.

INCOME LEVEL OF FAMILY OF FOUR

Required to Work	Monthly	Annually
Job search period	$192	$2,300
With State supplementation	215	2,583
No job available	$350	$4,200
With State supplementation	393	4,717
PSE job, minimum wage	$580	$6,956
With State supplementation (+ 10% wage supplementation)	635	7,620
Private job,minimum wage	$580	$6,956
With EITC	619	7,432
With State supplementation	614	7,363
With State supplementation EITC	653	7,839
Refused job	$192	$2,300
With State supplementation	215	2,583
Not Required to Work		
Not working	$350	$4,200
With State supplementation	434	5,208
PSE job, minimum wage	$580*	$6,956*
With State supplementation (+ 10% wage supplementation)	635*	7,620*
Private job, minimum wage	$580*	$6,956*
With EITC	619*	7,432*
With State supplementation	614*	7,363*
With State supplementation and EITC	653*	7,839*

*Plus child care up to $150 per child (limit of 2).
Assumed to be at the lower tier with the $3,800 earned income exclusion and a maximum supplementation of $4,717.

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Limitation of Payment Amount at Household of 7 Level

Section Reference: Sec. 2105

Bill Provision: Under the proposed plan the payment level would increase in proportion to the size of the household up to 7 persons. For households with more than 7 persons, the household would receive benefits for those 7 of its members whose needs result in a determination of the highest maximum payable amount for the household unit.

Program Impact and Analysis Conclusion: Under current assistance programs, only those persons in a household who meet the program eligibility requirements such as a degree of relationship and disability are included in the assistance payment. At present .62% or 237 (October 28, 1977) of Oregon's Aid to Dependent Children cases contain over 7 persons. This percent would be substantially increased under the Welfare Reform Plan because all persons in a household unit would be considered in determining eligibility. If a household meets all eligibility requirements such as income and resources, all persons (related and non-related) in the household would be included in determining the payment amount.

Oregon's payment amounts increase as the number of eligible persons in the grant increase. There is no restriction of the payment level at a certain household size. Many large families now receiving assistance in Oregon would receive lower benefits under the welfare reform plan's payment system.

The 7 person maximum payment level would also complicate the administration of the Plan. For households of over 7 persons, the composition of the household would have to be analyzed to determine the maximum payment amount.

Fiscal Impact Analysis and Conclusions: This restriction of payments to a maximum household size would tend to reduce program costs related to benefits by a small percent but slightly increase administrative costs.

Recommendations on Plan Provisions: We oppose the limitation of grants to a certain household size. It is inequitable because the amount of assistance per person would be drastically less for large households over 7 persons than for smaller size households. Under current assistance and Food Stamp programs, the increased costs of food and other basic necessities is compensated for in their benefit structures. It is not reasonable to expect that a household with 12 persons can live at the same economic standard as a family with 7 persons. Furthermore, under the proposed plan we can expect many adults who are presently ineligible for assistance to be included in the benefits for large households. Adults have higher basic need levels which further require benefits to be increased for large households.

Available Income

Section Reference: Sec. 2106

Bill Provision: Available income includes:

1. 50% of gross earnings from a job

2. 80% of nonemployment income

3. 100% of federal means tested programs such as veterans' benefits

This income would be used in determining eligibility. Unemployment insurance benefits are considered nonemployment income and therefore to be discounted by 20%. Included as available income is the income imputed from the value of the recipient's allowable non-business and business assets.

Program Impact Analysis and Conclusions: At present, Oregon disregards the first $30 monthly and 1/3 of the remaining gross earnings as well as mandatory deductions and work-related expenses including child care. The 50% disregard of gross earnings under the proposed plan does not make allowance for payroll deductions of work related expenses other than child care, but on the average could be expected to result in approximately the same amount of earnings disregarded.

Current SSI recipients would experience a reduced incentive to work. SSI recipients are presently allowed the first $65 monthly as an income exclusion in addition to 50% of the remaining gross income. Necessary work expenses are allowed to blind recipients. SSI recipients, who now receive a disregard of $60 each quarter on unearned income, may have less nonemployment income disregarded, but the higher benefit standards under the proposed plan would compensate for this.

The imputation of income from resources is not a feature of Oregon's present welfare programs. It is a way of compensating for the high resource limit in the Administration's proposal. Consideration of the income to be imputed from resources would complicate program administration and seriously inconvenience both assistance workers and clients.

The situation of the low-income two-parent family would be greatly improved due to the elimination of the present AFDC-UF program with its 100 hour rule which renders a family ineligible when the father works 100 hours or more in a month regardless of whether the family's income is greater or less than public assistance standards. These families would be in the group expected to work and would receive the $316.67 monthly disregard ($3,800 annual) in addition to 50% of the remaining gross income.

Fiscal Impact Analysis and Conclusions: The proposed 20% disregard of nonemployment income could be expected to increase program costs.

Recommendation on Plan Provisions:

Earned Income: Oregon supports the 50% disregard of earnings as being an appropriate administrative simplification. Oregon recommends, however, that the work incentive ought not to continue indefinitely but should be phased out over time.

Unearned Income: Oregon does not support disregards for most types of non-employment income. There is no need to provide an incentive as with earnings. Also, the allowance of different disregards for the various types of unearned income is inequitable and confusing to administer by assistance workers.

Oregon does not agree that the imputation of income from resources should be included in the welfare reform plan because it complicates the eligibility determination process. Resources change frequently which would result in frequent calculation of imputed income and lead to more overpayments and underpayments. Oregon recommends instead that the imputation of income be deleted and that the asset limit be decreased (see recommendation for Section 2109).

Exclusions Related to Federal Assistance and Nonemployment Income - Housing Subsidies

Section Reference: Sec. 2107(a)(3)

Bill Provision: Final decisions regarding housing subsidies and their relationship to cash assistance have been deferred until the FY 1979 budget process. The Administration's tentative decision (HEW News Release, page 45, dated August 6, 1977) is that welfare reform will not affect existing relationships between welfare and public housing programs. Section 2107 of HR 9030 states that the value of housing subsidies will be excluded from available income.

Interpretation: The Administration recognizes that the decision not to count housing subsidies as in-kind in-come preserves an existing inequity in order to hold harmless current beneficiaries of housing subsidies. Elimination of housing benefits in favor of cash payments will be the subject of continuing Administration study.

Program Impact Analysis and Conclusions: To hold harmless current beneficiaries of housing subsidies would be a symbolic obstacle in reaching the Administration's goal of a more equitable distribution of limited federal funds to the poor. The Office of Management and Budget contends that only one poor family in 13 lives in subsidized housing. (National Journal Welfare Report, July 30, 1977, Vol. 9, No. 31; pages 1190-1192.)

Fiscal Impact Analysis and Conclusions: A decision to replace federal housing benefits to the poor with direct cash payments would result in approximately $1.3 billion in additional funds with which to finance the reformed welfare program. A decision to count the housing benefits as income in-kind but retain the housing programs would result in an additional $900 million by reducing cash benefits to families who live in that housing (National Journal Welfare Report, July 30, 1977, Vol. 9, No. 31; pages 1190-1192).

Recommendation on Plan Provisions: Oregon supports the concept that reform of the present system must redistribute resources of present programs in order to provide more equitable treatment of the entire poor population and therefore recommends that the value of housing subsidies be taken into consideration in determining the amount of the assistance payment.

Exclusions From Available Income - Income and Assets Necessary to Achieve Self-Support

Section Reference: Section 2107 and 2109

Bill Provision: In the list of exclusions from available income, no provision is made to set aside income and assets specifically identified as necessary to a handicapped individual's plan to achieve self-support.

Interpretation: Oregon interprets this omission to mean that the provision to exclude certain income and assets necessary to a plan for self-support, as currently allowed under Title XVI, will not be incorporated in the Welfare Reform Bill.

Program Impact Analysis and Conclusion: Under the current Title XVI program, income and assets are excluded in determining eligibility if there is an approved plan for achieving self-support. Failure to provide for this need would significantly hinder the handicapped recipient's movement from dependence to independence.

Fiscal Impact Analysis and Conclusion: Provision for approved feasible plans for the achievement of self-support could be expected to result in eventual program savings through a reduction in the individual's need for assistance in addition to the positive therapeutic value for the handicapped recipient.

Recommendation on Plan Provision: Oregon recommends that provision be made for temporarily exempting from consideration, certain income and assets of blind or disabled recipients if necessary for an approved plan to achieve self-support.

Exclusions from Available Income - Exclusions Related to Earned Income

Section Reference: Sec. 2107(b)

Bill Provision: The proposed plan allows an earnings deduction for care of children under age 14 in single parent families. Up to $150 per child or a maximum of $300 per month is allowed as a deduction from earnings. The bill does not specify whether or not transportation costs related to child care are included in the child care deduction.

Program Impact Analysis and Conclusions: This provision would establish a maximum amount for child care and also set an age limit for the child care deduction. Oregon's current AFDC program does not set maximum amounts for child care and does not specify an age limit.

Working parents with more than 2 children requiring child care at a cost over $300 per month would have less financial incentive to work than parents with one or two children. The additional child care costs would have to be met from the parent's earnings disregard or assistance benefits.

If the deduction for child care costs does not include the cost of transportation related to child care, this expense would also be assumed by the parent.

Fiscal Impact Analysis and Conclusions: $150 per month would equate to 77¢ per hour for 19 1/2 work days a month at 10 child care hours per day. This is at or above the rates now paid for child care in Oregon.

Since the average single-parent family in Oregon has fewer than two children (1.7), we do not forsee a significant financial hardship resulting from the child care maximum proposed. Most working mothers have only one or two children.

Recommendations on Plan Provisions: Oregon concurs with the provision for child care deductions with the following modifications:

1. Transportation costs related to child care should be allowed as an earnings deduction.

2. Child care for children under age 14 should be allowed if both parents are employed.

Exclusions Related to Earned Income - Work Related Expenses Unique to the Handicapped

Section Reference: Sec. 2107(b)

Bill Provision: None. Other than a deduction for child care, work expenses are not deducted from earnings.

Interpretation: Although the benefits for aged, blind and disabled individuals are higher under Title XXI, there is less financial incentive to work than under SSI, which disregards the first $65 of gross earned income in addition to 50% of the remainder, and allows work expenses for blind individuals.

Program Impact: In its failure to provide for deductions of work expenses unique to the handicapped, the proposed plan presents a disincentive to work. Without provision for such work related costs as special transportation, attendant care, or special medical expenses, an otherwise employable handicapped individual may be denied the opportunity to work thus raising the question of a possible violation of Sections 501 and 504 of the Rehabilitation Act of 1973.

Recommendation on Plan Provision: Oregon recommends that additional work expenses incurred by handicapped workers be allowed on an individual basis as deductions from gross earnings.

Distribution of Available Income Over Accountable Period

Section Reference: Sec. 2108.

Bill Provision: Under the proposed plan, an application is a request for benefits for each month beginning with the second month preceding the month of application. Therefore, two needs tests are applied. If the countable income for the second month preceding the month of application exceeds the maximum payable amount, the household is declared ineligible and no assessment of income over the accountable period is made. If the countable income for the second month preceding the month of application is less than the maximum payable amount, the income for that month and for the previous five months is examined. If during any of the previous five months the maximum payment amount is exceeded by the applicant's countable income, the excess is applied against the following month's maximum payable amount. An otherwise eligible family would not be able to receive a cash payment until all of the excess countable income of the five months prior to the second month preceding the month of application is used to offset the maximum payable amount of subsequent months.

Interpretation: Irene Cox, Income Security Policy, DHEW, has indicated that a person who becomes disabled during a time of substantial earnings would also have his eligibility determined on the basis of the two needs tests proposed under the plan.

1. A family of four where the head of the household lost his job the end of August and applied for assistance the first of September would have the following determinations made on his eligibility. Assume for purposes of this example that his countable income was $8,400 per year or $700/month which is the breakeven level for a family of 4 to receive the basic benefit payment under National Welfare Reform.

   The following schedule shows the monthly income the family of four would receive:

Enters	1st Test Countable Income	2nd Test Accountable Period	Eligibility	Payment Under Welfare Reform	Earnings Received for Month	Total Monthly Income
Sep	Jul $700/mo	- - -	- - -	- -	- - -	$ -0-
Oct	Aug $700/mo	- - -	- - -	- -	- - -	$ -0-
Nov	Sep $ -0-	Apr-Sep	X	$192/mo A/	- 0 -	$ 192
Dec	Oct $ -0-	May-Oct	X	$192/mo	- 0 -	$ 192
Jan B/	Nov $ -0-	Jun-Nov	X	$350/mo C/	- 0 -	$ 350
Feb	Dec $ -0-	Jul-Dec	X	$350/mo	$459/mo	$ 809
Mar	Jan $ -0-	Aug-Jan	X	$350/mo	$459/mo	$ 809
Apr	Feb $459	Sep-Feb	X	$120/mo D/	$459/mo	$ 579
May	Mar $459	Oct-Mar	X	$120/mo	$459/mo	$ 579

A/ During first 8 weeks of mandatory job search, the family receives the lower tier benefit of $2,300 or $192/mo.

B/ After the 8 weeks of job search, the head of household is placed in a public service job where the head of household receives the minimum wage of $5,512/yr or $459/mo. The head of household is paid monthly and on the 1st of the month prior to the month worked.

C/ After the 8 weeks of job search, receives upper tier benefit of $4,200/yr or $350/mo.

D/ Head of household has a job and is lowered to lower tier where income disregard and benefit reduction rate is applied.

2. DHEW estimates that there will be a payment lag of 45 to 60 days between determination of eligibility and receipt of payment. Using the example under #1, including the assumptions made, the following would result from a 60 day lag in payment.

Enters	1st Test Countable Income	2nd Test Accountable Period	Eligibility	Payment Under Welfare Reform	Earnings Received For Month	Total Monthly Income
Sep	Jul $700/mo	- - -	- - -	- -	- - -	$ -0-
Oct	Aug $700/mo	- - -	- - -	- -	- - -	$ -0-
Nov	Sep $ -0-	Apr-Sep	X	- -	- - -	$ -0-
Dec	Oct $ -0-	May-Oct	X	- -	- - -	$ -0-
Jan	Nov $ -0-	Jun-Nov	X	Nov Pymt $192/mo	- - -	$ 192
Feb	Dec $ -0-	Jul-Dec	X	Dec Pymt $192/mo	Jan Earn $459/mo	$ 651
Mar	Jan $ -0-	Aug-Jan	X	Jan Pymt $350/mo	Feb Earn $459/mo	$ 809
Apr	Feb $459/mo	Sep-Feb	X	Feb Pymt $350/mo	Mar Earn $459/mo	$ 809
May	Mar $459/mo	Oct-Mar	X	Mar Pymt $350/mo	Apr Earn $459/mo	$ 579
Jun	Apr $459/mo	Nov-Apr	X	Apr Pymt $120/mo	May Earn $459/mo	$ 579
Jul	May $459/mo	Dec-May	X	May Pymt $120/mo	Jun Earn $459/mo	$ 579

Program Impact Analysis and Conclusion: Families and individuals with income above the maximum payment amount in the 5 months prior to the second month preceding the month of application would not be eligible for a cash payment even though they may have had no income during the two months prior to application. All types of clients

will be adversely affected by this provision of the plan, especially those expected to work who would have no means of supporting their families while searching for a job. Additionally, in Oregon, about 1/3 of the AFDC families are continually entering or leaving the public assistance rolls due to acceptance of seasonal employment, thus further complicating the application and administration of this feature of the plan. Under present ADC-UN policy, there is a 30 day waiting period after employment ends. Under the Administration's Welfare Reform Plan benefits could be denied to an unemployed family for a period ranging from 2 to 6 months. The only assistance potentially available to these families would be for emergency needs; but the proposed funding for Emergency Assistance will be grossly inadequate to serve even those needs.

Fiscal Impact Analysis and Conclusion: Because of the retrospective accountable period, it is anticipated that a payment lag will occur at a time when most families will not have resources available to meet even their minimum needs. Projected Emergency Assistance monies will not adequately serve all the clients affected by this provision.

Recommendation on Plan Provision: Oregon opposes this aspect of the plan as it fails to provide eligibility and payment for families when assistance is most needed. It assumes that families will have assets available to carry them through a waiting period in addition to the payment lag projected for the centralized payment system.

Oregon recommends that only the prior month's income be used to determine eligibility for the current month, and strongly recommends that States be allowed the option to administer the cash payment in order to provide adequate assistance on a timely basis.

Assets

Section Reference: Sec. 2109

Bill Provision: Under the proposed plan, nonbusiness assets held by an eligible household may not exceed $5,000. Business assets held for self-employment may not exceed a limit to be presecribed by the Secretary, DHEW. Excluded in determining the value of nonbusiness assets are owner-occupied housing, household goods, personal effects (including vehicles), and separate, identifiable amounts (or the value of any plot of land) set aside for meeting burial expenses within an amount determine reasonable by the Secretary. The proposed plan also provides for monthly imputation of income, reducing the cash benefit of a household by 1.25 percent of the value of nonexcluded, nonbusiness asset over $500, less any value derived from those assets in that month. Income is to be imputed from business assets by 0.83 percent of their value less the amount of any income they produce. Income imputed from business and nonbusiness assets is considered nonemployment income with only 80 percent being considered available to reduce the cash assistance payment (sec. 2106(a)(2)).

Program Impact Analysis and Conclusions: This provision reduces the list of assets currently excluded in Oregon but establishes asset limitations considerably above those allowed at present in income maintenance programs. The current asset limitation for AFDC and SSI households is $1,500 for a single person and $2,250 for a couple.

Fiscal Impact Analysis and Conclusions: The proposed plan could be expected to increase the number of eligible applicants because of the increased asset limitation. Even with the provision to impute income, an eligible household with the full $5,000 in allowable assets would have its monthly benefit reduced by only $45.00 (1.25% of $4,500, less 20%).

Standardization of the asset limitation of $5,000, while providing an income maintenance program which could serve those whose income is temporarily interrupted, may be difficult to support when the eligible household is a single individual. The idea that the Federal Government would pay money to a single, employable individual who had $5,000 in savings may seem unreasonable to some people.

Recommendation on Plan Provisions: In the interest of reducing administrative complexity, Oregon does not concur with the proposed plan to raise the allowable asset limitation to $5,000 and to impute income based on the value of assets over $500. It is difficult and often time-consuming to establish a noncontrovertible value on noncash assets. The imputation of income is an administrative inconvenience which works against President Carter's goal to simplify the eligibility determination process and is contrary to current philosophy and practice that only income actually available should be used to reduce benefits.

Oregon recommends instead that current asset limitations be retained: $1,500 for a single individual and $2,250 for a couple or a family.

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Assets - Vehicles

Section Reference: Sec. 2109(b)(2)

Bill Provision: The version of H.R. 9030 printed in the Congressional Record on September 12 exempts all vehicles of whatever value. However, Dan Marcus of HEW informed the National Governor's Association that this exemption was in error and will be changed to include vehicles as being allowable assets within limits to be prescribed by the Secretary. HEW News Release dated August 6, 1977, indicated that one vehicle is an allowable asset up to $3,000.

Interpretation: Oregon assumes that when a limit is set on the value of a vehicle it will be in the neighborhood of $3,000.

Program Impact Analysis and Conclusion: Under current regulations governing the AFDC program, one vehicle per family is allowable regardless of value. SSI regulations permit one vehicle with a wholesale blue book value of $1,200. Many handicapped individuals require vehicles valued considerably in excess of $3,000 to accomodate their physical limitation and/or support equipment. If the excess value of the special vehicle is added to the total of nonbusiness assets to result in imputed income or, if the value is high enough, possible denial of benefits, it would seem that this aspect of the plan is unnecessarily restrictive.

Recommendation: Oregon recommends modification of the plan to allow for vehicles valued in excess of $3,000, provided the vehicle in question is either necessary to meet the specialized transportation needs of any handicapped member of the household, or has been modified in any manner to accomodate the needs of a handicapped member of the household.

Definitions - Disability

Section Reference; Sec. 2110(c).

Bill Provision: This section establishes the definition of disability as being essentially that used in the Title XVI program, incorporating the requirement that the physical or mental impairment be such that it is expected to last or has lasted for not less than twelve continuous months. Provision is made for those who were grandfathered into the SSI program by states.

This section defines an individual as disabled only if his physical or mental impairment prevents him from doing not only his previous work, but any other kind of substantial gainful work that exists in the national economy, regardless of whether the work exists in the immediate area in which he lives, or whether a specific job vacancy exists for him or whether he would be hired if he applied for work.

Interpretation: Oregon interprets this section to mean that there will be two categories of individuals who are not employable:

(1) the disabled who meet Title XVI standards, and

(2) the incapacitated who do not meet the twelve month requirement.

Program Impact Analysis and Conclusion: Incapacitated persons who do not meet the twelve month requirement would receive benefits at the lower tier level even though they are not able to work. Incapacitated single persons in Oregon receive assistance under the General Assistance program if they are unable to work for a period of at least 30 days. Oregon's concern is that incapacitated persons will be assigned to the lower tier benefit level even though they are unable to engage in work activity.

The provision that measures an incapacitated applicant's ability to engage in employment that may exist in another state is an unreasonable expectation to build into an income maintenance program for needy families and individuals.

Recommendation on Plan Provision: Oregon recommends:

1. that the twelve month requirement in the definition be changed to thirty(30) consecutive days. (See Oregon's comments on Sec. 2121 for fiscal impact.)

2. that the judgment of whether the incapacitated applicant is able to engage in any work that exists in the national economy be made in relation to the State economy.

Grandfathering

Section Reference: Sec. 2111 and Sec. 2126.

Bill Provision: The Hold Harmless provisions in the Administration's proposed plan offer an incentive to states to provide supplemental and "grandfather" payments by guaranteeing them fiscal relief.

Interpretation: Under the plan Oregon will be encouraged but not required to maintain current benefit levels for recipients currently receiving cash assistance, grandfathering. The benefit level for Oregon grandfathering purposes can either be the cash assistance level or the cash assistance level plus the cash value of the Food Stamp Bonus, depending on whether the recipient receiving cash assistance also receives food stamps. Oregon feels that maintaining the benefit levels for current recipients is essential during the transition to a New Welfare system.

Program Impact Analysis and Conclusion: The impact on current recipients will be minimal since their current benefit level including the cash value of food stamps if received will be maintained.

Oregon's current public assistance standards plus the cash value of Food Stamps exceed the benefit levels proposed for both the not expected to work and the expected to work categories.

Fiscal Impact Analysis and Conclusion: Under the plan the provision for grandfathering current recipients is not federally matchable. In addition, the state will have to administer the grandfather supplement. If Oregon decides to provide on-going federally matchable supplementation, any current recipients (grandfather cases) with a benefit at or below the supplement level would be federally matchable.

Under the plan, any grandfather supplements provided by Oregon will apply towards the maintenance of effort at the following rates.

1. 100 percent of the cost of non-matching supplements necessary to grandfather SSI recipients.

2. 75 percent of the cost of non-matching supplements necessary to grandfather present AFDC recipients.

3. The administrative costs in administering non-matching supplements.

In addition numbers one and two above also apply to the hold harmless provision.

Federal FY 1978 Projected Expenditures: The attached schedule A assumes no State supplementation and it details the projected expenditure to grandfather current recipients. The projected expenditure necessary to grandfather current recipients for Federal FY 1978 with no State supplementation $44,347,683 all State Funds.

The attached schedule B assumes Oregon will implement State supplementation indicated under Sec. 2121 and it details the projected expenditure necessary to grandfather current recipients at existing levels. The projected expenditure necessary to grandfather current recipients at existing levels which are above the proposed State supplementation for Federal FY 1978 is $16,590,895 all State Funds.

Recommendation on Plan Provision: Oregon supports the proposal to allow the states to grandfather current recipients as an essential feature of the plan that allows for transition to a new welfare system.

However, Oregon recommends that Federal Financial Participation be available for grandfathering current recipients under the National Welfare Reform Plan.

The Federal Financial Participation for grandfathering purposes should be at the existing federal matching rates for each state.

1) Currently in Oregon, the Federal Government participates in the funding for the AFDC program at 57.29%. To encourage the states to maintain current levels of assistance for current recipients at 100% State expense is a heavy financial burden that discourages this feature of the plan.

2) Grandfather cases will phase-out over a period of time thus relieving this financial burden to both the State and Federal Government even though during the transition period it could potentially be a significant cost to the high benefit states.

Grandfather Supplements - Proposed Federal Welfare Reform Plan For
Those With Earnings, Those Not Required To Work and/or Those Required to Work - No Jobs Available
Federal FY 1977-78 Estimates For Oregon To Provide Grandfather Supplements At
Current Cash Benefit Levels Plus The Cash Value Of Food Stamps If Received

	WITHOUT EARNINGS						ADC-CASES WITH EARNINGS	TOTALS
	ADC-BASIC	ADC-UN	OAA	AB	AD	GA		
Grandfather Supplement - Public Assistance Benefit Level plus Cash Value of Food Stamp Bonus if Received.								
Families:								
Cases	$ 24,408	$ 2,339				461	6,834	34,042
Cost/Case	$ 874.18	$ 1,430.53				$ 425.30	$ 1,838.78	$ 1,009.1
Payments	$21,337.036	$3,346,002				$ 196,065	$ 2,566,198	$37,445,301
Couples Without Children:								
Cases		147	692	77	1,033	262		2,211
Cost/Case		$ 595	$ 8.42	$ 362.48	$ 8.07	$ 895.16		$ 164.1
Payments		$ 87,465	$ 5,826	$ 27,911	$ 8,336	$ 234,352		$ 363,890
Singles-Pregnant Women:								
Cases	3,633							3,633
Cost/Case	$ 151							$ 151
Payments	$ 548,583							$ 548,583
Singles:								
Cases			6,960	685	10,682	4,496		22,823
Cost/Case			$ 48.84	$ 351.09	$ 47.59	$ 1,091.98		$ 262.
Payments			$339,899	$240,495	$499,983	$4,909,532		$ 5,989,909
TOTALS								
Cases	28,041	2,486	7,652	762	11,715	5,219	6,834	62,709
Cost/Case	$ 780.49	$ 1,381.12	$ 45.18	$ 352.24	$ 43.39	$ 1,023.17	$ 1,838.78	$ 707.
Payments	$21,885,619	$3,433,467	$345,725	$268,406	$508,319	$5,339,949	$12,566,198	$44,347,683

*All State Funds
A/ Includes Food Stamp Program participation rates of: ADC 83.9%, OAA 84.2%, AB 82.7%, AD 80.7%, GA 84.6%.

11/3/77

SCHEDULE B

GRANDFATHER SUPPLEMENTS - PROPOSED FEDERAL WELFARE REFORM PLAN FOR
THOSE WITH EARNINGS, THOSE NOT REQUIRED TO WORK AND/OR THOSE REQUIRED TO WORK - NO JOBS AVAILABLE
FEDERAL FY 1977-78 ESTIMATES FOR OREGON TO PROVIDE GRANDFATHER SUPPLEMENTS
ALONG WITH ON-GOING STATE SUPPLEMENTATION

		W/O Earnings						ADC Cases With Earnings	TOTALS
		ADC Basic	ADC-UN	OAA	AB	AD	GA		
I. GRANDFATHER SUPPLEMENT - Public Assistance Benefit Level plus Cash Value of Food Stamp Bonus If Received									
A. Families	Cases	24,458	1,740				411	6,198	32,807
	Cost/Case	$195.19	$894.76				$40.44	$928.54	$368.90
	Payments	$4,773,927	$1,556,883				$16,621	$5,755,062	$12,102,493
B. Couples without Children									
	Cases		157	784	77	1,175	261		2,193
	Cost/Case		$170.15				$626.90		$86.79
	Payments		$26,713	-	-	-	$163,621		$190,334
C. Singles - Pregnant Women									
	Cases	3,633							3,633
	Cost/Case								
	Payments	-							-
D. Singles	Cases			6,960	685	10,682	4,496		22,823
	Cost/Case						$955.98		$188.32
	Payments						$4,298,068		$4,298,068
TOTALS - CASES									
	Cases	28,091	1,897	7,744	762	11,857	5,168	6,198	61,717
	Cost/Case	$169.95	$834.79				$866.55	$928.54	$268.82
	Payments *	$4,773,927	$1,583,596	-	-	-	$4,478,310	$5,755,062	$16,590,895 * 1/

* ALL STATE FUNDS

1/ Includes Food Stamp Program Participation Rates of: ADC 83.0%, OAA 84.2%, AB 82.7%, AD 80.7%, and GA 84.8%.

State Supplementation of Maximum Payable Amounts

Section Reference: Sec. 2121

Bill Provision: This provision enables a state to enter into an agreement with the Secretary to increase either the maximum payment amount or the benfit reduction rate applicable to earned income, or both.

Interpretation: Under the plan Oregon will be encouraged but not required to provide a State supplement to the basic benefit level to maintain current levels of assistance. Oregon will seriously consider providing a State supplement that meets the guidelines established and provides the recipient with a standard equal to the current cash assistance level plus the cash value of the food stamp bonus. Under the Welfare Reform proposal, Oregon can provide the following supplementation levels and meet the guidelines established in order to receive Federal Financial Participation in the State Supplement.

1. Families Not Expected to Work Tier - Only one supplementation percentage is allowable for each category and this cannot be varied by household size. Oregon has projected a supplementation percentage of 24% will be necessary to maintain a level which is as close to current levels as possible. This percentage is based on the weighted average of the current levels of cash assistance and the bonus value of food stamps.

2. Families Expected to Work Tier - A supplementation percentage which is eligible for federal financial participation of 12.32% is allowable for this tier.

3. Aged, Blind, Disabled - Not Expected to Work - Oregon currently provides a level of assistance which is 10% higher than the basic benefit for couples and 15% for singles. A weighted average of 12.32% is projected as the supplementation percentage for this tier for both couples and single cases.

Program Impact Analysis and Conclusions: While Oregon would like to provide current benefit levels to recipients under Welfare Reform, there are several concerns that must be addressed in order to make state supplementation a fiscally viable alternative.

1. Current public assistance programs provide for incentives to work, "income disregards", only after a person starts receiving public assistance. Under the National Welfare Reform plan, a person with earnings below an eligibility income level that has been established through application of "income disregards" is eligible for a cash payment. If a state considers State supplementation, the "Eligibility Breakeven Level" is adjusted due to State supplementation.

   a. For those "not expected to work" the National Welfare Reform plan allows for increases in the benefit reduction rate" within a range of 50% to 70%, depending on the

proposed State supplementation percentage over the basic benefit level. This flexibility allows the State to consider supplementation above the basic benefit levels without making such supplementation cost prohibitive by increasing the eligibility breakeven levels significantly.

b. For those "expected to work" the National Welfare Reform plan allows for no flexibility in the benefit reduction rate. The plan establishes the following criteria regarding State supplementation:

(1) The State must utilize the same supplementation percentage for the upper tier "no jobs available" and lower tier for those working.

(2) The State shall utilize a benefit reduction rate of 52% if the State supplement is to be federally matchable up to the 12.32% level. All federal financial participation under the plan would be in jeopardy if the State of Oregon were to exceed the 52% benefit reduction rate.

(3) The $3800 income exclusion must be adjusted upwards to a level which is based on the State supplementation percentage.

(4) If the State of Oregon were to provide State supplementation for two parent families up to the percentage allowable for federal financial participation under the plan, the following benefit levels would be established:

ADC-UN Family Size	State Supplementation			
	No Jobs Avail Benefit Level	Jobs Avail Benefit Level	Earnings Breakeven Level	Nat. Basic Benefit Breakeven Level
2*	$3,370	$1,236	$ 6,480 A/	$ 6,000
3	4,044	1,909	7,776	7,200
4	4,717	2,583	9,072	8,400
5	5,391	3,257	10,368	9,600
6	6,065	3,931	11,664	10,800
7+	6,739	4,605	12,960	12,000

* Unborn child

A/ 100% Disregard level is $4,104 and the benefit reduction rate is 52%.

2. The supplementation level allowable for federal financial participation is significantly lower for the expected to work families from current levels. Additionally, if the State of Oregon were to try to maintain current levels of cash and food stamp assistance for this category, they must still utilize the same work incentives mentioned in 1.b. even though the State supplementation is financed with all State funds. Utilizing these work incentives, the following benefit levels would be established:

ADC-UN Family Size	No Jobs Avail Benefit Level	Jobs Avail Benefit Level	Earnings Breakeven Level
2*	$3,575	$1,309	$ 6,868 A/
3	4,711	2,227	9,071
4	5,580	3,059	10,747
5	6,590	3,944	12,563
6	7,563	4,900	14,534
7+	9,121	6,232	17,533

* Unborn Child

A/ 100% Disregard level by family size is 2 = $4,351; 3 = $4,788; 4 = $4,864; 5 = $4,972; 6 = $5,111; 7+ = $5,548.

These levels are not feasible for State supplementation due to:

a. The significant number of new cases that would be eligible.

b. The State cost for maintaining such a supplementation.

3. The plan makes no provision for a phase-out of State supplementation as the basic benefit levels increase.

4. If the State supplementation places the recipient above the federal tax entry level, the State of Oregon must reimburse the recipient for 20% of his tax liability.

Federal FY 1978 Projected Expenditures: The attached schedule and supporting documentation detail the projected expenditures to provide State supplementation at either a level equal to the weighted average of current cash assistance plus the cash value of the food stamp bonus or for the expected to work families maximum level for federal financial participation. The projected expenditures necessary to provide State supplementation for Federal FY 1978 is $63,873,817 of which $30,876,930 is State Funds and $32,996,887 is Federal Funds.

Recommendation on Plan Provision: Oregon supports the basic concept under the National Welfare Reform plan which allows the states to maintain levels of assistance which are comparable to current levels in most categories. Oregon recommends the following revisions to the plan in order to maintain the plan's integrity while allowing the states more flexibility in choosing levels of supplementation that they feel are necessary and financially feasible for their state's constituents.

1. Allow the states to vary the supplementation percentage by household size as well as category.

2. Oregon opposes the requirement for a 20% reimbursement of tax liability to a recipient for taxes he may pay due to State supplementation.

3. The Welfare Reform Plan indicates that State supplementation could phase out as the basic benefit levels increase but the bill makes no provision for this. Oregon recommends that the bill include provisions for increases in Federal Funding above any inflationary increases granted in order to phase out State supplementation.

4. For the families in the expected-to-work tier, Oregon proposes either federal financial participation for levels higher than provided for in the bill or for a variation of the work incentives (benefit reduction rate, 100% Disregard) for State supplementation above the 12.32% level provided for. This would allow high benefit states such as Oregon to provide levels of assistance camparable to current levels for the expected-to-work category especially when no job is available.

5. The bill makes no provision for providing the temporarily incapacitated, especially singles and childless couples, with a level of assistance that is necessary to meet minimum needs. If Oregon were to provide a State supplementation to these individuals, under the plan they would have to provide this level of assistance to all individuals in that category entirely at the State's expense. It is estimated that the cost to the State of Oregon for providing the Current General Maintenance level for the single and childless couple categories above the State supplementation (which is federally matchable) in order to meet the needs of the temporarily incapacitated would be:

Federal FY 1978

Single persons of 20,292 X $992/yr = $20,129,664
Childless couples of 28,656 X 584/yr = 16,735,104

$36,864,768 all State Funds

If the State of Oregon were allowed to supplement the temporarily incapacitated only the cost would be:

Federal FY 1978

Single persons of 4,496 X 992/yr = $4,460,032
Childless couples of 261 X 584/yr = 152,424

$4,612,456 A/

A/ Depending on how the revision was made, this cost may be all State Funds or partly federally matchable.

6. Under the plan, even if Oregon provides for State supplementation up to the levels indicated; Oregon feels it is essential to maintain benefit levels for current recipients during the transition to a new welfare system. Since Oregon is a high benefit State, grandfathering of current recipients will be necessary even with on-going State supplementation. See grandfathering recommendations Sections 2111 and 2126.

ON-GOING STATE SUPPLEMENTATION UNDER NATIONAL WELFARE REFORM
FEDERAL FY 1978 AT CURRENT CASH ASSISTANCE LEVEL PLUS THE VALUE OF FOOD STAMP BONUS

		Cash Assistance Level	State Sup. Those Working	Total State Supplementation Cost	GF	FF
A. ADC-BASIC						
1. ADC-Basic w/ygst L 7 - Not working						
	Cases	19,753				
	Dollars	$16,156,576		$16,156,576	$7,969,012	$8,187,564
2. ADC-Basic w/ygst 7-13 - No Job Available						
	Cases	6,072				
	Dollars	$5,399,712		$5,399,712	$2,663,353	$2,736,359
3. ADC-Basic w/ygst 14+ - No Job Available						
	Cases	2,266				
	Dollars	$925,199		$925,199	$231,300	$693,899
4. ADC-Basic Those Working						
w/ygst L 7 5,373 Cases			$2,815,560	$2,815,560	$1,604,640	$1,210,920
w/ygst 7-13 4,024 Cases			$2,110,648	$2,110,648	$1,275,789	$ 834,859
w/ygst 14+ 755 Cases			$ 201,759	$ 201,759	$ 137,433	$ 64,326
Subtotal				$5,127,967		
5. TOTAL ADC-Basic	Cases	38,243				
	Dollars	$22,481,487	$5,127,967	$27,609,454	$13,881,527	$13,727,927
B. ADC-UN						
1. ADC-UN - No Job Available						
	Cases	1,897				
	Dollars	$992,810		$992,810	$248,203	$744,607
2. ADC-UN - Working Families	Cases	3,385				
	Dollars		$1,375,837	$1,375,837	$767,757	$608,080
3. TOTAL ADC-UN	Cases	5,282				
	Dollars	$992,810	$1,375,837	$2,368,647	$1,015,960	$1,352,687
C. SSI						
1. Couples	Cases	2,036				
	Dollars	$940,632		$940,632	$705,474	$235,158
2. Singles	Cases	18,327				
	Dollars	$5,644,716		$5,644,716	$4,233,537	$1,411,179
3. Total SSI	Cases	20,363				
	Dollars	$6,585,348	-	$6,585,348	$4,939,011	$1,646,337

ON-GOING STATE SUPPLEMENTATION UNDER NATIONAL WELFARE REFORM

FEDERAL FY 1978 AT CURRENT CASH ASSISTANCE LEVEL PLUS THE VALUE OF FOOD STAMP BONUS

		Cash Assistance Level	State Sup. Those Working	Total State Supplementation Cost	GF	FF
D. FOOD STAMP - NON-PA						
1. Households (No Jobs Available)	Cases	4,189				
	Dollars	$2,208,275		$2,208,275	$552,069	$1,656,206
2. Households (Working)	Cases	11,270				
	Dollars	-	$4,683,218	$4,683,218	$2,590,825	$2,092,393
3. Couples w/o Children (No Jobs Available)	Cases	5,439				
	Dollars	$1,473,969		$1,473,969	$368,492	$1,105,477
4. Singles (No Jobs Available)	Cases	5,726				
	Dollars	$778,736		$778,736	$194,684	$584,052
5. TOTAL Food Stamp - Non-PA	Cases	26,624				
	Dollars	$4,460,980	$4,683,218	$9,144,198	$3,706,070	$5,438,128
E. GA CASES						
1. Singles (No Jobs Available)	Cases	4,496				
	Dollars	$611,456		$611,456	$152,864	$458,592
2. Couples w/o Children (No Jobs Available)	Cases	261				
	Dollars	$70,731		$70,731	$17,683	$53,048
3. Families (No Jobs Available)	Cases	411				
	Dollars	$220,691		$220,691	$55,173	$165,518
4. TOTAL GA	Cases	5,168				
	Dollars	$902,878	-	$902,878	$225,720	$677,158
F. NEW CASES						
1. Singles (No Jobs Available)	Cases	10,070				
	Dollars	$1,369,520		$1,369,520	$342,380	$1,027,140
2. Couples w/o Children (No Jobs Available)	Cases	13,703				
	Dollars	$3,713,513		$3,713,513	$928,378	$2,785,135
3. Couples w/o Children (Working)	Cases	8,941				
	Dollars	-		-	-	-
4. Households (No Jobs Available)	Cases	6,070				
	Dollars	$3,199,808		$3,199,808	$799,952	$2,399,856

ON-GOING STATE SUPPLEMENTATION UNDER NATIONAL WELFARE REFORM
FEDERAL FY 1978 AT CURRENT CASH ASSISTANCE LEVEL PLUS THE VALUE OF FOOD STAMP BONUS

		Cash Assistance Level	State Sup. Those Working	Total State Supplementation Cost	GF	FF
F. NEW CASES - Continued						
5. Households - Minimum Wage (Working)	Cases	12,333				
	Dollars	-	$5,124,664	$5,124,664	$2,835,124	$2,289,540
6. Households - Between Minimum Wage & NWR Breakeven Level (Working)	Cases	9,823				
	Dollars	-	$3,855,787	$3,855,787	$2,202,808	$1,672,979
7. Institutional	Cases	10,819				
	Dollars	-	-	-	-	-
8. TOTAL New Cases		71,759				
	Dollars	$8,282,841	$8,980,451	$17,263,292	$7,108,642	$10,154,650
G. TOTALS						
1. ADC-BASIC		$22,481,487	$5,127,967	$27,609,454	$13,881,527	$13,727,927
2. ADC-UN		$ 992,810	$1,375,837	$ 2,368,647	$ 1,015,960	$ 1,352,687
3. SSI		$ 6,585,348	-	$ 6,585,348	$ 4,939,011	$ 1,646,337
4. FOOD STAMPS NON-PA		$ 4,460,980	$4,683,218	$ 9,144,198	$ 3,706,070	$ 5,438,128
5. GA		$ 902,878	-	$ 902,878	$ 225,720	$ 677,158
6. NEWS		$ 8,282,841	$8,980,451	$17,263,292	$ 7,108,642	$10,154,650
TOTAL COST		$43,706,344	$20,167,473	$63,873,817	$30,876,930	$32,996,887
	GF	$19,462,554	$11,414,376	$30,876,930		
	FF	$24,243,790	$ 8,753,097	$32,996,887		

Special Payment to Household Unit if Supplementation Percentage Engenders Personal Income Tax Liability

Section Reference: Sections 2123 and 2104.

Bill Provision: The proposed plan provides for reimbursement to household units for personal income taxes on its earned income in cases in which a household unit has taxable income while still eligible for a cash assistance benefit. Reimbursement would be made at the rate of 20 cents for each dollar of its taxable income (until the unit's earned income reaches the break-even point where, without this provision, the household would become ineligible for a cash payment). If the household becomes ineligible for a payment for any month due to earned income, the household will nevertheless receive a payment equal to the additional payment the unit would have received reduced by 20 cents for each dollar of earned income by reason of which the household would become ineligible for a payment. States are required to pay 75 percent of that portion of the special payment that is increased due to state supplementation.

Program Impact Analysis and Conclusion: The proposed reimbursement to recipients who incur tax liability due to their income is an unnecessary administrative complication to the system which seems contrary to the Administration's goal of simplifying the welfare payment structure.

Recommendation on Plan Provision: Oregon recommends that the special payment to households who have taxable incomes be eliminated from the Better Jobs and Income Act. If any adjustment is to be made because of the tax entry level, Oregon recommends that it be made through the income tax system rather than through the national income maintenance program.

Federal Participation in State Supplementation Payment

Section Reference: Sec. 2125(a)(2).

Bill Provision: Section 2125(a)(2) states "For the purposes of this Section a supplemental payment to a household unit for a month is the difference between the payment to that unit under Section 2104 for that month and the payment (hereinafter in this Section referred to as the federal portion of the supplemental payment to that unit) under that Section if computed without regard to Section 2121, 2122, 2123, and 2124."

Interpretation: The fact sheets supplied by the staff of DHEW interpret this provision to mean that the federal basic benefit portion of a payment grant will be determined by calculating the grant as if no state supplementation percentage was applied and as if no increase in the 100 percent earnings disregard by virtue of supplementation was used. The difference between this amount and the total grant determined as a result of state supplementation will be considered as the amount attributable to state supplementation, and the appropriate federal financial participation rates will be applied.

Program Impact Analysis and Conclusion: This apportionment for funding purposes will not directly affect the amount of cash assistance payments to be received by recipients under the Welfare Reform Bill.

Fiscal Impact Analysis and Conclusion: In the case of grants involving recipients in the expected-to-work-category, the benefit apportionment formula described in this section minimizes the cost to the Federal Government and maximizes the cost to the state. This is especially evident in instances where the state would supplement the federal basic grant for clients expected to work and who are receiving earnings from a job. In this situation, the required higher income disregard decreases the grant amount attributable to the federal basic benefit and increases the portion attributable to the state supplementation amount as the level of employment earnings increases. For example, in the case of an expected-to-work recipient receiving minimum wage earnings from a Public Service Employment job, the grant apportionment formula decreases the federal basic benefit amount and increases the state supplementation amount. Since the state supplementation portion of the grant qualifies for a smaller federal matching percentage, the formula reduces the federal contribution and increases the state contribution as earned income reduces the total grant.

In the case of an expected-to-work client holding a Public Service Employment job at the minimum wage plus 10 percent (wage supplement), the loss of federal financial participation under the allocation formula in the bill would amount to around $160 annually for each grant involving a family of four.

Recommendation on Plan Provision:

1. The federal basic benefit portion of any grant should be determined by dividing the total grant amount by 1 plus the state supplementation percentage.

2. The first tier of state supplementation should be an amount equal to the federal basic benefit determined above multiplied by 1.232.

3. The second tier of state supplementation amount should be determined by subtracting the federal basic benefit amount plus the first tier of state supplementation from the total grant amount, up to the federal break-even level.

This method of apportionment would be more equitable because it would reduce all portions of a recipient's grant proportionately as his or her earned income increases.

WELFARE REFORM BILL

	Oregon's Recommendation	HR9030 Requirement	Difference
I. Expected to work family of four with a Public Service Employment minimum wage job of 5,512 + 10% = $6,063			
Payment level after income offsets -- Total	$1,564	$1,564	$ --
Federal share	1,382	1,222	+160
State share	182	342	-160
(a) Basic Federal Program	$1,392	$1,168	$ +224
Federal share	1,253	1,051	+202
State share	139	117	+22
(b) 75% Federal share supplement tier	$ 172	$ 144	$ +28
Federal share	129	108	+21
State share	43	36	+7
(c) 25% Federal share supplement tier	$ --	$ 252	$ -252
Federal share	--	63	-63
State share	--	189	-189
II. Not expected to work family of four with a Public Service Employement minimum wage job of 5512 + 10% = $6,063.			
Payment level after income offsets -- Total	$1,617	$1,617	$ --
Federal share	1,237	1,235	+2
State share	380	382	-2
(a) Basic Federal Program	$1,171	$1,168	$ +3
Federal share	1,054	1,051	+3
State share	117	117	--
(b) 75% Federal share supplement tier	$ 144	$ 144	$ --
Federal share	108	108	--
State share	36	36	--
(c) 25% Federal share supplement tier	$ 302	$ 305	$ -3
Federal share	75	76	-1
State share	227	229	-2

Maintenance of Effort

Section Reference: Sec. 2126

Bill Provision: This plan requires that each state maintain a substantial precentage of its current expenditures for AFDC, SSI, Emergency Assistance and General Assistance during a transitional period of three years.

Interpretation: Based upon a review of section 2126 and upon conversations with Tom Ault, DHEW, Program Evaluation, Oregon interprets Maintenance of Effort to mean that the state shall maintain a minimum expenditure of state funds based upon the lesser of two requirements. These include:

A. Primary Maintenance of Effort (ME):

This level includes fiscal year 1977 state expenditures for AFDC payments, OSIP payments, emergency assistance, and general assistance. For each year the Maintenance of Effort base is adjusted upward using CPI increases from fiscal year 1977. The Maintenance of Effort requirement is diminished over a three-year period as follows:

1. First year -- 90 percent of ME*
2. Second year -- 75 percent of ME*
3. Third year -- 65 percent of ME*

B. Alternate Maintenance of Effort (AME):

The state's required Maintenance of Effort is satisfied if less than "A" when it has met the following requirements:

1. Expended 10 percent for the Basic Program.
2. Expended its share of matching supplements for AFDC and SSI.
3. Provided 100 percent of nonmatching "grandfather" supplements to SSI recipients.
4. Made payments to at least 75 percent of eligible household units under the AFDC program.
5. Expended its required payments for wage supplements.

*Adjusted for inflation.

Program Impact Analysis and Conclusion: The Maintenance of Effort requirement is probably intended to be an inducement for states with high benefit levels to provide supplement payments and "grandfather" supplements. Oregon would find it advantageous to at least provide "grandfather" supplements since its required maintenance of effort would be substantially higher than its share of the Basic Program in the initial year.

Fiscal Impact Analysis and Conclusions:

A. Primary Maintenance of Effort (ME):

If we assumed that the initial year of the program was fiscal year 1978 (federal fiscal year), Oregon's ME would be as follows:

1. First year -- $61.8 million*
2. Second year -- $58.1 million*
3. Third year -- $51.1 million *

B. Alternate Maintenance of Effort (AME):

Oregon would most likely not be in a position to benefit from a lower Maintenance of Effort requirement under this option for the following reasons:

1. Interpreting the requirements for satisfying this option, the state would have to provide supplemental payments to AFDC and SSI recipients and "grandfather" supplements to all SSI recipients and at least 75 percent of current AFDC recipients. The cost of providing these payments plus 10 percent of the Basic Program costs would exceed the primary Maintenance of Effort requirement.

2. Even if the state were to provide only "grandfather" payments and these payments were presumed to have met the requirements under this option (which is not the case), the costs of "grandfather" payments plus 10 percent would exceed or be close to its primary Maintenance of Effort requirement.

For these reasons, the Maintenance of Effort requirement should have no significant fiscal impact on Oregon's programs since it is assumed that the state will at least provide "grandfather" supplements to AFDC, SSI, and general assistance recipients.

Recommendation on Plan Provisions: There would be little advantage to gain by the state taking exception to the Maintenance of Effort provisions. Oregon recommends that the Primary Maintenance of Effort amount be frozen at the level established for the first year of the Welfare Reform program. This would decrease states' required Maintenance of Effort for subsequent years of the Welfare Reform program and, through the Hold Harmless provisions, would guarantee more permanent fiscal relief for states which elect to provide supplementation payments.

*Assuming seven percent rate of inflation.

ESTIMATE OF OREGON'S
PRIMARY MAINTENANCE OF EFFORT

	Base	Percent	Requirement
Fiscal Year 1977 Base			
AFDC payments	$56,028,604		
Emergency Assistance	381,179		
SSI-OSIP	2,404,534		
GA payments	5,337,084		
Total Base	$64,151,401		
Fiscal Year 1978 Base			
Fiscal year 1977 base	$64,151,401		
x CPI increase	x 1.07		
Fiscal year 1978 base	$68,641,999	X .90	$61,777,799
Fiscal Year 1979 Base			
Fiscal year 1978 base	$68,641,999		
x CPI increase	x 1.07		
Fiscal year 1979 base	$73,446,939	X .75	$55,085,204
Fiscal Year 1980 Base			
Fiscal year 1979 base	$73,446,939		
x CPI increase	x 1.07		
Fiscal year 1979 base	$78,588,225	X .65	$51,082,346

Limitation on Fiscal Liability of State - Hold Harmless

Section Reference: Sec. 2127

Bill Provision: The Federal Government will hold the states harmless for state expenditures under the Welfare Reform Program which exceed a percentage of current expenses for existing public assistance programs.

Interpretation: Based upon a review of section 2127 and upon conversations with Tom Ault, DHEW, Program Evaluation, Oregon interprets the Hold Harmless provisions to mean that the Federal Government will hold the states harmless for expenditures which exceed the lesser of the following amounts:

A. Primary Maintenance of Effort expenditures:

This level includes fiscal year 1977 state expenditures for AFDC payments, OSIP payments, emergency assistance, and general assistance, adjusted each year for CPI increases. Under this base, the states would be held harmless for state expenditures exceeding the following amounts by fiscal year:

1. First year -- 90 percent of ME
2. Second year -- 100 percent of ME
3. Third year -- 110 percent of ME
4. Fourth year -- 130 percent of ME
5. Fifth year -- 150 percent of ME

B. Primary Maintenance of Effort (ME) plus current state costs of AFDC administration (Adm.):

This level includes the same expenditures as in "A" above plus the non-federal share of AFDC administrative costs. Under this base, the states would be held harmless for state expenditures exceeding the following amounts by fiscal year:

1. First year -- 90 percent of ME plus Adm.
2. Second year -- 90 percent of ME plus Adm.
3. Third year -- 95 percent of ME plus Adm.
4. Fourth year -- 95 percent of ME plus Adm.
5. Fifth year -- 95 percent of ME plus Adm.

Under condition "A", states can include Basic Program expenditures, matching supplements, SSI "grandfather" supplements, 75 percent of AFDC "grandfather" supplements, and wage supplements.

However, under condition "B", states can include all expenditures under "A" plus the remaining 25 percent of AFDC "grandfather" supplements.

Program Impact Analysis and Conclusions: The Hold Harmless provisions offer an incentive for states like Oregon to provide supplemental and "grandfather" payments by guaranteeing them 10 percent fiscal relief over the first two years of the program and 5 percent fiscal relief over the following three years.

If Oregon chose to supplement and "grandfather," it would be faced with the problem of phasing out of state supplementation to avoid increased state costs, especially after the fifth year when Hold Harmless would expire (shades of OSIP). The logical way of phasing out supplemental payments would be to reduce state supplements by an amount equal to annual increases in federal basic benefit levels. However, this practice is difficult to maintain politically and there is always the possibility that Congress would prohibit this practice at some future time.

Fiscal Impact Analysis and Conclusions: Using the state's actual expenditures for AFDC, SSI, emergency assistance, and general assistance for fiscal year 1977 and assuming a seven percent annual inflation rate for ensuing years, Oregon would be held harmless for costs exceeding the following amounts:

	The Lesser of	
	A	B
First year (fiscal year '78)	$ 61.8 million	$68.4 million
Second year (fiscal year '79)	73.4 million	73.2 million
Third year (fiscal year '80)	86.4 million	82.7 million
Fourth year (fiscal year '81)	109.3 million	88.5 million
Fifth year (fiscal year '82)	134.9 million	94.7 million

Whether Hold Harmless will result in significant fiscal relief to the state over the five-year transition period will depend upon its decision regarding supplementation.

A. If Oregon decides to provide matching supplement payments, Hold Harmless will benefit the state over the five-year period. The extent of the benefit over this period of time, however, will depend upon how fast it phases out of state supplementation.

B. If Oregon decides to provide only "grandfather" supplements, Hold Harmless will probably have little or no impact in the initial year and virtually no impact over the remaining four years. After the initial year, the turnover in caseload would cause state expenditures to fall below the Hold Harmless floor.

Recommendation on Plan Provisions: Oregon recommends the following:

1. That state expenditures for post-reform administration be counted against the Hold Harmless levels in determining fiscal relief for states. The Welfare Reform Bill as it is now written does not allow states to count post-reform state administrative expenditures even though the alternate Hold Harmless formula includes pre-reform administrative expenses in establishing the amount of fiscal relief to be received by states.

2. That the Hold Harmless provisions be applied for an indefinite period beyond the fifth year. At the very least, states should continue to be held harmless for expenditures exceeding 95 percent of their adjusted Maintenance of Effort and administrative expenses. By restricting Hold Harmless protection to five years, the bill provides a disincentive for high benefit states to supplement basic program payments for the purpose of maintaining current benefit levels. This is because it is unlikely that the Federal Government will increase benefits under the basic program sufficiently to allow states to phase out of supplementation over a five-year period without significantly eroding the purchasing power of recipients.

3. That the Primary Maintenance of Effort amount plus pre-reform administrative expenditures be frozen at the initial year of the Welfare Reform program. This would guarantee permanent fiscal relief to states, especially to those which elect to supplement federal basic benefit payments to maintain current benefit levels. Over time, this would tend to distribute fiscal relief more evenly among states which supplement and those which do not. This equalization trend would continue until such time that the Federal Government provides sufficient basic benefit increases to eliminate State supplementation programs entirely.

ESTIMATE OF OREGON'S
HOLD HARMLESS LIMITS

	Apply the Lower of: Primary Formula	Secondary Formula
Fiscal Year 1978 Base: First Year		
Primary Maintenance of Effort	$ 68,641,999	$68,641,999
Adjusted AFDC administrative costs	--	7,372,668
Total Base	68,641,999	76,014,667
Factor	x .90	x .90
Hold Harmless Floor	$ 61,777,799	$68,413,200
Fiscal Year 1979 Base: Second Year		
Total Base	$ 73,446,939	$81,335,694
Factor	x 1.00	x .90
Hold Harmless Floor	$ 73,446,939	$73,202,125
Fiscal Year 1980 Base: Third Year		
Total Base	$ 78,588,225	$87,029,193
Factor	x 1.10	x .95
Hold Harmless Floor	$ 86,447,048	$82,667,733
Fiscal Year 1981 Base: Fourth Year		
Total Base	$ 84,089,401	$93,121,237
Factor	x 1.30	x .95
Hold Harmless Floor	$109,316,221	$88,465,175
Fiscal Year 1982 Base: Fifth Year		
Total Base	$ 89,975,659	$99,639,724
Factor	x 1.50	x .95
Hold Harmless Floor	$134,963,489	$94,657,738

Application Processing

Section Reference: Sections 2131 and 2138.

Bill Provision: Provisions of the bill do not specify the procedures to be used in determining eligibility. Applications may be accepted by mail but it is not indicated how eligibility will be verified or documented. Also, a face to face contact with the client is not required by the provisions of this legislation.

Program Impact Analysis and Conclusions: The absence of specific plan requirements for processing applications could allow the use of a declaratory method for eligibility determination. Under this type of system there may not be sufficient requirements for documenting and verifying eligibility which can lead to a high percentage of households receiving benefits for which they are not eligible or receiving higher amounts than they are entitled to.

Fiscal Impact Analysis and Conclusions: The lack of specific requirements may reduce staff costs related to application processing but will ultimately increase total administrative costs. When such items as income, resources, and household composition are not verified, our experience has shown that there are additional costs in the investigation of fraud cases and unrecoverable erroneous payments.

Recommendation on Plan Provision: Oregon recommends that a modified declaration form of eligibility processing be included in the Plan so that a face to face intake interview would be required for every application. Critical items of eligibility such as income and resources require verification. Discretionary judgment by staff processing applications may also require other eligibility items to be verified. Home visits should be required on a sampling of cases to verify living arrangements and household composition.

Specific requirements for documenting the determination and review of eligibility on each case can improve the quality of a benefit payment system.

Determination of Eligibility For and Amount of Payment

Section Reference: Sections 2132(a) and 2134, Reporting Requirements.

Bill Provision: Eligibility for and the amount of the assistance payment for any month is to be determined after the end of that month at times to be prescribed by the Secretary. The applicant, principle earner, or other member of an eligible household, as the Secretary may specify, must file periodic reports on income and other relevant information as may be required by the Secretary at such time or times as the Secretary may prescribe.

Interpretation: HEW News Release dated August 6, 1977 (Revised August 18, 1977) states that recipients with income from employment will be required to report monthly; others less frequently. Section 2134 makes no such definite statement regarding reporting periods. Oregon interprets this to mean that the Secretary will set reporting times but they may not be as stated in the News Release. Probably, earned income would be reported at more frequent intervals than other income. In any case, eligibility for and amount of payment for any month will be determined after the end of the month in which the assistance payment is received.

Program Impact Analysis and Conclusion: In Oregon, monthly reporting of earnings has been required for several years in the ADC program. Current SSI regulations require quarterly reporting of earnings for aged, blind, and disabled recipients. Although the Secretary may prescribe reporting periods other than those now in effect, the provision would not substantially change current reporting requirements for recipients of public assistance in Oregon.

Fiscal Impact Analysis and Conclusion: There would be no significant fiscal impact.

Recommendation on Plan Provision: Oregon concurs with Sections 2132(a) and 2134 of H.R. 9030.

Payments of Benefits

Section Reference: Sec. 2133(b).

Bill Provision: This section entitles the Secretary to make payments to any member of the household unit to assure that the total eligible unit would receive use of the payment. It also permits payments to a representative who is not in the household unit, at a unit member's request or if deemed necessary by the Secretary to insure availability of the payment on the unit's behalf.

Interpretation: Oregon interprets this section to mean that payments could be split and paid to two or more members of the household unit. Payments could also be made to a representative who is not in the household unit at the request of any member of the unit or at the Secretary's discretion to assure the benefit was available to all members of the unit. Payments could also be made to specific vendors if requested by a member of the unit or at the Secretary's discretion.

Program Analysis and Conclusions: The stipulation allowing two or more payments to the household unit would allow for adjustments to the payment procedure, but not require them. There is potential for considerable program impact if vendors become aware that they can receive direct payment if requested by the client. This would be especially true of landlords who could refuse to rent to the client if direct payment was not authorized.

Fiscal Impact Analysis and Conclusions: It appears that this provision may be cost beneficial in that the household unit concept would reduce the number of checks issued. For example, at the present time a household composed of one disabled adult, one aged adult, a mother and child, and a disabled child all related would receive four separate checks. Under the household unit concept, normally only one check would be issued. Even with pressure from the landlords for direct payment, there would be just two checks rather than four.

Recommendation on Plan Provision: Oregon opposes the provision to allow payments to be made to vendors at the request of a member of the household unit except in money management cases where it is thoroughly documented that household members cannot manage their financial affairs.

Overpayment/Underpayment

Section Reference: Sec. 2135

Bill Provision: Overpayments caused by a member of the unit are recovered by adjusting future payments made to that unit or direct recovery from the unit or estate of a member of the unit unless an exception is justified. Provision is made for recovering outstanding SSI overpayments.

Interpretation: Oregon interprets the proposal to mean that although provision is made for recovering outstanding SSI overpayments, no provision is made for carrying forward and recovery of AFDC overpayments. Oregon would not be able to use grant reduction as a method of recovery.

Program Impact Analysis and Conclusion: There would be no program impact.

Fiscal Impact Analysis and Conclusion: The fiscal impact would be as a result of inability to use grant reduction to recover ADC overpayments. There currently is at least $5,000,000 in outstanding ADC client-caused overpayments. Even with a limited ability to use grant reduction, Oregon presently recovers at least $50,000 a month in ADC client-caused overpayments through this method.

Recommendation on Plan Provision: Oregon feels provision should be made to carry forward AFDC overpayments and to recover them by adjusting future payments as is to be done with SSI overpayments.

State Agreement to Receive Applications and Develop Eligibility and Payment Information

Section Reference: Sec. 2138(c).

Bill Provision: The bill provides that the Secretary shall promulgate regulations prescribing the general content and procedures to be followed by the State in the administration of the Agreement between the Federal Government and the State.

Program Impact Analysis and Conclusion: In past administrations, welfare rules and regulations promulgated by the Secretary in areas where the law has not included quantitative expectations have frequently resulted in imposition of unfair and unreasonable expectations on the states. The following represent only a few examples of this:

1. Maintenance of effort for ICF/MR in the Social Security Act 1905(d)(3). The Act required that states not reduce expenditures of State funds below the amount expended for such services in the four quarters immediately preceding the passage of the Act. Rules and regulations promulgated by the Secretary in January 1974 were not consistent with the intent of the legislation as perceived by the State of Oregon. They imposed substantially greater requirements on the states.

2. Prior to the passage of the Title XX law, administration of the social services portions of Titles I, IV-A, X and XIV of the Social Security Act was in constant turmoil because of issuance by the Secretary of rules and regulations which clearly and substantially exceeded the proivsions of the Act. The Congress ultimately interceded by mandating suspension of certain regulations and ultimately passed Title XX with provisions which greatly limited the Secretary's delegated powers to impose interpretations of the law on the states.

3. HEW's issuance some years ago of quality control standards or tolerances (for payments to ineligibles and overpayments in the AFDC Program) with substantial penalties on the states. The tolerances substantially exceeded performance levels being attained by all but a very few states at the time. HEW delayed application of the penalties and ultimately was enjoined by Federal Court from applying the arbitrary standards.

4. HEW's issuance of 45 CFR 205.160 in February 1976 requires the states to finance with State funds over a period of years the legitimate Federal share of certain non-expendable personal property items required for the administration of Social Security Act public assistance programs. This is in clear contradiction to the provisions of various sections of the Act which provide that the State will be reimbursed specified percentages of the total amounts expended by the State during a quarter for the proper and efficient administration of the State plan.

Recommendation on Plan Provision: Oregon recommends that the law be specific as it relates to the requirements placed upon the states in entering into agreements with the Federal Government. The law should provide quantitative measurements of the performance of the State and should not be left to the discretion of the Secretary by providing that rules and regulations covering the agreement be promulgated by the Secretary.

Determination of Disability and Blindness

Section Reference Sec. 2142

Bill Provision: Broad authority is given to the Secretary to make arrangements with other agencies or organizations to make determinations of disability or blindess. He is not required to use the Social Security Disability Determination Section (DDS) although if he does, the arrangements would generally follow the same rules as under Title II. Assistance under Title XXI will include the handicapped persons currently receiving SSI.

Interpretation: Oregon assumes that the DDS system offers the best hope for national consistency in disability decision making.

Program Impact and Conclusion: The lack of discussion concerning the treatment of those handicapped who do not meet SSI disability criteria raises concern over what will become of these individuals under the proposed plan. While no one is to be excluded under Title XXI, it appears that those who are expected to be incapacitated for less than 12 months would receive assistance at the lower tier. It is not clear whether or not the Administration intends to require incapacitated individuals to search for work.

Recommendations: In the absence of written policy, Oregon recommends the following:

1. Alcoholics and drug addicts should be determined disabled if they are so diagnosed by a physician and are participating in a medical treatment or rehabilitation program. With rare exceptions, alcoholics and drug addicts are not found eligible for SSI unless there is evidence of permanent organ damage.

2. Social/vocational information should be used in conjunction with clinical evidence to determine employability. Currently, social/vocational information is treated as "lay evidence" when present and is only used if there is doubt regarding the significance of the statements from physicians and psychologists. The use of social/vocational information is essential because many non-clinical factors determine employability.

3. The agency responsible for taking the initial application should be given discretionary authority to make presumptive determinations based on a doctor's statement or specific observable impairments. Unemployability expected to last less than six months should be approved at the place of application based on specific criteria. The agency making such a determination would also be responsible for continuation or termination of these short-term allowances. Disabilities expected to last more than six months should be confirmed by the DDS for establishing a medical reexamination date.

Adjustment of Payment Amounts

Section Reference: Sec. 2145(a)

Bill Provision: The proposed plan would increase amounts provided for in the basic benefit plan, including the earned income exclusion, by the percentage change in the U.S. average CPI between the calendar quarter ending March 31, 1978 and the third calendar quarter preceding the quarter in which the plan becomes effective.

Program Impact Analysis and Conclusion: The provision as stated does not allow for any further cost-of-living increases in the basic benefit plan after the initial increase described. The amounts in the basic benefit plan are also described as 1978 dollar amounts. Initially, they had been described as 1976 dollar amounts, which causes the recipients to have lost two years of CPI increases before the provision is even implemented.

Fiscal Impact Analysis and Conclusion: The absence of any reference to subsequent yearly increments causes fiscal problems for states that do supplement and have historically made adjustments for cost-of-living increases.

Recommendation on Plan Provision: Oregon opposes the idea of not providing for further CPI increases, and for determining amounts in the basic benefit plan to be in 1978 dollars. Annual cost-of-living adjustments should be incorporated into the body of the plan, and the amounts described in the plan determined to be in 1976 dollars, with the appropriate CPI increments allowed.

Assistance to Meet Emergency Needs - Appropriations Authorized

Section Reference: Sec. 2011-2013

Bill Provision: Title XX would be amended to authorize funds to be appropriated from which an Emergency Needs program would be developed by each state to meet the living expenses of needy families and individuals not met under Title XXI. The federal government will make annual block grants of a share of $600 million to states that have approved state plans describing their emergency needs programs. These funds are intended to cover a state's total expenditures under the program, including cost of administration, within limitaions prescribed in Section 2012. After the first fiscal year when each state's share of the $600 million is determined by its share of total current state spending, there is a gradual phasedown of the funding to states until by the fifth fiscal year and each subsequent year the state's share of the $600 million will be based on the relationship between the state's population and the population of the 50 states.

Interpretation: Oregon interprets this provison as being the key element in making the Administration's welfare reform proposal a workable program given the centralized federal payment of the national basic benefit. Although termed an Emergency Needs program, the program is intended to meet living expenses and will be depended upon during the projected two-month time lag between determination of eligibility and receipt of payment for new cases, during the delay in receipt of benefits which may result from application of income no longer available in the retrospective accountable period, in cases of destitution which become temporarily lost in the immensity of the centralized payment system for specialized groups within the population (as migrants), and in cases of natural disaster.

Program Impact Analysis and Conclusion: This provision, in conjunction with Title XXI, would replace the existing Emergency Assistance and the state-funded General Assistance programs in Oregon.

Fiscal Impact Analysis and Conclusion: Oregon's share of the $600 million for the first fiscal year is estimated at $4 million (HEW News Release dated August 6, 1977 and Revised August 18, 1977; page 19). Oregon's estimate of expenditures under Emergency Assistance for the first fiscal year is a total of $25.4 million.

Recommendation on Plan Provision: Oregon recommends that the federally-funded national basic benefit be paid through a state payment system, a deviation from the Administration's proposal which would result in a reduction of the need for Emergency Assistance. It is also recommended that the appropriation be "open-ended" in order to allow the states to cover needs of individuals in the following situations:

22-377 O - 78 - 6

Estimates of Emergency Assistance Payments Needed for FY 1977-78 Under Welfare Reform

New and Reopened Cases	ADC-Basic	ADC-UN	SSI	Food Stamps Non-PA	GA	New	Totals
Families:							
Cases/Mo 1/	679	165		523	6	737	2,110
Cost/Case 2/	$ 249	$ 302		$ 302	$ 302	$ 302	$ 285
Payments	$2,699,036	$ 795,688		$2,520,818	$ 27,715	$ 3,551,879	$ 9,595,136
Childless Couples							
Cases/Mo		10	44	180	4	464	702
Cost/Case		$ 227	$ 227	$ 227	$ 227	$ 227	$ 227
Payments		$ 37,437	$ 159,408	$ 653,333	$ 13,284	$ 1,681,035	$ 2,544,497
Singles:							
Cases/Mo	71		406	79	63	210	829
Cost/Case	$ 167		$ 167	$ 167	$ 167	$ 167	$ 167
Payments	$ 189,904		$1,082,120	$ 209,450	$167,693	$ 561,050	$ 2,210,217
Sub-Total:							
Cases/Mo	750	175	450	782	73	1,411	3,641
Cost/Case	$ 241	$ 298	$ 173	$ 271	$ 181	$ 257	$ 247
Payments	$2,888,940	$ 833,125	$1,241,528	$3,383,601	$208,692	$ 5,793,964	$14,349,850
Accountable Period:							
Cases/Mo	382	53	204	266	52	609	1,566
Cost/Case	$ 241	$ 298	$ 173	$ 271	$ 181	$ 257	$ 243
Payments at 3 months	$3,314,232	$ 568,584	$1,270,512	$2,595,096	$338,832	$ 5,634,468	$13,721,724
Total Payments	$6,203,172	$1,401,709	$2,512,040	$5,978,697	$547,524	$11,428,432	$28,071,574
Less Income Offset:	- 409,030	- 81,984	- 428,512	- 736,708	- 27,613	- 990,528	- 2,674,375
Balance	$5,794,142	$1,319,725	$2,083,528	$5,241,989	$519,911	$10,437,904	$25,397,199

1/ All turnover activity relative to ADC cases is reflected under ADC rather than "New" families.
2/ The interim assistance to be provided is assumed to be at GA standards (food and shelter only).

1. Destitution caused by delays in Federal payments, which may be the result of application of income in the accountable period or the retrospective accountable period;

2. Emergent needs which result from natural disasters ought to be covered under a separate issue and funded according to the individual disasters.

3. Adverse effects on clients in special groups as migrants, should be considered under the Emergency Needs program on the same basis as for other individuals covered under the program.

Further, Section 2014(a)(4) would allow no citizenship requirment to be imposed as a condition of participation. Unless some provision is made for denying assistance to illegal aliens or unless this proposal is coordinated with an official change in attitude toward aliens not admitted to the United States under color of law, Oregon suggests that this provision is inappropriate and inconsistent with current immigration policy.

Medicaid

Section Reference: Sec. 105(c).

Bill Provision: The proposed plan would provide that the agency administering the basic benefit plan would also determine eligibility for Title XIX. However, Medicaid eligibility criteria would remain the same as at present.

Interpretation: Oregon interprets the plan to mean that the same policies and procedures and statewide system of determining eligibility under Title XIX would still have to be kept intact.

Program Impact Analysis and Conclusion: The administration of such a plan would be impractical and considerably more complicated than under Oregon's current assistance programs. There is no provision to allow medical coverage to those who receive medical assistance under Oregon's General Assistance program. The proposed plan offers no guarantee that current Title XIX regulations would limit the number of eligible individuals to levels in existence prior to implementation of the welfare reform plan.

Recommendation on Plan Provision; Oregon recommends that determination of eligibility for medical care be related to post-reform criteria and that states should be held harmless for increased costs incurred from increases in the number of persons determined eligible under the new plan. This hold harmless provision need not apply to increases in costs related to increases in benefits provided or to increases in cost levels.

Effective Dates

Section Reference: Sec. 107(a)(1)

Bill Provision: The bill provides that if after two full calendar months following enactment of this act, any state has not advised the Secretary of its choice to enter into an agreement to receive applications, the Secretary will consider that the State does not wish to enter into an administration agreement.

Program Impact Analysis and Conclusion: Oregon believes that there has not been enough time provided by the bill to enable the State to evaluate its position and come to a knowledgeable decision with regard to whether it should or should not enter into an agreement with the Federal Government for the administration of this new bill.

Recommendation on Plan Provision: Oregon believes that it would require 6 months to fully evaluate the final provisions of the law and to develop its position relative to its intent to enter into an administrative agreement.

Substitution of Employment Opportunities Program for Work Incentive (WIN) Program - Supportive Service Funding

Section Reference: Section 901, 931-935

Bill Provision: Eliminates current Work Incentive Program funded by Title IV-C of Social Security Act; creates CETA Title IX, Employment Opportunities Program.

Interpretation: The provisions describe the funding arrangements for the proposed Employment Opportunities Program. No mention is made of supportive service funding for persons enrolled in the Job Search or Subsidized Employment and Training programs. Oregon interprets this to mean services now funded by WIN - counseling of enrollees, provision of day care, medical and transportation services - will not be funded under the new program.

Program Impact Analysis and Conclusion: Oregon will provide counseling to 1,200 WIN participants each month during 1977-79 through the WIN appraisal process. Of these, an average daily population of 778 children will receive day care services. As Oregon interprets the Title II program, these supportive services would not be continued. Families requiring such supportive services could be deterred from gainful employment or training. The relationships between cash assistance and Employment Security delivery system have pioneered many of the concepts in H.R. 9030. Key provisions of WIN include supportive services such as testing, assessment, counseling, day care, homemaker services, etc. These activities are critical to successful job search.

Fiscal Impact Analysis and Conclusion: In Oregon, failure to provide supportive service funding would place an additional burden on state General Funds moneys. In 1977-79, Oregon will spend $3,336,000 on counseling and administration of WIN supportive services plus $2,807,000 for provision of day care services to WIN participants.

If federal Title XX Social Service moneys were increased to provide the necessary supportive services, the matching rate would be changed to 75:25 (WIN match rate is 90:10) and would cost Oregon, based on the $6 million WIN moneys Oregon will receive for the 1977-79 biennium, an additional $1.3 million of state funds.

Recommendation on Plan Provision: Oregon supports the merging of CETA and WIN as the two programs are very similar and duplicative in the groups they are meant to serve. However, Oregon recommends that the bill be amended to clearly authorize continuation of services now provided under WIN. Provision for funding of supportive services is necessary if participants are to take full advantage of employment and training programs. Governors should be authorized to provide these services as part of job search activities and CETA should provide these services as part of their subsidized work and training program.

Part A - Administration of Employment Opportunities Programs
Authorization of Appropriations/Allocation of Funds

Section Reference: Sections 911, 912 and 951.

Bill Provision: These Sections authorize appropriated funds to make available subsidized work and training opportunities not to exceed 1.4 million in FY 1981. Eighty percent of all amounts appropriated to carry out Title IX would be allocated among CETA Prime Sponsors in accordance with the number of persons estimated by the Secretary to be eligible for assistance in each Prime Sponsor area.

Interpretation: These provisions limit FY 1981 subsidized work and training opportunities to 1.4 million without respect to the total employment and training needs for expected-to-work persons. Also, the Secretary of Labor is delegated unguided discretion in the allocation of funds equivalent to 15% of the funds appropriated. Finally, all Title IX funds are allocated to CETA Prime Sponsors without regard to responsibilities that are, or in come cases should be, mandated to Governors and state legislatures.

Program Impact Analysis and Conclusion: Limiting subsidized work and training opportunities establishes a fall-back position that where employment needs exceed the limit, public assistance will be provided as a preference. This is a fundamental defect of existing programs. This plan should be amended to provide a job entitlement for every family and consideration should be given to assuring a job for singles and childless couples. To achieve this goal, Section 911 should be changed to allow continuous and open-end appropriations to CETA Prime Sponsors to meet reasonable costs for sufficient subsidized work and training opportunities for all expected-to-work but unemployed applicants who cannot be placed in private sector jobs.

In addition, adequate recognition must be given to private sector employment opportunities. Public service jobs should be a last resort, not a first resort. Therefore, added complementary actions need to be provided for economic stimulation to insure that private sector employment is available. This also recognizes that there are limits to practical public service jobs.

Allowing a large discretionary fund to the Secretary without adequate Congressional guidelines is unnecessary. The amount should be reduced and clearly detailed by Congress.

Section 912 does not recognize that Title IX assigns certain responsibilities to Governors for statewide activities. Governors should receive funding for these activities direct if they are given program authority and accountability.

Fiscal Impact Analysis and Conclusion: No fiscal impact statement is available. However, the provision of public assistance rather than jobs is an unacceptable fault in existing Welfare Programs. Providing jobs rather than cash grants should not be significantly more costly.

Recommendation on Plan Provision: Oregon recommends that Sections 911 and 951 be revised to insure a job entitlement for every family and consideration of a job entitlement for every single and childless couple. Continuous and open-ended appropriations should be made available to CETA for the creation of subsidized work and training for all expected-to-work individuals. Private sector employment must also be aided through economic stimulation procedures. Section 912 should be changed to provide direct appropriation to Governors for activities assigned to Governors under Title IX. Also, the discretionary fund should be reduced or guidelines established.

Employment Opportunities Plan - Part C - Subsidized Work and Training

Section Reference: Sections 914(2) and 951-955.

Bill Provision: Prime Sponsors will submit for the Secretary of Labor's approval an employment opportunities plan which includes a subsidized work and training opportunities program. Job search assistance programs must provide for referral of eligible participants to subsidized work or training opportunities after the fifth week from the time the participant applies for job search assistance.

Interpretation: It is not made clear from the language of the bill whether the Employment Security Agency or another agency or organization will be assigned responsibility for development of and referral to subsidized employment.

Program Impact Analysis and Conclusion: Of the two facets of public service employment, job creation and job referral, at present, CETA Prime Sponsors have the authority to create public service jobs and training opportunities. If the proposed plan retains the Prime Sponsors' present authority, local elected officials will continue to determine jobs and training to be created with the resulting continued advantage of local control.

For much of Public Service Employment, Employment Security staff currently refer eligible individuals. If the responsibility for referral were assigned to the Employment Security Agency, the existing placement system would be used for what is essentially a placment program with the additional advantage that movement into non-subsidized employment could be made as soon as possible by the single placement agency.

Fiscal Impact Analysis and Conclusion: Use of existing organization and staff expertise would be cost beneficial and reduce the expenditure necessary to implement the welfare reform proposal.

Recommendation on Plan Provision: Oregon recommends that the proposed plan be revised to clearly assign responsibility for referral of eligible individuals to subsidized employment to Employment Security agencies. The primary thrust of Part C of assigning public service jobs and training to CETA Prime Sponsors must be retained.

Employment Opportunities Plan
Part B - Job Search Assistance

Section Reference: Section 914(1)(3), Sections 931-935.

Bill Provision: These sections assign the Job Search Assistance program to CETA Prime Sponsors. CETA Prime Sponsors are permitted to administer the Job Search Assistance program through State Employment Security agencies or other comparable arrangements.

Interpretation: The bill does not specify a role for Governors, and does not utilize the existing state-wide labor exchange program of Employment Security agencies.

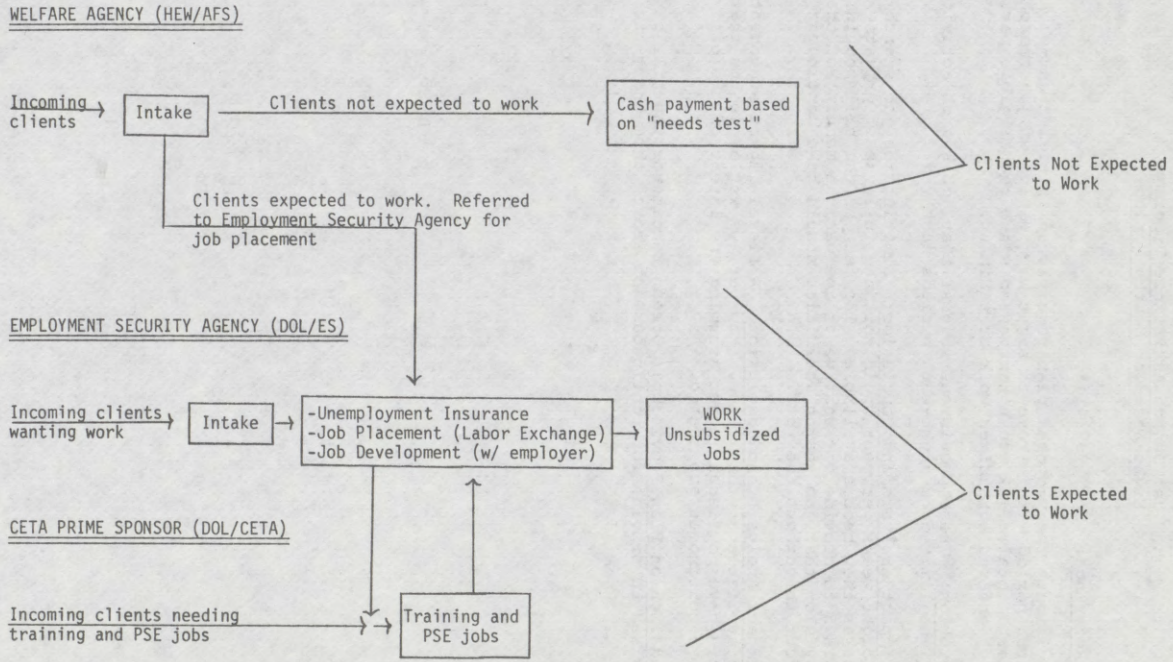
Program Impact Analysis and Conclusion: Assignment of the Job Search Assistance program to CETA Prime Sponsors removes the Governor and state legislatures from accountablility and authority over the movement of welfare recipients into private sector employment. Performance of this portion of the jobs component will have a direct impact on the fiscal requirements of the states' supplemental cash assistance program. The key to fiscal control of the states' supplemental cash assistance program and also to fiscal protection of the federal government lies in state administration and delivery of the Job Search Assistance program, which will be the first entry point into the jobs component and more specifically, the key entry point into private sector employment.

Assignment of the Job Search Assistance program to CETA also fails to recognize the key relationship of job search to operational activities of cash assistance agencies. Cash assistance agencies are organized either on a state-wide or county basis, not along CETA jurisidictions. The WIN program has demonstrated the necessity for close work between cash assistance policies and job search activities. The "jobs" portion of H.R. 9030 substantially increases the importance of these cash maintenance-job search relationships. Effective cooperation between these functions is critical to administration of key policies in H.R. 9030 that govern both Title I and Title II of the Act. Cash maintenance-jobs search activities must be organized along similar or at least compatible political subdivisions to assure cooperation and coordination.

Splitting job search activities for welfare recipients from Employment Service agencies will require establishment and duplication of an existing labor exchange activity performed by the states. This would also promote competitive conflicts where employers in metropolitan labor markets would be contacted by several public organizations soliciting jobs for welfare/non-welfare clients. Operation of two public labor exchanges will be confusing to unemployed persons with the added complexity that several CETA Prime Sponsors frequently occupy a labor market in metropolitan areas.

Fiscal Impact Analysis and Conclusion: Creation of a new labor exchange activity under CETA will duplicate existing organizations and systems of Employment Security agencies. This will result in unnecessary added expense.

Recommendation on Plan Provision: Oregon recommends that the bill be amended to clearly assign the Part B-Job Search Assistance program to Governors and their Employment Security agencies. All funds for the Job Search Assistance program should be appropriated directly to Governors with a clear mandate of assignment for operation of these activities by Governors. This will strengthen an existing but underfinanced state-wide public labor exchange with broad access to employers.


WELFARE AGENCY (HEW/AFS)
Incoming clients
Intake
Clients not expected to work
Cash payment based on "needs test"
Clients Not Expected to Work
Clients expected to work. Referred to Employment Security Agency for job placement
EMPLOYMENT SECURITY AGENCY (DOL/ES)
Incoming clients wanting work
Intake
-Unemployment Insurance
-Job Placement (Labor Exchange)
-Job Development (w/ employer)
WORK Unsubsidized Jobs
Clients Expected to Work
CETA PRIME SPONSOR (DOL/CETA)
Incoming clients needing training and PSE jobs
Training and PSE jobs

Job Search Assistance Program
Eight-Week Job Search Period

Section Reference: Sec. 932(4)(8)

Bill Provision: The proposed plan requires an initial eight-week job search period with a renewed eight-week period of job search after a total of 52 weeks has passed since the eligible participant first entered subsidized work or training.

Interpretation: These provisions suggest that job search activity will be limited to eight-week periods each year.

Program Impact Analysis and Conclusion: Limiting the job search activity to eight weeks per year would not make full use of private sector jobs as they become available. The text of the bill should be revised to provide for what we assume was the meaning of the provision that job search activities should be a continuous effort throughout the year.

Fiscal Impact Analysis and Conclusion: A fiscal impact statement is not available on this issue. However, we would presume that it would have no fiscal impact assuming the intent of the bill was for a continuous job search.

Recommendation on Plan Provision: Oregon recommends the bill be revised to provide for continuous job search throughout the year.

Wage Supplementation

Section Reference: Sec. 953

Bill Provision: If states provide supplements to federal basic benefit levels under this bill, they must also make payments to enable Prime Sponsors to pay wage supplements to participants in subsidized work or training positions under Title II of this Act. The wage supplement to such participants must be equal to the state's supplementation percentage (as defined in Section 2122(1)) multiplied by the federal minimum wage, but shall not exceed 110 percent of the minimum wage.

Interpretation: Oregon interprets this provision to mean that if the State provides matching supplements to recipients under the Welfare Reform Bill, it must also provide wage supplements to those recipients who are given Public Service Employment jobs under Part C of Title II. The percentage of wage supplements must be equal to the supplementation percentage used to provide grant supplements for household units consisting of one adult and at least one child under the age of seven. However, the total wages paid to a Public Service Employment job recipient cannot exceed 110 percent of the minimum wage.

Program Impact Analysis and Conclusion: The wage supplement requirement is imposed on states which provide grant supplements in order to maintain the proper relationship between the jobs program and the cash assistance program. However, this relationship is maintained only to the extent that grant supplementation percentages used by states are equal to or less than 10 percent.

Also, increasing the wage paid to a Public Service Employment job recipient to 110 percent of the minimum wage has the effect of making a private job paying the minimum wage less attractive. The Welfare Reform Bill proposes to increase the financial rewards of work in regular employment compared with Public Service Employment by applying the Earned Income Tax Credit to earnings from a private job only. However, this finanacial incentive is offset to a large extent by the wage supplement that must be paid to Public Service Employment job recipients.

Fiscal Impact Analysis and Conclusion: Assuming that 12,800 Public Service Employment slots were allocated to Oregon, the annual cost for wage supplementation would be around $6.6 million for Oregon. This would be offset somewhat by savings on the cash assistance side (through grant earnings supplement); however, the greatest savings here would be realized by the Federal Government. This is because the Federal Government would save 90 percent of the portion reduced from the basic grant and 75 percent of the portion reduced from the first tier of the grant supplement. Therefore, the wage supplement, which would be financed 100 percent with State funds, results in both an increase in income for the client and a transfer of funds to the Federal Government.

Recommendation on Plan Provisions: Oregon recommends that the wage supplementation requirement under Section 953 be removed from the Welfare Reform Bill. This will maintain wage parity between minimum wage private jobs and Public Service Employment jobs, and will allow for the full effect of the Earned Income Tax Credit in making private sector jobs more financially attractive as the Bill intended.

Job Search Assistance Program - Intake Options

Section Reference: Sec. 932(a)(1)

Bill Provision: Job search assistance programs will include the administration of an intake process through the State employment security agency or other comparable arrangements. The intake function includes taking applications, verifying statements and information in connection with the application, and determining eligibility for the program.

Interpretation: The proposed bill does not clearly specify who will operate the intake function.

Program Impact Analysis and Conclusion: Oregon identifies three options for the intake function. First, an individual could enter the system by making contact with any agency involved in the Better Jobs and Income Program (Welfare, Employment Security, CETA Operators) with subsequent referral to the appropriate program component. While this option requires referral of the applicant from point of initial contact to another agency before actual program enrollment could occur, it avoids the expense and problem of creating a separate intake agency by making use of existing organizations. The referral process would ensure that personnel most familiar with program requirements would be assisting in completion of required forms and making eligibility decisions.

A second option would be for one existing organization to perform all intake before assigning the client to a specific component. Although this option would require no new agency or organization and provide one point of intake for all applicants, the client would still be referred to the agency operating the appropriate program. An additional disadvantage is that the intake staff would be required to have expertise in gathering program eligibility data for all program components and to complete a variety of forms or one long form meeting the requirements of all programs. This option would require transfer of completed forms between component operators unless all operators had access to a central computerized data base.

If, as a third option, a new agency were created to provide one point of intake for all clients, the attendant disadvantages of assigning all intake to one agency would result without the advantage of using an existing organizational structure.

Fiscal Impact Analysis and Conclusion: No fiscal impact statement is available. However, of the three alternatives, the first seems to use to fullest advantage existing agencies and structures with least duplication of effort.

Recommendation on Plan Provision: Oregon recommends that intake be provided through any of the agencies involved, followed by referral to the appropriate program.

Wage Supplementation: Family of Four - Expected to Work
Employed in a PSE Job at Federal Minimum Wage

	10% Wage Supplementation		No Wage Supplementation		Cost/Savings ( ) Total	State	Federal
Federal Minimum Wage	$5,512		$5,512				
Plus 10% State Supplement	551		-0-				
TOTAL	$6,063		$5,512		$551	$551	-0-
Assume State Supplement Percentage of 12.32% Need Grant							
-Basic Federal	$2,300		$2,300				
-State Supplement	283		283				
TOTAL	$2,583		$2,583				
Earnings	$6,063		$5,512				
Earnings Disregard							
-Flat Disregard	-4,104		-4,104				
-48% Disregard	- 940		- 676				
TOTAL Disregards	-5,044		-4,780				
Payment Level							
Need Grant	$2,583		$2,583				
-Less Benefit Reduct.	-1,019		- 732				
-Payment	$1,564		$1,851		($287)		
Federal Share	$1,222		$1,491				($269)
State Share	342		360			($18)	
Net Cost/Savings from Wage Supplementation					$264	$533	($269)
Basic Program	$1,168		$1,444				
Federal Share	1,051		1,300				
State Share	117		144				
Supplementation	396	(144+252)	407	(178+229)			
Federal Share	171	(108+63)	191	(134+57)			
State Share	225	(36+189)	216	(44+172)			
TOTAL	$1,564		$1,851				
Federal Share	1,222		1,491				
State Share	342		360				

Subsidized Work and Training
Wage Supplementation

Section Reference: Sec. 953.

Bill Provision: The bill provides that each state that supplements cash assistance shall make payments to CETA Prime Sponsors to pay wage supplements to participants in subsidized work and training positions.

Interpretation: Oregon interprets the bill to clearly require wage supplementations to public service jobs.

Program Impact Analysis and Conclusion: Public service jobs should be jobs of last resort, not first resort. Also, public service wage structures should not provide a disincentive to entry into private sector employment. There must be an adequate incentive for applicants to move from public service jobs to private sector jobs. Oregon does not favor State supplementation of public service jobs. Supplementation of public service jobs is likely to become cost prohibitive requiring a reduction in the overall number of public service jobs.

Fiscal Impact Analysis and Conclusion: The recommended action will reduce the overall State and federal cost of individual public service jobs allowing an expansion of public service jobs within a given size federal budget.

Recommendation on Plan Provision: Oregon recommends that all public service jobs be created without automatic wage supplementation required of the states. Should added income be needed to recognize family size, this should be paid by the welfare agency based upon a needs test.

COST ESTIMATES

Federal FY 1977-78, Estimates for Oregon under the Proposed Federal Reform Plan

		ADC-Basic	ADC-UN	SSI	Food Stamps, Non-PA	GA	New	Totals
Family Cases 1/: PSE:	Cases	1,500	1,242		5,086		4,972	12,800
	Cost/Case	$2,222	$1,444		$1,444		$1,444	$ 1,535
	Payments	$3,333,000	$1,793,448		$7,344,184		$7,179,568	$19,850,200
Private employment:	Cases	8,652	1,988		6,184		17,184	34,008
	Cost/Case	$1,513	$1,444		$1,444		$ 962	$ 1,218
	Payments	$13,093,238	$2,870,672		$8,929,896		$16,523,084	$41,416,890
Not required to work:	Cases	16,120						16,120
	Cost/Case	$ 3,600						$ 3,600
	Payments	$58,032,000						$58,032,000
Required to work: Jobs not available:	Cases	8,338	1,740		4,189	411	6,070	20,748
	Cost/Case	$3,351	$3,884		$3,884	$3,884	$3,884	$ 3,670
	Payments	$27,941,144	$6,758,160		$16,270,076	$1,596,324	$23,575,880	$76,141,584
Couples, without children: Required to work:	Cases		312		5,439	261	13,703	19,715
	Cost/Case		$1,982		$2,200	$2,200	$ 2,200	$ 2,197
	Payments		$618,400		$11,965,800	$574,200	$30,148,800	$43,305,000
Not required to work:	Cases			2,036				2,036
	Cost/Case			$3,750				$3,750
	Payments			$7,635,000				$7,635,000
Singles: Pregnant Women:	Cases	3,633						3,633
	Cost/Case	$2,500						$2,500
	Payments	$9,082,500						$9,082,500
Required to work: Jobs not available:	Cases				5,728	4,496	10,070	20,292
	Cost/Case				$1,100	$1,100	$ 1,100	$ 1,100
	Payments				$8,298,800	$4,945,600	$11,077,000	$22,321,200
Not required to work:	Cases			18,327			10,819 2/	29,146
	Cost/Case			$ 2,500			$ 300	$ 1,683
	Payments			$45,817,500			$3,245,700	$49,063,200
Totals: Persons		104,442	21,815	22,399	78,440	5,663	161,199	394,958
Cases		38,243	5,282	20,363	26,624	5,168	62,818	158,498
Cost/Case		$ 2,915	$2,280	$ 2,825	$ 1,908	$1,377	$ 1,481	$ 2,061
Payments		$111,481,882	$12,040,680	$53,452,500	$50,808,356	$7,116,124	$91,747,832	$326,647,374
Less: Other Income Offsets 3/		-$ 13,232,078	-$ 1,267,680	-$16,412,578	-$11,269,330	-$ 646,000	-$14,313,666	-$ 57,141,332
Balance		$ 98,249,804	$10,773,000	$37,039,922	$39,539,026	$6,470,124	$77,434,166	$269,506,042
Cost/Case		$ 2,569	$ 2,040	$ 1,819	$ 1,485	$ 1,252	$ 1,233	$ 1,700
Less: Adjustments for Accountable period:	Cases	382	53	204	266	52	609	1,566
	Payments	-$981,358	-$108,120	-$371,076	-$395,010	-$65,104	-$764,361	-$2,685,029
Less: Adjustments for multiple family households and stepfather cases:	Cases	1,912	53	204	266	52	609	3,096
	Payments	-$4,911,928	-$108,120	-$371,076	-$395,010	-$65,104	-$764,361	-$6,615,599
Balance:	Payments	$92,356,518	$10,556,760	$36,297,770	$38,748,006	$6,339,916	$75,905,444	$260,205,414
	Cases	35,949	5,176	19,955	26,092	5,064	61,600	153,836
	Persons	98,179	21,377	21,950	76,871	6,529	157,679	382,585
	Cost/Case	$ 2,569	$ 4,040	$ 1,819	$ 1,485	$1,252	$ 1,232	$ 1,691

1/ All PSE slots available to Oregon are included under the CP program estimate; if not available, the families become "Required to work, jobs not available".
2/ Personal incidental payments of $25 per month per Congregate Care case.
3/ All other income was assumed to be at the 20% disregarded level.

9/27/77

Total persons approximately 16.8 percent of population.
Total cases approximately 18.1 percent of households.

Estimate for Federal FY 1977-78

ADC-Basic: Cases: 38,243
Persons: 104,442

Single, pregnant women:	9.5%	= 3,633	
Single parent families, children under 7:	56.2	= 21,493	@ 3/case
Single parent families, children 7-13:	26.4	= 10,096	@ 3/case
Single parent families, children 14+:	7.9	= 3,021	@ 2/case
	100.0%	38,243	

Single, pregnant women: 3,633 @ 2,500	$ 9,082,500
Single parents, children under 7:	
25% working, voluntarily, minimum wage:	
5,373 @ $2,194 (child care $225/month)	$ 11,788,362
($5,512 - 2,700 child care - 1,406 - 3,600)	
75% not expected to work, including	
incapacity cases: 16,120 @ $3,600	$ 58,032,000
Single parents, children 7-13:	
1,500 in PSE part-time slots @ $2,222	
($2,756 - $1,378 - 3,600)	$ 3,333,000
25% working in private employment,	
minimum wage 2,524 @ 444 (child care $150/month)	
($5,512 - 1,800 - 1,856- 2,300)	$ 1,120,656
Balance, adult expected to work, no jobs	
available: 6,072 @ $3,600	$ 21,859,200
Single parent, children 14+	
25% with private employment, minimum wage	
755 @ $244 ($5,512 - 3,800 - 856 - 1,100)	$ 184,220
75% expected to work, no jobs available:	
2,266 @ $92 x 2 months = 416,944	
2,266 @ 250 x 10 months = 5,665,000	$ 6,081,944
(no child care)	
	$111,481,882

ADC-UN: Cases: 5,282
Persons: 21,815

Two parents, unborn child:	312 @ 2/case
Two parents, one expected to work, regardless of ages of children:	4,970 @ 4/case
	5,282

Two parents, unborn child:	
40% with private employment, minimum wage:	
125 @ $ 1,656	$ 207,000
($ 5,512 - 2,756 - 1,100)	
Balance expected to work, no jobs or PSE	
available: 187 @ $2,200	$ 411,400

Two parents one expected to work:
40% with private employment, minimum wage
40% x 4,970 = 1,988 @ $1,444
($5,512 - 3,800 - 856 - 2,300) $ 2,870,672
PSE: 43% of the total slots were expected to be for ADC cases, or 4,859. Assuming only 25% of ADC-UN cases with children, without employment, will have PSE = 1,242 @ $1,444 $ 1,793,448
(5,512 - 3,800 - 856 - 2,300)
(No difference between private and public jobs)
Balance of ADC-UN cases (35%)
assumed to be required to work, no job available:
1,740 @ $192 x 2 = $668,160
1,740 @ $350 x 10 = 6,090,000 $ 6,758,160
$12,040,680

SSI + OSIP only cases
Cases: 20,363 (excluding Congregated Care cases)
Persons: 22,399 (90% = one person households)
SSI= 17,963
OSIP only = 2,400
20,363

Couples without children, not required to work
2,036 @ $3,750 $ 7,635,000

Singles, adults, not expected to work
18,327 @ $2,500 $45,817,500

GA:
Cases: 5,168 (4,668 CP and 500 Med. only)
Persons: 6,663

Family cases, (8%) required to work jobs not available:
411 x 192 x 2 = $157,824
411 x 350 x 10 = 1,438,500 $ 1,596,324

Childless couples, (5%) expected to work, no jobs available: 261 @ $2,200 $ 574,200

Single adults, required to work, no jobs available
4,496 @ $1,100 $ 4,945,600
$ 7,116,124

The GA family cases generally represent two groups: families involved in labor disputes; families whose income, with father working full time, is below GA standards.

FS Non-PA:
Cases: 26,624 excluding students
Persons: 78,440 excluding students

Of the total PSE slots, 13 percent were expected to be for Non-PA FS families:
1,469 + 3,617 not used by ADC-UN:
5,086 @ $1,444 $ 7,344,184
($5,512 - $3,800 - $856 - $2,300)

PSE slots:	5,086)		
Families with private employment:	6,184)	58%	(40% = employed
Families required to work, no jobs:	4,189)		60% = unemployed or PSE)
Childless couples, required to work:	5,439	20	
Single adults, not required to work:	5,726	22	
	26,624	100%	

Families with private employment, minimum wage:
6,184 @ $1,444 — $ 8,929,696
($5,512 - $3,800 - $856 - $2,300)

Families required to work, no jobs available:
4,189 x $192 x 2 $1,608,576
4,189 x $350 x 10 14,661,500 — $16,270,076

Childless couples, required to work, no jobs:
5,439 @ $2,200 — $11,965,800

Single adults, required to work, no jobs available: 5,726 @ $1,100 — $ 6,298,600

$50,808,356

"New": Estimated distribution of families in 1977-78 below the breakeven points established in the Reform Plan, and those below standards and bonus values.

Families 2-7+ estimated to be below breakeven:	222,073	
	-39,891	ADC families, excl. single, pregnant
	-20,898	Non-PA FS families
	161,284	
	-64,514	40% with 2 earners, assumed to have excess earnings
	96,770	Total "new" families est.
	-45,289	Estimate of childless couples
	51,481	Estimate of families with children
Estimate of childless couples:	92,827	two person families
	-16,104	37% of ADC
	-12,024	40% of FS
	-19,410	30% with two earners, assumed to have excess earnings
	45,289	Estimate of childless couples
Singles:	178,247	Estimate below breakdown income
	89,124	Assuming half would be eligible
	-28,680	Total SSI estimate including Congregate care
	-4,496	GA Singles
	55,948	
	20,141	36% assumed to have no earners

We further assumed half of the above would actually apply and be found eligible.

"New"
Continued

PSE: 44% of the PSE slots were assumed to be for "new" cases (from the proposal):

4,972 @ $1,444	$7,179,568
($5,512 - $3,800 - $856 - $2,300)	

Families 28,266:	PSE	4,972
	Private: Minimum wage earnings greater than standard, less than breakeven	7,361
		9,823
	Unemployed, no PSE	6,070
Childless couples		22,644
Singles		10,070
Cases		60,940
Persons		168,262

Of the total new family cases, 56 percent are with children and assumed to be expected to work. Of these, 26 percent are assumed to have private employment at minimun wage (7,361), with another 34 percent in private employment with earnings greater than the standard plus Food Stamps but less than the breakeven (9,823).

7,361 @ $1,444	$10,629,286	
($5,512 - $3,800 - 856 - 2,300)		
9,823 @ $600	5,893,800	$16,523,084
(Av income 7,200 - 3,800 - 1,700 - 2,300)		

The balance of the family cases (6,070) without PSE or private employment are assumed to be in need of work, no jobs available.

6,070 @ $192 x 2 months	$2,330,880	
6,070 @ 350 x 10 months	21,245,000	$23,575,880

Childless couples, required to work:
Assumed to be without earnings:
13,703 @ $2,200 $30,146,600

Singles, required to work, jobs not available
10,070 @ $1,100 $11,077,000
Congregate care cases @ $25/month = 300 x 10,819 $ 3,245,700
$91,747,832

Other income offsets were estimated from the following, with 20 percent disregarded:

Adult (Including FS singles)	$806/year
GA (Including New singles)	125
ADC-Basic, including support	346
ADC-UN	240
New families (346) and childless couples	240
FS families (346) and childless couples	240

Accountable period: 1 percent of the cases in each of the categories were deducted as an estimate of the impact of applying income over the provisions six months to the determination of eligibility.

Multiple family households and stepfather cases: Adjustments of 1 percent for multiple family households and an additional 4 percent in ADC-Basic for stepfather cases were made in estimating the impact of the proposed policies on total caseloads and payments.

Mr. TUCKER. Our next group of witnesses will be Norman L. Wyers, Wages, Welfare or What?; Marna Hohard on behalf of the ADC Association of Lane County; Gordon Moliter from the Oregon Community Action Agency Directors Association; Mary Whitmore on behalf of Stand Up for Welfare Rights Organization.

STATEMENTS OF NORMAN L. WYERS, WAGES, WELFARE OR WHAT?; MARNA HOHARD, ADC ASSOCIATION OF LANE COUNTY, OREG.; GORDON MOLITER, WASHINGTON COUNTY, OREGON COMMUNITY ACTION AGENCY; AND MARY WHITMORE, STAND UP FOR WELFARE RIGHTS, SEATTLE, WASH.

Mr. TUCKER. Again, I will ask you to state your name before you offer your testimony. We will have a statement from each of you and the members will ask individual questions.

Mr. Wyers, we will begin with you. We appreciated the testimony also of your organization in Washington and look forward to hearing from you this morning.

STATEMENT OF NORMAN L. WYERS

Mr. WYERS. Mr. Chairman, my name is Norman L. Wyers. I reside at 3123 N.E. Bryce Street, Portland, Oreg. At present I am on the faculty of the School of Social Work at Portland State University. I am here today representing 2,455 participants of the Oregon town hall meetings and their predecessor, "Wages, Welfare or What?", a major conference held in Portland in April 1977.

I want to talk with you about philosophy, not programmatic particulars, of H.R. 9030.

> Five months ago Secretary Joseph Califano of the Department of Health, Education, and Welfare asked for a grassroots effort to advise the Carter administration on ways to reform Federal welfare programs. Oregonians have responded to this opportunity in more sweeping fashion than have the residents of any other State. Going beyond Secretary Califano's request, Oregon's "Wages, Welfare or What?" discussions have focused on the issues of economic security for all Americans, not just the poor.—Quoted from an editorial in the Portland Oregonian, July 17, 1977.

On July 14, approximately 3,000 Oregonians participated in over 55 town hall meetings throughout the State. At these meetings citizens voiced opinions about basic issues concerning economic security for Americans. Oregonians spoke out about their ideals for the kind of society they wished to live in and about the public policies they believed were necessary to achieve these social goals. They also spoke out about the government programs they preferred for implementing these policies in response to the continuing social problems of poverty and unemployment.

The opinions of many of the Oregonians who attended the town hall meetings were recorded in a public opinion survey which addressed four issues basic to any discussion of economic security, as follows:

Entitlement to economic security. Should it be considered a right or a privilege?

Eligibility for programs promoting economic security. Should they benefit all people as in universal approaches to eligibility or only the poor as in selective approaches?

Responsibility for economic security. Should it be primarily public or private?

Form of economic security. Should it be based primarily on employment or income maintenance?

In addition to questions about these issues, the survey asked people to indicate how much economic security they thought was enough, and whether they would be willing to pay higher taxes to guarantee a minimum standard of living for all Americans.

WHO WAS THERE? ANALYSIS OF THE AUDIENCE PROFILE

The results of the public opinion survey reflect the opinions of a broad and diverse group of Oregonians. The very diversity of viewpoints expressed in these results indicates that, while this sample was self-selected, people attended out of a common interest in participating in the process of shaping public policy rather than any common political leanings.

In general terms, the audience of the town hall meetings can be characterized as middle-age to older, well educated, professionally and business-oriented and relatively prosperous.

Specifically, it is apparent that more women completed the public opinion survey (62 percent) than who are in the general population of Oregon.

Further, more citizens in the 50-65 age group and the over 65 age group completed the survey (56 percent) than who are in the general population of Oregon, even when the under 18-age group is not considered.

Similarly, more participants had postcollege and college degrees (50 percent) and more people who are in professional and business occupations participated in the meetings (46 percent) than who are in the general population of Oregon.

In terms of occupations, the opinions of the working class citizens can be said to be noticeably under-represented in the results. More people with family incomes of over $20,000 participated (23 percent) than who are in the general population. With regard to household income, the opinions of low income and very low income families can be said to be under-represented in the survey results.

Finally, more blacks, Spanish-surnamed persons, American Indians, and Asian-Americans participated in the survey (9 percent) than who are in the general population of Oregon.

Participants in the town hall meetings lived in 39 communities. The survey results reflect the opinions of citizens from small town and rural areas of the State (75 percent) to a greater degree than in the population of Oregon as a whole. The opinions of people living in Portland and its metropolitan area are thus under-represented in the statewide results.

The survey was actually completed by 2,455 Oregonians. Initial estimates that approximately 3,000 citizens participated in the meetings indicate that for various reasons some participants did not complete the survey. The most common reasons seem to be that the discussion leader's instructions were unclear, that people left early and that some people took the questionnaires home with them.

WHAT WAS SAID? ANALYSIS OF THE PUBLIC OPINION SURVEY

The values, beliefs, and preferences of Oregonians who attended the July 14 town hall meetings were reflected in the results of the public opinion survey completed at the meetings. While all these results are important, five findings stand out as particularly significant. These findings directly contradict widespread assumptions about public opinion as well as current State and Federal policies and programs based on this conventional wisdom about public preferences.

1. Oregonians overwhelmingly believe in humanitarian public policy. Seventy percent or more of all participants agree with the following value statements:

(a) Every American should have enough income and other economic resources to satisfy basic needs for food, clothing, housing, health, and education.

(b) Every American should be able to live with dignity and without shame or embarrassment for his/her individual circumstances.

(c) Every American should share in the results of common efforts to increase our standard of living and to improve the quality of life.

(d) Every American who makes a contribution to society should receive fair compensation in return for that effort.

2. Fifty-six percent of the participants favor universal benefits over selective ones. Thus Oregonians favor nonstigmatizing approaches to the allocation of benefits, not ones which demean and cause shame and humiliation.

One interpretation of this finding is that nonstigmatizing approaches to benefit allocation—family or children's allowances, universal health care, public assistance provided on a social insurance model—would be preferred to such blatant selective programs as medicaid or aid to the families of dependent children.

If such an analysis is accurate, the participants favor an enlightened, reform-oriented understanding of the issue, of extreme importance to you who formulate social welfare policy. This issue has been discussed by many, and it has been concluded by them that the preponderance of selective programs in this country reflects the attitudes of the population at large. This finding challenges such an assumption.

3. To ward off the economic insecurity resulting from poverty, government-provided income maintenance programs could take a number of forms. Sixty-three percent of the participants in the town hall meetings believe that those forms should be either social insurance (35 percent) or guaranteed minimum standards (28 percent). Thus, two-thirds of the participants agree that Federal income supports should be provided for all citizens who are experiencing economic insecurity. Only 16 percent favor public charity for the poor alone.

4. More than two-fifths of the participants favor the creation of jobs as the basic response to unemployment which government should take. The participants were asked to choose between job creation as a tool to combat unemployment and several other approaches. Their choices are:

Develop jobs, 42 percent; require work, 14 percent; provide training, 13 percent; provide income maintenance, 3 percent; other, 19 percent; no response, 10 percent.

More than two-fifths of the participants favor the creation of jobs as a necessary and legitimate function of the Federal Government.

The provision of unemployment compensation, public assistance, and other income strategies was the least popular. Of perhaps more significance was the low priority the participants placed on training as a strategy.

It is not clear whether this finding reflects a disenchantment with contemporary training programs or an awareness that enough jobs are currently unavailable. The finding contradicts the long-held assumption that unemployment is a function of labor supply rather than labor demand.

Requiring people to work is also an unpopular strategy, in spite of the conventional wisdom which states that citizens tend to view poor people as lazy.

5. How much income is adequate? This is a nagging question which has never been answered by this or any other society. In response to a question which asked, "If all Americans were to be guaranteed a minimum standard of living, what do you think should be considered as a minimum income for a family of four," the participants gave a startling reply:

Above $16,000, 7 percent; $12,000 to $16,000, 4 percent; $8,001 to $12,000, 21 percent; $4,001 to $8,000, 22 percent; below $4,000, 3 percent; no comments, 22 percent; no response, 21 percent.

Stated differently, 43 percent preferred income levels for the four-person family between $4,000 and $12,000 annually, a level which includes the current level of poverty in its lower ranges and rises above the standard of living—$10,041—described as austere or subsistence. Eleven percent favor a guarantee of $12,000 or higher.

These liberal opinions take on even more credibility when they are contrasted to the percentages of those willing to support such guarantees, even if their tax burden would increase. Forty-eight percent of all participants were willing to pay higher taxes, if necessary, although three-fourths of them would not be willing to do so without tax reform. This finding seems almost incredulous when consideration is given to the prevailing attitudes in the society about high taxes and the quality of government provision which they effectuate. However, the data are clear that more people favor the concept of an equitable income guarantee, especially with tax reform, than those who do not.

WHAT WAS MEANT? IMPLICATION OF FINDINGS

The responses of the 2,455 participants in the town hall meetings underscore several important conclusions.

First, it is clear that there is a higher degree of consensus at the level of belief or ideal than there is at either the policy or program levels. There was broad agreement among town hall participants that all Americans should have enough income and other resources to meet basic needs or that all Americans should be able to live with dignity and without shame.

When these beliefs were translated into operational approaches, however, the consensus vanished. At these operational levels, other values interfered. They conflicted with those which underlay the beliefs examined in the town hall meetings. Dissension over program was the obvious result.

Second, the above phenomenon notwithstanding, there appears to be a greater degree of liberalism in this society than is customarily reported.

Town hall participants favored universal services over selective ones; jobs over the training of low-income people, or requiring them to work, as if to say that the basic problem is the scarcity of jobs, not the personal failings or deficiencies of the individuals who are poor or dependent; surprisingly high levels of income as guaranteeable to four-person families; and defending their willingness to support these generous income guarantees with higher taxes, a finding which must be taken seriously. If these indicators of progressive thought are accurate, the society is more ready than is generally suspected to support major reform in the areas addressed. Policymakers and other politicians might take heed of these conclusions.

Third, there are differences of opinion which are influenced by, or are functions of, socioeconomics. Youth and young adults, students, many of whom might also be young, the unemployed, and the poor appear to be more liberal than older people, representatives of business, and the less educated.

Those who are well educated tend to join the ranks of the liberals as well.

The urban American, if these findings can be assigned any importance, views society much differently than does his/her rural counterpart.

Repeatedly, many of the sharpest differences among respondents of the town hall meetings were those influenced by political boundaries or by the degree of urbanism experienced by the respondents.

It is, of course, unnecesasry to State that the overall society has become urban. It is not mere redundancy to call for a more careful identification of the attitudes which characterize urban Americans at this time in their socio-historical development. Traditional portrayals may have lost a part of their accuracy.

A fourth major issue has to do with the lack of clarity about adequacy, whether it is viewed as a function of earned or unearned income. While many respondents (57 percent) expressed generosity about the range of adequacy, 43 percent of the participants did not indicate a preference in this regard at all. Twenty-two percent of the total number indicated that their lack of response was not accidental; they deliberately chose not to make a selection.

It is not known whether this choice was one born of uncertainty or of anxiety, but the deliberateness by which it was done was reflective of the difficulty experienced by the respondents when faced with registering opinions about how much income is adequate.

The issue is clearly tinged with much emotionality. Asked the way it was, the question might also have implied action. Whatever the reason, the conclusion cannot be overlooked: Many do not know or will not state what an adequate level of income is for citizens of this country.

Fifth, there is no overlooking the usefulness of the town hall or public forum approach to opinion measurement. In the Oregon meetings, a surprisingly large number of citizens responded to the opportunity to attend the meetings. There was enthusiastic response by practically all who attended, even though, as opinions were expressed, there was potent disagreement about the issues. The belief that their opinions might influence State and Federal politicians' decisions was likely the prime motivating factor among participants.

Repeatedly, participants expressed the feeling that they wanted to be involved, that they were concerned about the country, but that they felt isolated and insignificant.

The town hall meetings and subsequent handling of the findings helped to counter these feelings.

Finally, the role of education in the formation of public opinion must be considered. The participants in the town hall meetings all viewed a carefully constructed videotape in which the key issues were identified and discussed.

They also participated in tightly structured discussions in which the major issues were reviewed once again.

Opinions were measured after these educative processes had occurred. If such exposure to educational content had an impact on the opinions as measured, then it is clear that attitudes can be changed, even in areas as complicated and as fraught with conflicting values and opinions as public dependency and the role of government.

H.R. 9030—IMPLICATIONS OF TOWN HALL FINDINGS

Oregonians believe that benefits should be available to all people, not only the poor. To provide only to the poor is to set them apart from the rest of society, to mark them as different, to label and stigmatize them.

How to avoid this cleavage but still to channel resources disproportionately to the poor is one of the difficult challenges facing us as we contemplate the reform of public welfare.

The town hall participants strongly support your efforts to restructure the public assistance programs of this country. As you know, many of the tenets upon which they are based originated in Elizabethan England and were cornerstones of the famous Poor Laws of 1597-1601. It is time that they are discarded. I hope that the findings I have just discussed with you are assuasive. Our findings indicate the public is more supportive of welfare reform than they are credited as being, reform based on universalism and fair play.

There are many aspects of H.R. 9030 which are exemplary, and you have undoubtedly received much encouragement for their adoption already. We have grave concerns, however, about the public service job component section of the proposed legislation. It is on this section of H.R. 9030 that I would like to make a few additional comments.

Jobs program and public assistance are programmatically disjunctive. It is dangerous to view them as complementary, for they are not. Jobs that are tied to public assistance, especially when eligibil-

ity for assistance is based on work requirements, will be demeaning, second-class and unpopular.

They also will prove, in the long run, to be unsuccessful. The need for public relief cannot be mistaken for the desire to work, or the lack thereof.

When eligibility for public assistance is based on required work, work relief is the result. By definition, a work-relief program is any operation undertaken to provide employment for those whose need of relief has been established and who are expected to make a return for it through the performance of work. Both the hours of work and the rate of remuneration are based on the determined relief needs of the workers, not on prevailing wages. Those individuals who fail the work test component—that is, those who cannot establish their willingness to work—are denied relief.

Forced work is not a new phenomenon. As early as 1349, English vagrants, under the Statute of Laborers, were jailed if they refused work. Work relief was a major component of the Elizabethan Poor Laws mentioned above, laws which were introduced to combat poverty, vagrancy, and mass disorder.

By 1711, workhouses were added to the repertoire of work relief techniques. The Speenhamland Act of 1795 forced relief applicants to work at low wages subsidized by local authorities, while the Reform Act of 1834 denied such outdoor relief to the able-bodied poor, using the deterring workhouse instead.

Work relief in the United States has followed the same trends as in other Western societies. It has always been a concomitant of cash or in-kind assistance. That it is effective, however, even as a deterrent to relief, has yet to be demonstrated.

The legislation which you are considering contains a stipulation that employable applicants or recipients of public assistance will be required to work. Although preferences will be given to recipients who can find private employment, and not all will be required to work, the jobs program which you are considering, for welfare recipients at least, is work relief.

The work relief job slots filled by recipients of public assistance will stigmatize and degrade. Further, the worker will be paid at the minimum wage, not at the prevailing wage, which is economically discriminating as well.

Such stringency is based on the misassumption that poor people are lazy, that they prefer low-level benefits from the government to gainful employment. It is imperative that you consider the findings of researchers who have examined the work motivation of poor people.

Leonard Goodwin, in his national study of the work aspirations of the poor, reported as clearly and succinctly as anyone has:

> To be effective, welfare and manpower policies for the poor must be based on knowledge of how poor people view life and work. Evidence from this study unambiguously supports the following conclusions:
>
> Poor people—males and females, blacks and whites, youths and adults—identify their self-esteem with work as strongly as do the nonpoor. They express as much willingness to take job training, if unable to earn a living and to work, even if they were to have an adequate income. They have, moreover, as high life aspirations as do the nonpoor and want the same things, among them a good education and a nice place to live. This study reveals no differences between poor and nonpoor when it

comes to life goals and to wanting to work.—Quoted from Leonard Goodwin, Do the Poor Want to Work, Washington, D. C. Brookings Institution, 1972, page 112.

If poor people are, indeed, not work-shy and are actually as imbued with the work ethic as are the nonpoor, coercive work requirements are unnecessary. A supply of jobs is necessary. If jobs program for recalcitrant poor people only are not necessary, then jobs program for all people can be developed. Such programs would be in keeping with the preferences of Oregonians, who have demonstrated their preference that people work but that they do so when government provision of jobs is indicated, in programs that are open, noncategorical and nonstigmatizing.

In such programs, the worker will be a worker, ranked and evaluated on his/her own merits. He/she will not be judged in advance as being a recipient of public aid, as dependent upon society, as employed only because of mandate.

We are suggesting that you consider universalism as the philosophical criterion upon which you determine eligibility requirements for any jobs program which you design. If you do so, and if you can help to eradicate the sting of selectivity, you will be engineering a jobs program that has a greater possibility of meeting the goals which you establish for it, and it must be kept separate and distinct from the reform of public assistance.

Mr. Chairman, in terms of our findings, jobs programs that are earmarked for poor people only, jobs programs based on work coercion and work requirements will continue to stigmatize and demean poor people. What is needed is a steady supply of jobs at decent wages for people who want to work.

Thank you.

STATEMENT OF MARNA HOHARD

Miss HOHARD. Mr. Chairman and members of the committee, my name is Marna Hohard. I am a member of the ADC Association of Lane County. I would like to thank you for allowing me the opportunity to address you regarding H.R. 9030, the Better Jobs and Income Act.

I appear before you today on behalf of the ADC Association of Lane County, Lane County's Clients Council for Legal Services, the education and support group of Lane County Legal Aid and as a person who will be directly involved in living within the constraints of the bill if it is passed; or with the results of the provisions as they may be passed later as separate riders, policy or pilot programs.

Under section 2101, we commend the designers of H.R. 9030 in their realistic approach to a broader coverage of eligibility. Under the present welfare system there were many unmet needs. The single person, quite often a displaced homemaker or a single parent whose last child has left the home and the married couple with no children who are without specific training to be self-supporting. We are also gratified to note that the emancipated minor and senior citizens living with relatives are also to be included.

Under section 2103 we are surprised to find little recognition that training for upward mobility needs to be a component of the job requirements.

Oregon has always been one of the leaders in ecology and recycling programs, the bottle bill for example, but we never expected it to reach the recycling of people. That is why we urge the inclusion of a training component in conjunction with jobs. How long can you kill rats or shuffle bed pans and stay happy in your chosen profession?

We feel all of the new jobs should have incorporated into them a training program for upward mobility. The training component is very vague as it now appears in this bill. There has been in the past an effort to educate welfare recipients in short periods of time to do low income return jobs; for example, Manpower Development Training Act, title V work incentive program, and Comprehensive Educational Training Act.

The results were a flooding of the market with people to do low-skilled jobs without a job market being available. For example, home health aide, basic weld-in programs, nonapproved meatcutting school, noncertified dental hygienists and beauticians.

As we envision the job training provisions, it would appear to be an extension of the present Comprehensive Educational Training Act. In the past programs of this nature have been judged as successful by the number of people who have attained independence at the end of the funding period. To show this success, agencies respond to the pressure by resorting to the creaming process of selecting candidates to the program who are almost certain to be winners; for example, those with advanced education, salable skills, previous job experience, minimal need for training, history of employment or, in brief, those who will come off with flying colors.

Little consideration is given to the multiple-problem families who require intensive total social services. The multi-problem family, as we define it, is the family who may experience may or all of the following perplexities:

Minor health defects, hearing loss, severe dental problems, low educational levels, emotional problems, juvenile delinquency complications, chronic but not severe physical problems, money management problems, social maladjustments, inadequate housing, extreme utility costs, lack of transportation—both public and private, no specific training, drug and alcohol abuse, child neglect and abuse, and the complication of living in public housing. The families whose progress should be gaged in very small increments.

In section 2105 and 2106 a required member of a unit is out on an 8-week job search according to H.R. 9030. This member of the unit is not figured into the maximum payable amount for the 2 months during which he is looking for work. This creates a further hardship on his family in the form of added expenditures due to transportation, lunches, telephone, and clothing costs.

It is our opinion that job search should be treated as employment and not used as punishment. By not supporting the required member during the 8-week job search, it results in an additional deficit in the family living allowance. Therefore, we are actually penalizing the people we are attempting to assist.

Will the required work member of the unit be eligible for special needs assistance? Will it cover the cost of clothing allowances, rain

gear, tools, boots, car repairs and car insurance—mandatory in Oregon as of January 1, 1978?

Under section 2108, we feel we must discuss the accountable period. As you know, this bill bases eligibility on income over the period 6 months before you apply, not on current need. This system assumes that people save money in the present in case there is an emergency in the future.

Let us assume a mother with three children has a job making $750 a month. She suddenly loses her job and must apply for assistance. Under H.R. 9030, this family would not be eligible for any cash assistance for at least 2 months. Even if she applies for unemployment insurance, chances are it would not begin for 8 weeks. If she qualifies at all, it would be dependent on the number of quarters she had accrued. Would she be covered under emergency assistance?

With the cost-of-living expenses escalating, it seems quite unlikely that a family of four will be able to save any of the $750. How much did you save out of last month's check?

Under section 2135 we would ask that recovery of overpayments be determined in a manner which causes the least deprivation to family stability.

Underpayments should be paid retroactive to the point of inception.

In section 2136, we find the provisions in the bill which guarantee that the States save at least 10 percent in the first year of the program to be vague and confusing. It seems inconceivable that broadening the population to be served to cover single people, married couples and the working poor would not increase the burden on the States. In fact, we would anticipate a decline in the quality of the service that Oregon has desperately struggled to maintain.

H.R. 9030 refers to encouraging States to maintain the level of assistance. This section seems weak and vague. To be completely candid, it also causes some feelings of trepidation since we are forced to reflect on the past history of Federal incentives. Generally the incentives used by the Federal Government have been in the form of enticing States to introduce programs with a large amount of the cost being provided from Washington and a small part from the States.

An example of this is the Federal highway funds at a 9-to-1 match which resulted, understandably, in a network of superhighways. On the other hand, Federal incentives were not sufficient to entice Mississippi to raise the level of assistance to a welfare mother and three children above $750 a year.

Yet another result of Federal incentives to States to encourage their participation was the Federal support for abortions for medicaid recipients which was also supported with nine Federal dollars for each State dollar.

However, what the Federal Government giveth, obviously the Federal Government can taketh away, leaving States like Oregon, who are committed to the welfare of all its citizens, to ante up the near 3 million dollars that are needed to continue the program.

We who are most directly affected by decisions from government are in fear of promises made that can be retracted through the capriciousness of elected officials who leave us with few viable alternatives.

Under section 2138 we are concerned with the provisions for the hearing process. It is not specifically stated that the hearings officials will be unbiased and impartial persons from outside the structure. Our concern springs from the frustration of the present fair hearing process where an employee of the department makes the determination. This system is equivalent to suing your landlord and finding out he is the judge.

We also question the criterion for determining eligibility for aged, blind, and disabled. We would prefer that the standard used by Oregon, prior to the establishment of SSI, be used. If it is projected to continue to use the Social Security as the determining agency, then we suggest some method be devised to speed up the present lengthy process.

Under section 2140, we feel that sanctions to States for being out of conformity with Federal regulations should be reflected in a direct penalty to the State. Withholding funds from the programs that are being neglected is a double penalty on the poor.

In section 2145 we commend your foresight in having the cash assistance increase in accordance with the Consumer Price Index. This will certainly eliminate costly congressional time in yearly debate on increasing the cost of the program and will most assuredly relieve the pressure from low-income families who struggle daily with the increase cost of living.

In sections 932 and 951 we feel that there are serious problems and gaps in the bill in regards to Public Service Employment jobs, or the so-called subsidized employment.

Responsibility for coordinating the jobs is placed with the Comprehensive Employment and Training Act and State employment agencies.

Only ambiguous references are made to the kind of support services provided to persons engaged in the job search. Without any specific provisions for career training, vocational counseling, courses in interviewing techniques, or job search assistance, persons under the program will be mired in the minimum wage jobs.

It will result in a revolving door; failure at finding employment in the private sector, taking a public service employment job for 10 months, and ending up again in another public service employment job after another unsuccessful search in the private sector.

If the bill mandated part-time public service employment with specialized career training, then the revolving door could be stopped.

As presently proposed, the bill will only create a pool of minimum wage ex-welfare recipients with no opportunity for any kind of vocational advancement. The proposed public service jobs are make-work and nonfulfilling.

The bill threatens to establish a permanent class of bedpan dumpers, litter agents and babysitters. The majority of persons receiving assistance—formerly homelocked welfare mothers—need more than these thankless tasks. They need an opportunity to find

creative, self-fulfilling jobs and training and assistance on how to get them.

In order to prevent the revolving door, the bill should provide that the local sponsor Comprehensive Employment Training Act agencies set up specific employment contracts with various private sector employers. These contracts should provide a minimum number of available jobs with opportunities for advancement and further training.

In conclusion, please don't feel that we are in total disagreement with H.R. 9030. We feel that national standards will be to the betterment of poor people throughout the country. However, we strongly feel that the benefit levels should be increased to at least parity with Office of Economic Opportunity poverty standards.

We have offered what we hope are constructive criticisms on the legislation. However, portions of the program are not fully explained and it is those gray areas which we have attempted to delineate. We recognize the necessity to create jobs to stimulate the economy, to add to the gross national product, to beef up the depleted Social Security reserves, to provide workers to areas of low pay and high need, and to create a national feeling of security. Our criticism of H.R. 9030 has been submitted in good faith and we feel confident that it will be duly considered in the final determination of amendments to the bill and its passage.

As one of the members of the group remarked in response to the bill, "It would make us able to exist."

Thank you.

Mr. TUCKER. Thank you very much, Miss Hohard.

Mr. Molitor, you may proceed.

STATEMENT OF GORDON MOLITOR

Mr. MOLITOR. Congressman Tucker and members of the committee, my name is Gordon Molitor.

The last two pages of my testimony is a copy of a pamphlet received in my office about several grassroots conferences similar to what Mr. Wyers conducted earlier in the year. These will be conducted by the Legal Services Corp., the Movement for Economic Justice, Center for Law and Social Welfare and Policy and so forth.

It will be attended by 50 percent or at least 51 percent low-income people, welfare recipients, food stamp recipients, and people who administer the program.

I think it would be very beneficial if members of this committee or their staff could attend this conference to get input from the recipients themselves rather than the bureaucrats like myself, which you have been hearing from today, many of whom have never been on welfare.

The strong points of the welfare reform proposal, as I see it, are, again, the emphasis on jobs. People on welfare want to work. I think this is the first time that a welfare proposal has been tied to a jobs program. I think that is good. That should be continued. However, I think the emphasis on jobs has gone overboard a little too far so I have also put the emphasis on jobs and training on my weak points list.

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One strong part, however, of the emphasis on jobs, is the way this program is structured now it will insure if someone goes to work they will be able to better themselves. The current welfare program does not make that insurance.

The consolidation of food stamps and the two other programs into one assistance program is a very strong point of the proposal. It will do much to simplify welfare and it will help to reduce the gaps of services which exist under the present proposal, the present system.

Increased contributions to the cost of welfare I believe is a strong point of this program by easing the burdens to State and local governments. Also, the incentives built into the proposals to hold families together is something that puts it far ahead of our present welfare policies.

Among the weak points of the proposal are, again, the emphasis on jobs, and I guess I should say the lack of emphasis on training, as Ms. Hohard has pointed out.

This is almost punitive to people who can't find employment. Members of the committee should remember that welfare is predominantly a program that serves the needs of children, of elderly and of handicapped individuals. It is not designed to be a jobs program.

I think we should keep track of that perspective when you are going through your legislation.

Requiring people to look for work while at the same time reducing their welfare receipts and requiring people to take any kind of a minimum wage job that is offered to them borders on punishing them because they can't find jobs. They can't find a job not because they are lazy, but because the jobs don't exist.

Another weak point in the emphasis on jobs is that, by requiring people to take any minimum wage job which is offered, I think we will be creating a pool of secondary labor in the United States by encouraging private and public employers to hire low-income people. I think if you are going to force people to work, they should not be forced to work at anything other than the going wage rate for a similar job in another location.

A weak part of the emphasis on training is that there really isn't an emphasis on training in this bill. The people you are going to be dealing with and trying to employ, on welfare, are what I would consider hard core unemployed. They are unskilled. They are people that CETA has had to pass over because they do not have the experience, because they haven't the education. I think if you are going to do a jobs program with welfare, you are going to have to emphasize training and being able to develop marketable skills in a person who is at the present time unemployed.

Create jobs that are not short term. One year is hardly long enough to build marketable skills in someone who has not been employed for a long period of time, and allow them to create jobs that have room for advancement within them.

I would just like to reemphasize that the level of assistance—although I realize it is higher than the present level of assistance, it is quite low. If you use the Department of Agriculture's figures for how people should spend their welfare income, you will note that they should spend about one-third on food. If you figure that out for

a family of four, that is only 96 cents a day per person. If you spend one-third on rent, that means you are going to spend $116 a month for a house or an apartment for a family of four. That means you are going to spend $29 per month per person for personal property insurance, clothing, furniture, home repairs, utilities, transportation, school expenses, taxes and, if you will excuse the expression, luxuries.

It is hardly an austere existence. As has been pointed out before, no cost-of-living increases have been built into the program. As was pointed out earlier—I have forgotten her name—when you go into the computerized system, it takes at least 2 months to get onto the computer before the Federal checks start coming out. When SSI went onto the new computer system, we found it took up to 6 months for people to get their checks coming out.

You are going to have to increase the amount of emergency relief funding or else create on a local level a revolving check fund so when someone comes in and they are eligible for assistance, the local welfare department can write out a check to that person and tell the Federal people that we wrote the check out and so forth.

[The prepared statement and attachment follow:]

STATEMENT OF GORDON MOLITOR, WASHINGTON COUNTY COMMUNITY ACTION ORGANIZATION

My name is Gordon Molitor. I am the executive director of Washington County Community Action Organization, Inc., a private, nonprofit corporation receiving Community Services Administration, Health, Education and Welfare, ACTION and other funds in an effort to improve the living conditions of low income people in Washington County, Oreg.

My testimony today will consist primarily of three short lists. The first list is a list of what I consider the strong points of the welfare reform program. The second will be a list of what I consider the weak points. And the third list is a list of recommendations.

Before I get into my remarks allow me to make a suggestion. Don't accept the testimony you hear at this and other similar hearings across the country as grassroots input. The testimony you will hear here will be predominately from bureaucrats like myself who have never been on welfare. Make an effort to find out how welfare, AFDC and food stamp recipients are reacting to the prepared reforms. Attend or at least send one of your staff persons to one of the conferences designed to allow low income people to explore the impact of the Carter welfare reform proposal and develop a response. The conferences are sponsored by the Movement for Economic Justice and are described in the attached brochure.

Among the strong points of the proposed welfare reform proposal are the following.

A. Emphasis on jobs and training.

The emphasis on jobs and training is both a strong and a weak point. The strong parts of the emphasis on jobs and training is that for the first time job opportunities have been tied to the heart of a program for able-bodied adults. As the President said in his message on welfare reform to the Congress, "People in poverty want to work and most of them do". Getting able-bodied people back to work therefore should be a goal of a welfare program. The weakness of the emphasis on jobs and training will be discussed later but relates to the fact that nearly all welfare recipients are children, the elderly or disabled. The weakness of the proposal is that we have lost sight of the primary purpose of welfare, i.e. to provide for the needs of these people who, because of their age or handicap must depend on society to provide for them. Welfare is not a jobs program.

Please do not lose sight of this perspective. Another strong point to the emphasis on jobs and training is that the proposal insures that people can better themselves by working. Typing federal assistance to a family's income rather than the number of hours worked and the proposed work benefit formulas are needed reforms.

B. The consolidation of food stamps, aid to families with dependent children (AFDC) and supplemental security income (SSI) into one cash assistance program.

This long overdue reform will do much to simplify the Federal assistance program. The consolidation will also help to eliminate present gaps in the existing welfare program which allow some needy low income persons not to be eligible for assistance.

C. Increased Federal contributions to the costs of welfare thereby easing the burden on State and local government.

D. Incentives to hold families together.

Among the weak points of the proposal are:

A. Emphasis on jobs and training.

The weak parts of the welfare reform proposal's emphasis on jobs is that it stresses finding a job to such a point that it is almost punitive to people who cannot find employment. Remember the people on welfare are mostly children, the elderly or handicapped and that the able-bodied people are on welfare because they cannot find a job. The jobs simply do not exist. Requiring people to look for work while reducing their welfare and requiring people to take any minimum wage job offered boarders on punishing them.

Another weak point with the emphasis on jobs is that requiring people to take a minimum wage offered will create a pool of secondary labor by encouraging private and public employers to hire at less than the going rate. If people are to be forced to work they should not be forced to work for less than the entry wage for the same job elsewhere.

The weak part of the emphasis on training is that, considering the fact that most of the people on welfare are the unskilled hardcore unemployed which even CETA cannot employ. Little evidence exists of a commitment to training. The emphasis again seems to be punitive rather than constructively helping the unemployed gain marketable skills. The program orders people to work while giving lip service to training and long term employment. The fact that job placements are only one year also contributes to the weakness of the training component. One year is only long enough to develop minimal job skills with an unskilled person. People should be allowed to work longer without interrupting their job in order to develop more skills.

B. The level of financial assistance.

Although I realize that the level of assistance is higher than present levels, I placed the level of financial assistance on my weak points list to stress that the level and emphasize that the proposed level of assistance should not be lowered. The proposed level of benefits for a family of four is $4,200. (The official level of poverty for the same family if $5,500.) According to the Department of Agriculture thinking, a family spends approximately one-third of their income on food, one-third on rent or mortgage and one-third other costs. In other words, families are expected to live below the official level of poverty spending their income as follows:

1. $1,400 a year for food or $.96 a day per person,
2. $1,400 a year for rent or mortgage or $116 a month for a house or apartment for four people, and
3. $1,400 a year or $29 a month per person for personal and property insurance, clothing, furniture, home repair, utilities, transportation, school expenses, taxes and, if you'll excuse the expression "luxuries".

Such an existence could hardly be called austere.

C. Inadequate funding emergency relief.

Emergency relief funds have been traditionally in very short supply. This short supply will undoubtedly be increased if welfare payments are processed by a central computer payment system, clients found that it took up to 6 months to start checks coming from the computer. Additionally, a long and involved process was involved with replacing a lost check or similar difficulties.

D. Retrospective accounting.

Retrospective accounting to determine eligibility for welfare is unncecssary because the proposed income and assets test will screen out people who are not in need of welfare. If the committee is still concerned with teachers, construction workers or other intermittently highly paid workers who receive unjustified Federal payments, I suggest that the idea of retrospective accounting be referred to the people dealing with unemployment compensation.

My recommmendations in regards to the welfare reform proposal are the following.

A. Attend or send one of your staff members to one of the conferences of low income people to explore the impact of the welfare reform proposal and develop a response. (see attached pamphlet)

B. Keep the single cost assistance program and consolidate the existing welfare, AFDC, food stamp and SSI programs into it.

C. Continue to plan to provide the needed fiscal relief to States and counties by increasing the Federal contribution to the costs of welfare.

D. Eliminate the 6-month retrospective accounting because it is unnecessary.

E. Increase emergency funding and establish a revolving check fund on the local level to ease the immediate needs of people without money while they wait for the computer to send their check.

F. Remember that welfare is a program to assist dependent children, elderly and handicapped. Welfare should not be a jobs program. Create productive long term jobs independent of welfare and rely on the work benefits I addressed earlier as an incentive to get people back to work and off Welfare. Don't force people to work at short term nonproductive jobs that don't develop skills or aid their future employability. Continue to experiment and evaluate job creating programs for welfare recipients before creating such a large jobs program. Consider tying the need for jobs for welfare recipients to a full employment bill such as the Humphrey-Hawkins bill or establish a block grant program for States to create jobs as well as meet other pressing problems.

G. Insure that training really becomes part of the reform program as it is the only long-term solution to a person's employability.

Thank you for giving me the opportunity to speak on behalf of Washington County Community Action Organization. I hope that you found my testimony helpful. If you have any questions I am willing to answer them now.

Better jobs + income?

A series of grassroots conferences to explore the impact of the Carter welfare reform proposals — and develop a response.

Oct 22-24 - Mid-Atlantic - Washington, DC
Oct 29-31 - Central - Detroit, MI
Nov 5-7 - Southern - Birmingham, AL
Dec 3-5 - Western - Salt Lake City, UT
Dec 10-12 - Northwestern - Portland, OR
Dec — Northeastern ——

On August 6, Jimmy Carter announced his plans for restructuring our current welfare system. The proposals, now embodied in HR 9030, combine the current AFDC, SSI, Food Stamps, and Title VI CETA programs...propose a federal floor for benefits...have strong work requirements and incentives...provide cash assistance to the working poor...create over one million minimum wage Public Service Employment jobs. The plans are complex; their impact uncertain.

DEVELOPING A RESPONSE

While various special interests have already praised and criticized the proposals, poor people and their organizations have been quite silent. These regional conferences have been planned so that poor people's organizations and their allies can discuss the proposals, consider what position to take, and develop strategies to advance their points of view. The conferences will provide information on the proposals, facilitiate discussions, and teach organizing skills.

WHO SHOULD ATTEND?

Recipients of AFDC, Food Stamps, General Assistance, AFDC-U, SSI... unemployed and CETA workers...poor people's organizations...welfare rights organizations...tenant organizations...community organizations ...civil rights organizations...women's organizations...labor unions... church groups...and other interested folks. The only rule on attendance is that the conference planners will limit registration so that poor people comprise one half of the attendees.

CONFERENCE AGENDA

- Overview of the proposals
- History of welfare reform
- Politics & economics of welfare reform
- How Congress will decide
- Skills workshops on:
  - Coalition building
  - Organizing
  - Media
- State Caucuses

REGISTRATION

Registration fee is $10 if you pre-register or $15 at the door. For low income people, registration is $5 in advance or $7.50 at the door. Government agencies can register for $25 in advance or $30 at the door.

Accomodations for overnight lodging and meals will be provided at the most reasonable rate available. Information on actual costs will be available soon.

FINANCIAL SUPPORT FOR LOW INCOME PEOPLE

A small amount of funds are available to help cover partial costs for poor people who participate. Persons wishing to apply for these subsidies should do so by pre-registering immediately (two weeks before the conference at the latest). Organizations or individuals interested in helping cover the costs for low income participants should contact the conference cooruinators.

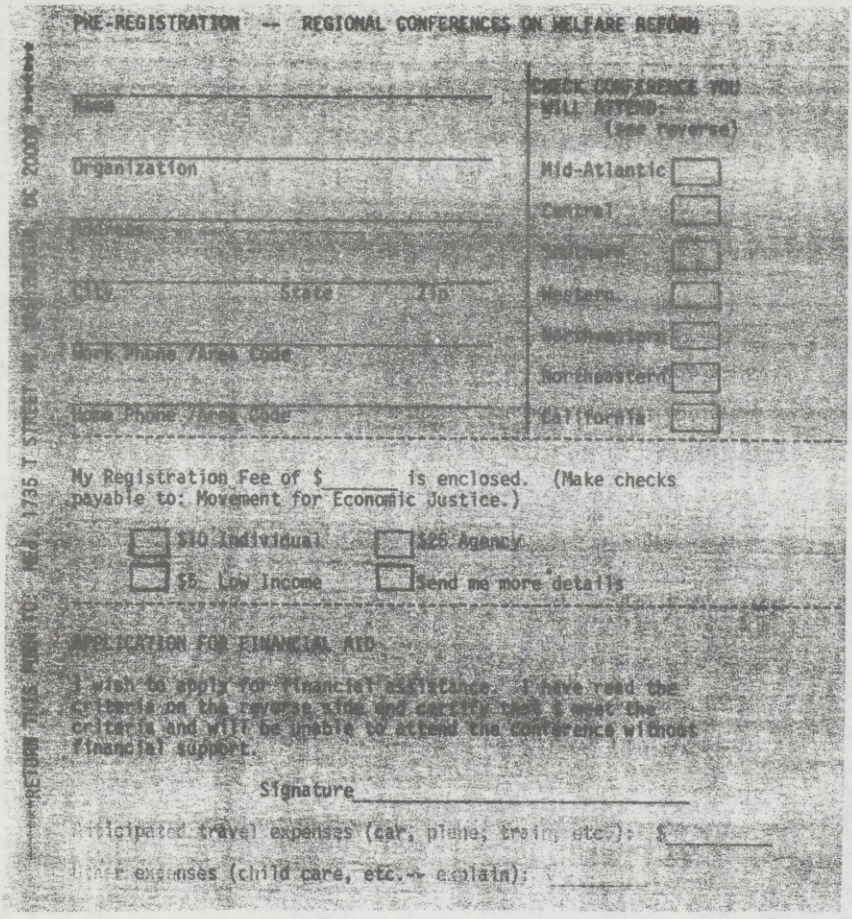
CONFERENCE FUNDING

These conferences are made possible by the financial support of the Center on Social Welfare Policy and Law and the Food Research Action Center, the in-kind contributions of all the planning committee members, and the staff-time loaned to the Movement for Economic Justice by the Center on Social Welfare Policy and Law. Additional funding is still needed and tax deductible contributions may be made to the Movement for Economic Justice in support of the conferences.

Notes:

* The Mid-Atlantic Conference is funded by the Commission on Racial Justice.

* A statewide conference for California is also planned. (As of September 28, no date or location had been decided.)



PRE-REGISTRATION -- REGIONAL CONFERENCES ON WELFARE REFORM

Name _____

Organization _____

Address _____

City _____ State _____ Zip _____

Work Phone /Area Code _____

Home Phone /Area Code _____

CHECK CONFERENCE YOU WILL ATTEND: (see reverse)

- Mid-Atlantic ☐
- Central ☐
- Southern ☐
- Western ☐
- Midwestern ☐
- Northeastern ☐
- California ☐

My Registration Fee of $_____ is enclosed. (Make checks payable to: Movement for Economic Justice.)

☐ $10 Individual ☐ $25 Agency

☐ $5 Low Income ☐ Send me more details

APPLICATION FOR FINANCIAL AID

I wish to apply for financial assistance. I have read the criteria on the reverse side and certify that I meet the criteria and will be unable to attend the conference without financial support.

Signature _____

Anticipated travel expenses (car, plane, train, etc.): $_____

Other expenses (child care, etc. - explain): _____

RETURN TO: MEJ, 1735 T STREET, NW, Washington, DC 20009 (address)

Mr. TUCKER. Thank you, Mr. Molitor. We appreciate your testimony.

STATEMENT OF MARY WHITMORE

Ms. WHITMORE. I feel better standing up and I want to turn around so I can see the people.

My name is Mary Whitmore, and I am working with Stand Up for Welfare Rights in Seattle, Wash. Stand Up for Welfare Rights feels H.R. 9030 is impossible to read, let alone understand.

Stand Up for Welfare Rights feels there was inadequate leadtime to organize their people to get down here to Salem, Oreg. I really feel sorry for the recipients in Alaska. I don't know if there is anybody here from Alaska, but I think we should have more hearings.

Each Stand Up for Welfare Rights member felt frustrated that they could not testify in person regarding the present welfare problems, and our legal counsel tells us that the problems will only be accentuated and worsened under H.R. 9030. Stand Up for Welfare Rights in Seattle supports the National Welfare Reform Coalition of California testimony as well as the Evergreen State Legal Services testimony that will be delivered later.

Stand Up for Welfare Rights requests a new bill be written, in simple words, in Spanish and English. Something should be written in a simple way and enclosed in welfare grants and mailed to the people so that they can read what is going to happen to their program and they can respond.

Now, I would like to take the remaining minute to speak only for myself.

I went to the Washington State Women's Conference July 8, 9, and 10, and witnessed what I called the Mormonian slap to destroy the feminist goals that have been worked for in Washington State for a long time.

I saw things like child care money from the Federal Government opposed, just attacked. I have had to listen to Mormon Women for Integrity in the Nation malign and debase the Washington State Women's Commission and Referendum 40 did fail yesterday. I am going to the Houston National Women's Conference November 18, 19, and 20, and I sincerely hope that that conference will come out with a statement against H.R. 9030 in its present form and I hope that it will also support the equal rights amendment and, most of all, basically a concept of integrity and honor for the poor and disadvantaged women and poor people in Washington State and in every State.

By the way, if you want to write Stand Up for Welfare Rights, the address is 2516 East Cherry, Seattle Wash.

Feel free to write and send a summary of your testimony here to us so we can share your concerns with our committee.

Thank you.

Mr. TUCKER. Thank you, Ms. Whitmore, for your testimony.

Mr. DUNCAN. Mr. Chairman, I would like to suggest that Ms. Whitmore does not want to leave the record with any suggestion that any particular religious group in this country is uniform in

either its condemnation or support for any particular political position. Mormons, I know, will have divergent viewpoints on this subject, as will Jews, Catholics, Protestants, and atheists.

Ms. WHITMORE. Two thousand Jews, Protestants, and atheists did not show up at the Ellensberg Conference.

Mr. DUNCAN. And I am sure there are many Mormons who did not show up at the conference too. They would have different viewpoints.

Ms. WHITMORE. That was my personal testimony. Am I not entitled to my personal testimony?

Mr. DUNCAN. Yes, you certainly are. I just wanted the record to show that at least this particular member does not agree with the position that you have taken in affiliating political viewpoints with any particular religious group. You have your opinion, I have mind and I want that on the record.

Thank you.

Mr. TUCKER. I think that is very appropriate.

Thank you, Mr. Duncan, for that comment.

Mr. Gradison?

Mr. GRADISON. No questions.

Mr. TUCKER. Mr. Molitor, the question you have raised regarding work and the welfare system is one of the most difficult things we have to grapple with. I know we will hear testimony later in the day. There is a big sign in the back of the room and I have talked to people in Washington who say they don't want a job at a minimum wage or close to a minimum wage level; that somehow that is punishment if they are required to accept a job at that level as a precondition to receiving public assistance.

I don't quite follow that line of thought, frankly, and I wonder if you could just expand on that a little bit.

Mr. MOLITOR. Under the proposed system we are setting up two tiers. One, of people who are excused to work and one of people who are unexcused to work and are, therefore, required to look for a job.

Someone spoke earlier to the point that people are categorizing everyone on welfare as lazy. I don't think that is true. Welfare is predominantly—I am not sure of the figures any more, but I know it is well over 80 percent, children, elderly, handicapped individuals, people dependent on society.

Mr. TUCKER. Certain people who would be unable to work even were a job available to them.

Mr. MOLITOR. And I think the able-bodied people on welfare are not there because they are lazy. I think by setting up the two tiers would perpetuate that kind of thinking, that people on welfare are lazy.

Mr. TUCKER. But your objection then is to the classification rather than to the work requirement?

Mr. MOLITOR. I guess it is probably to both. I haven't thought it through well enough, but what I would see is—my written testimony makes the suggestion that the reason able-bodied people are on welfare is that there are not jobs available. What you should be doing is not tying jobs to welfare, but create jobs in the private sector and in the public sector so people can go to work. Use the work incentive measures that are built into the bill, which allows

people to earn up to $3,800 before welfare is started to reduce, that allows them to earn up to $8,000 before they are completely taken off welfare. Use that as an incentive to get people to work. If the jobs are there, able-bodied people will take those jobs. Don't force them to go off to work at minimum wage. You create a secondary pool of labor.

You are basically punishing them because there are no jobs available. The reason they are on welfare is not because they are lazy, but because there aren't jobs there.

Mr. TUCKER. You say it is punishment to work for the minimum wage.

Ms. WHITMORE. Is not the minimum wage below the poverty level?

Mr. MOLITOR. It is for a family of four.

Mr. TUCKER. It would be supplemented under the bill and there are, after all, literally tens of thousands of people in the country who work for the minimum wage today and in many cases also draw various types of public assistance benefits to supplement the minimum wage because it is too low or has been too low. We have managed to raise it a good bit this year.

I think that that point is a central issue in this whole welfare bill and, indeed, with what we are going to do in the country.

If we have reached the point where people are not willing to work—any one individual is not willing to work at any kind of job that is available, that they are physically capable of doing, and are just automatically going to be entitled to some type of public benefit because they don't want to work—when a job is available to them, even though it pays minimum wage, then we face a very serious problem and I think we are going to hear there is a lot of thought of that nature involved, and it is something that will require a lot of good will among us all to try to understand the depth of the feeling and the real problems it creates but it is, I think, at the core of much of the dispute.

Mr. GRADISON. Mr. Chairman, I would just like to comment that one of the realities that has come through to me about this is that poor people more than most people in our society have to manage what few dollars they have awful well because they don't have very many of them. As a result, my own observation is that those who are receiving welfare benefits or who are entitled to them are very good at working out the numbers to see what is the best way to maximize the return.

Now, the present system discourages work in some instances because a person who takes a job in most States, if it is at the proper level, loses eligibility for a variety of programs, some of which are not even being discussed here because they are not covered by H.R. 9030.

For example, medicaid. For example, public housing assistance, subsidized housing.

I have really not thought of it as especially vindictive to examine this and try to create a system, as I think the bill tries to do, where, when somebody sits down and makes that calculation, the idea of the bill—it may not accomplish it; I don't think it does, but I think the idea of the bill is everybody who sits down to make that

computation will figure out they would be better off to work if there is a job than not to work. That is truly not the case today.

Some years ago I was serving on the National Advisory Council on Economic Opportunity working with the War on Poverty, and I was struck at that time by what appeared to be a decline in the average ADC grant nationwide.

I started making some inquiries. Inflation was going on and the word was getting around that these benefits were there for people who needed them.

What I found was that a substantial and growing number of people were applying for ADC who had not applied before because all they had to do was get the first dollar of ADC to become eligible for medicaid and the latter is what they wanted, and not the ADC.

The same point could be made to a lesser extent about food stamps.

The only reason I am going on at this length is because I really haven't felt that we are trying to be unreasonable; that we are trying to impose a compulsory work requirement when we at last try to just set up the numbers. So, after that calculation is finished, somebody could say, "Hey, I would be better off—bottom line, end of the month—if I work than if I don't," especially if the system would provide a minimum a person would get under these circumstances even if they didn't work, if they have families.

Mr. MOLITOR. I agree with that. I think that the strong point of the bill is that it makes it profitable for a welfare recipient to go to work. I encourage that. I hope you can even strengthen that. But, to force people to take a minimum wage job or to force people to look for a job and at the same time cut their wages, I think is punitive.

Tell people that they have to go out and look for work. Make it a continuous ongoing thing. Create productive jobs, long-term jobs. Hire people at entry level wages, put them to work meeting the needs of the State or the local community. Don't tie jobs to welfare. Increase the amount of jobs in the private and public sector through Humphrey-Hawkins bill, through block grant programs where States can be told, "What are your major needs? If your needs are these three things, here is so much money to go and create jobs in those areas. Labor-intensive jobs or whatever. What is the market going rate for those skills needed there? Hire people to do that."

Mr. WYERS. The problem of work requirements is based on a false assumption and that is the assumption that poor people don't want to work or that they are lazy or that we have to force them to work.

Mr. GRADISON. I think it is based more on an assumption that the public—and I am familiar with the town meetings; we had testimony in Washington on the same town meetings and I have heard about it before—I think the assumption is that the public is not going to support a greatly increased commitment of their tax dollars to this program unless there is a work requirement.

Now, if you are right, that there is a willingness to work anyway, the work requirement doesn't hurt anything.

Mr. WYERS. Except if people are forced to go into second level jobs at the minimum wage, there is always the very grave danger that we ask poor people to do the work that nobody else wants to do, and that has been true historically. That is one of the problems with it.

Mr. DUNCAN. I think your analysis is correct. The conclusion you reach on this issue depends on the assumption you make in the first place. Governor Straub and his people testified a few minutes ago that they would put about 7,000 people to work in the last year and some 31,000 since the program began.

Mr. MOLITOR. In Washington County we have a large Chicano population. Every Chicano who has gone to the WIN program to get his career goal, to set up what he should be doing under the WIN program, that is supposed to develop skills and send them on their way to a career, every Chicano that our agency knows of that has gone to the WIN program has ended up being a janitor.

Mr. DUNCAN. Why is that wrong as an intermediate step? I was a janitor and waiter all the way through college.

Mr. MOLITOR. I washed dishes, but there was a way for me to get out of it.

Mr. DUNCAN. Exactly.

VOICE: What we are aiming for is to make everybody's wages go to that level.

Mr. TUCKER. We are not going to have any outbursts from the audience and individuals who persist in doing that will have to leave the room.

Mr. MOLITOR. Your point is well taken. We do not imply by having a work requirement, that that is where someone should stay, but I think we should have a very significant training program that allows you to leave where you start. That is a very real possibility. We cannot address in this bill all the problems of the country.

Mr. WYERS. But you come into contact with all the problems of the society.

Mr. TUCKER. We come into direct contact with that basic problem and I think it is extremely important that this record reflect that that is a central concern of those people of good will who are concerned with how we are going to deal with the problem.

Mr. DUNCAN. It is also true this Congress has addressed this problem in many, many specific programs.

Mr. TUCKER. Thank you all again for your testimony.

STATEMENTS OF DONALD WICK, EXECUTIVE DIRECTOR, WASHINGTON ASSOCIATION OF COMMUNITY ACTION AGENCIES AND WASHINGTON STATE FULL EMPLOYMENT ACTION COUNCIL; PATRICK McINTYRE ON BEHALF OF EVERGREEN LEGAL SERVICES; RON WYDEN ON BEHALF OF THE WESTERN GERONTOLOGICAL SOCIETY AND THE GRAY PANTHERS; SALLY McCRACKEN, OREGON STATE ADULT AND FAMILY SERVICES REVIEW COMMISSION; AND MICHAEL SHELLY, PRESIDENT, LANE COUNTY, OREG., WELFARE BOARD

STATEMENT OF DONALD WICK

Mr. WICK. My name is Donald Wick and I serve as the director of the Washington Association of Community Action Agencies, which represents approximately 30 community action agencies in the State of Washington and I provide testimony on behalf of that

group and you are getting two for one today because of the fact that I am also presenting testimony on behalf of the Washington Full Employment Council, which is a representative group of labor, churches, welfare rights groups and other groups who are concerned about full employment.

The testimony that I am submitting today—and I am going to comment on this briefly, highlighting some of the concerns we have—is much more involved than the kind of comments I will be making here today. I will add this testimony comes out of talking to many low-income people who are part of the community action agencies in the State of Washington.

This testimony comes out of two committees that are part of our organization; the welfare reform committee, and our full employment committee.

I think it needs to be emphasized again, as has been emphasized here this morning, that when we talk about welfare we are talking about a particular group of people, people for the most part who are elderly, handicapped, single parents, disabled, and those who want to work but cannot get jobs.

One of the things we still see within this plan is the punitive aspect and this has been one of the real difficulties. We still feel we need to punish people who are on welfare. Hopefully we can get rid of this kind of concept that is a part of a welfare philosophy in this country, by beginning anew.

I think we need to be careful we don't carry over a lot of the old, such as requiring a 6 months accountability period, that we respond to people who have needs and if a person has a need that they don't have to sit around like they do in many situations in Washington to wait 3 to 4 weeks to get emergency food stamps.

We need to be careful that we don't develop another program that polices welfare. I think it has been proven time and time again that it is a very small percentage of people who try to rip off the system, and it is a waste of dollars in terms of putting a lot of dollars into a policing type of program.

The rest of my comments I would like to relate to the jobs component Welfare Reform Act.

I had the opportunity of meeting last week with Jodie Allen of the Department of Labor who had a major responsibility of putting the job opportunity component together for the Welfare Reform Act. I might say I was impressed with her and she was very helpful in terms of some of the basic concerns that are apparently going to be put into the Welfare Reform Act as far as jobs are concerned.

I know today there has been strong emphasis on the participation of the States and I think the States should be involved, but I don't believe the States should be responsible for finding the jobs.

Being a part of the community-based organization, we feel that community-based organizations are most familiar with the needs of poor people in this country and therefore that community-based organizations should be in the position to identify the kinds of jobs that are needed, and relate those jobs to the poor people in those communities. They should also play a major role in the administration of this program.

I think it is crucial that job training be a part of this program. I can understand beginning people at the minimum wage because I know that this will provide many people, for the first time, an opportunity to enter into the job market. I also see signs that this is going to be like so many other programs, supplemental, short term.

I really still do not see how the private sector is going to be involved. Unless the private sector is involved, I think we are kidding ourselves because it is only on the basis of the private sector is involvement that we can insure that we are going to have jobs on a long-term basis and that people can move out of minimum pay wages. That they can move into the job market on a more permanent basis, and I think this is really crucial.

This certainly relates to the whole question of how would this program address job readiness for people entering into the private sector. I think this needs to be dealt with.

Another question refers to the type of jobs made available. Are they going to provide the kind of dignity that is necessary to give people who lack the confidence as to the particular abilities they have. I think this is crucial because of the fact that welfare destroys the dignity of persons.

You know, as well as I know, if you don't have dignity, it is very difficult to really do anything because you feel that you are at the bottom of the scale, and I think that we need to emphasize that we need to raise the dignity, not lower the dignity of people.

Also related to this, we feel it is important to involve local communities, that job opportunities be based on the particular needs of communities.

One other part of this, I think, that needs to be emphasized strongly is the part-time jobs. I think that we need to put a lot of emphasis on insuring that we want to support the concept of the family. By providing basically 9 to 3 jobs for people who want to work, particularly single parents who have children in school, who want to enter the job market for the first time, that they be given the opportunity for those kinds of jobs so they are at home when their kids get home from school. I think this is crucial.

[The prepared statement follows:]

STATEMENT OF THE WASHINGTON ASSOCIATION OF COMMUNITY ACTION AGENCIES

INTRODUCTORY STATEMENT

The Washington Association Community Action agencies for the past several years has put significant emphasis both on welfare reform and employment. The concept of welfare is one that has been misconstrued and in fact has become very damaging to many people in our society. We must emphasize that welfare is not a handout for those who try to rip off the system, but that welfare is looking after the needs of the elderly, handicapped, single parents, children, disabled, unemployable, etc. Up until the depression most welfare was taken care of by the church and other private social service type agencies. The depression opened up the floodgates so that the Government had to step in and be concerned about many citizens in our society. It has become very evident that in spite of all the good intentions of both the private and public sector as far as community based groups are concerned, the Government must play a significant role in the area of Welfare reform and employment.

It is important that as we talk about welfare we see this as a program of helping our neighbors in need. The focus of any program where we deal with the concerns of the poor and how we help those who are poor, should be on raising the dignity of the person.

We would therefore make the following comments concerning the Welfare Reform Act.

INCOME SUPPORT PHASE OF WELFARE REFORM ACT

Certainly the overall approach of income support found in the Welfare Reform Act has many significant implications for helping those who have particular needs. It certainly provides the opportunity to cut down on a lot of the administrative entanglements and costs that have been associated with past programs. If we are going to provide adequate income we must also ask ourselves, how adequate are the income levels in the present plan. Although these income levels for some people are certainly adequate, there is a question as to the adequacy of the program particularly for the single, person who is blind, disabled, elderly.

We also have a concern for the accountability period. We certainly see the intent of the program of helping those who have needs. It would be much more realistic that the period used not be 6 months but 3 months and that the emphasis be on the basis of current needs, and not trying to keep people from participating in the system. Overall, we would emphasize that the income portion of the Welfare Reform Act at least bring all income levels up to the poverty level.

SUPPORT SERVICES

In this area we have a number of concerns.

1. That the support services money be increased to help support the title XX program and that the title XX program be directly related to the Welfare Reform Act in providing support services. One of the basic issues dealing with the concerns of the poor is providing sufficient support services to respond to the many other needs they have. Will there be a broad range of social services available to low income people? The way the States are presently handling the title XX program is certainly limiting availability of social services to low income people.

2. *Medicaid.*—We support the concept of national health insurance and raise the question how will medicaid and medicare recipients be treated if national health insurance is not in place when the Welfare Reform Act is implemented? Medicaid is a critical point of the Welfare Reform Act and certainly national health insurance could be an effective backup in providing those kinds of support services.

3. *Responding to emergency needs.*—The question is who will bear the burden of emergency needs? Are the States expected to bear this burden alone or will the Federal Government provide necessary assistance to the States? In regards to any kind of an emergency relief program the question of eligibility should be left up to each case worker to decide, rather than the complicated process that is presently being used, which destroys rather than enhances the dignity of the poor person.

ADMINISTRATION

1. If the emphasis of Welfare Reform Act is on community based organizations, then these organizations must be given the necessary support to administer the program and to provide the necessary backup services to those who are part of the program. It is also important that administrative costs must be passed on to those local administrators.

2. It is important that we do not spend a lot of time and dollars on policing the program as has happened in the past programs. There is going to be a certain percentage of people that will try to rip off the system but it has been proven in the past that this percentage is so small that financially it just does not make sense to put those dollars into a policing aspect of the program.

JOB OPPORTUNITY COMPONENT OF THE WELFARE REFORM ACT

We would make the following comments, recommendations and suggestions as to the job opportunity component of the Welfare Reform Act. It is our feeling that this is the critical part of the Welfare Reform Act, providing jobs and putting people into the job market. The question is how can this be done? (1) First, I want to say that to insure jobs that will best respond to the needs of low income it becomes important that primary emphasis be placed upon community based organizations. We feel that community based organizations, such as Community Action agenies, are in the best position to recognize the needs of the poor and can best provide the kind of jobs that would respond to their particular needs. (2) We appreciate that the Government is trying to provide the jobs for anyone who does want to work although we recognize that within this program that many people will still be ineligible to work. How we deal with those persons has still not been answered and need to be addressed. (3) The purpose behind the minimum wage is to provide the greatest number of jobs to the greatest number of people. This is positive because it will get a lot of people into the

job market that perhaps have not been there before. However there is still a great amount of concern that the private sector is not involved. How will this program address readiness for people to enter into the private sector? Will this program be another Government program to supplement rather than become a part of the total system? Again it's recognized we have many difficulties in this area because of the lack of support for the private sector. There simply needs to be more private sector involvement. One possible solution would be to establish tax credits for private employers of program participants. If employers were allowed to offset their Federal income tax liability based upon a percentage of wages paid, this would provide a realistic and simple incentive for private employers to assist in the solution to the welfare problem. This approach would also be more economical than full subsidy of public jobs. There's a real danger that the government will become the growth industry for jobs. The private sector must become the first resort rather than last resort. (4) Another question is about the type of jobs that will be made available in providing the kind of dignity that is necessary to give people the confidence as to the particular abilities that they have. It becomes important that in the job component we not only have the necessary backup through support services to provide training and evaluation in relationship to the job. There should also be adequate counseling for the individuals who are working within particular jobs. (5) We could also emphasize the involvement of the local communities: that job opportunities be based on those particular needs within the community. It is important that we do not put guidelines into the legislation as to the type of jobs but that emphasis be placed on local communities creating jobs.

WAGE STRUCTURE

Recognize that the wage aspect of the program for the most part meets the minimum standards but that this isn't necessarily an incentive although it does provide jobs. Primary emphasis in the program should be placed on providing incentives rather than the program being seen as punitive. It is also recognized that safeguards must be built into the program so that municipal services, States, and localities will not be tempted to hire subsidized workers for jobs which would otherwise be held by regular State and municipal employees. If this would happen the goal of creating new jobs and services will thus be subverted. There is also the legitimate fear that regular municipal and State workers may be put out of work and that persons who are a part of the welfare reform job component will be used in their place.

CASH ASSISTANCE

We applaud the efforts of the Welfare Reform Act not to build into it severe penalities for those who are receiving benefits and working at the same time. We also applaud the stronger financial incentives provided to those families who are expected to work and willing to work. However, emphasis needs to be placed on those persons not on welfare but who are out of work. They should be given the opportunity to receive job and training benefits on an equal basis with other families.

PART-TIME JOBS

A very important part of the program is part-time jobs, which would allow single parents to work at a job, if they so desire, while their children are in school. It is crucial that we build in controls to insure the continued support of the family. Therefore this program needs to see that *9* to *3* jobs are important. The persons in these jobs would not have to work during vacations and during the summer when their children were at home. This kind of part-time job helps restore dignity to many people who are on welfare by providing a job incentive. It also gives people an opportunity to learn some kind of a trade or other skills which would be marketable when they were ready to go into the job market on a full-time basis after their children were out of the home.

SUMMARY

Let us emphasize that the purpose of any kind of welfare is not only to provide help but to promote dignity for those persons who are a part of the program. It should be emphasized again that the program operators should be local. Local labor markets differ, local clientele differs and a substantial investment of local job development expertise has already been made under the existing CETA programs. It

is also important that the sponsors will contract with public agencies, community based organizations and other nonprofit groups to create subsidized jobs and training slots. It would be expected at the State level for the Governor, in cooperation with local prime sponsors, to be responsible for developing a statewide plan including the setting of numerical goals for the private sector job placements and the creation of subsidized jobs and training slots.

We need to recognize that the basic purpose of welfare is to improve living conditions for our most disadvantaged citizens. We also need to be very realistic as to whether this program will provide jobs on a long term basis.

In the short-run the Welfare Reform Act provides for the first time, the possibility of an escape from poverty for many low income families. However, let us not be misled. This is only one step. The second step must be taken, and that is providing jobs for anyone who wants to work on a long term basis.

There are many people in our society who are not only unemployed but who have actually dropped out of the job market because they have given up on trying to find work. It is these people who we must reach. For many of them have become enslaved in a poverty circle that they see no escape from.

It is important that although the Welfare Reform Act addresses the issue of the poor—it does not solve the problem of poverty in our society.

Mr. TUCKER. Mr. Wick, I believe your time has expired.

Mr. WICK. Very well. I want to take just a minute here——

Mr. TUCKER. I am sorry. Your time has expired. If you will submit those for the record perhaps during the questioning period we can take it up.

Mr. WICK. May I have fifteen seconds?

Mr. TUCKER. No, you can't.

Mr. McIntyre.

STATEMENT OF PATRICK McINTYRE

Mr. MCINTYRE. I am Patrick McIntyre, a poor people's attorney, and I have been for about 5 years. That doesn't mean that I am a poor attorney. I try not to be.

The comments I am going to make are submitted on behalf of the legal services, the statewide legal services program of Washington State.

Myself and the people I speak for are attorneys and paralegals who play a continuing role in this area of welfare and welfare litigation. We obviously also appreciate this opportunity to speak to you directly and to express our concerns. We support those who have suggested that perhaps some way could be created so that more recipients themselves could have the opportunity in a meaningful way to talk to you.

We have about a dozen or maybe a little more now, a dozen offices throughout the State. My project was located in Seattle in 1976. That project alone handled 7,000 cases from among about 115,000 indigent Seattleites that were eligible for legal services and it probably goes without saying a very good portion of those 7,000 cases were welfare cases because that is one of the recurring and major problems poor people have in this country over and over.

All of that is by way of trying to say that I believe we do a very good job; we do it responsibly and do it better and better all the time. I hope, for that reason, that you will give some consideration to what we say, because I think we are very much in some ways on a level with the State administrators and we deal with these problems at that level and we have to share their problems with them.

At the same time, we are down in the pits, so to speak, and we see what really goes on out there and that is what these comments are based on.

I would like to look at just a few important areas of this legislation, tell you a little bit about what is happening now and what we see happening under the present plan in terms of legal problems. You will hear from recipients about day to day—in graphic terms—what it will do to their lives, and I think that is what you should listen to as far as that is concerned, and I can't tell you that, but I can tell you what kind of legal problems they have and what kind they are going to have, and I would like to do that as briefly as possible.

First of all, let's look at the work requirement. I have been prepared to say the WIN program is rarely mentioned by its critics and point out there is a work requirement in the present program and, in fact, able-bodied people and women with children over 6 are required to seek and apply for and accept available work.

We have heard a lot of talk about it today. I am not in a position to dispute what the Governor of Oregon says about his particular WIN program. I will tell you that the WIN program in Washington is widely understood to be a total failure. I will tell you that that program considers that it has found people work who find their own work; it plays a lot of games with statistics. It does not train people and it cannot overcome the major problem, which is that there simply are not the jobs out there to find for people.

We can look at the kind of problems we have, legal problems now. They involve litigation where individuals are ordered to apply for jobs for which they have no skill, training or experience, where individuals are terminated for failing to abide by an unreasonable and arbitrary work search schedule; where people are terminated for refusing to accept work at less than the prevailing wage and work which is hazardous or unhealthy.

Another fruitful source of protracted litigation are the sanction cases where individuals are penalized for not accepting work often due to misunderstandings or some flat inability they have to do what is required. They are told that they are off assistance and their families will suffer for 90 days and during that period there is absolutely nothing they can do to cure their fault or their alleged fault. Nothing. It is just 90 days and it will continue no matter if you find work or want work or want to do better, or whatever you want to do.

Most recently a woman has asked me to bring a lawsuit to force our WIN program to find her a full-time job. That is the kind of lawsuits we have now. I look at it and I say to myself, is it going to change?

The administration says this will increase job opportunities for the low-income population, but I look at these categories that we have about people who are required to work. I know we are going to have to figure out who is the principal wage earner and I see very similar problems and, in fact, more problems with this work requirement than exist under the WIN program, so I think there are going to be a number of very difficult legal problems.

I can pass quickly to the question of income and resources and present need. It has been alluded to already.

The present program at least attempts to respond to present need. That is not to say that the resources someone had several months ago are of no concern nor is it to say people get immediate help.

It has also been pointed out there is a 30- to 45-day wait on the average. The emergency assistance program is not and never has been geared to adequately respond to all the emergencies.

For example, in Washington it is a felony to have transferred all your resources or income in order to qualify for assistance. There are a lot of misconceptions about that.

On balance, compared to this new proposal where what someone had 6 months ago will be the determiner of what they get today, no matter how needy, and compared to the new system where in every case 2 months' income will be considered available in the present month, I would have to say that, with all its problems, the present system on balance is a great deal more fair and at least there is some hope we can muddle through it and work it out.

I see no hope of that at all with the accounting period and the retrospective budgeting and also the assets tests in the new system. There will be verification and other problems I don't think anyone fully appreciates who hasn't been down there doing it.

The administration claims there will be a great savings in all of this. In fact, that is how they will get fiscal relief. I don't see the savings.

One very quick, final observation and that is this: It is not a legal problem to talk about the inadequacy of the benefits, but I would emphasize to you that it becomes a legal problem in this sense: When people don't make enough to live on or get enough to live on and every little decision or every mistake is critical, everything becomes a very serious legal problem and you have to drop everything to deal with those things and that is going to continue to happen and, in fact, happen with greater frequency.

[The prepared statement follows:]

STATEMENT OF PATRICK MCINTYRE, EVERGREEN LEGAL SERVICES

BACKGROUND INFORMATION

The following comments are submitted on behalf of the many attorneys and paralegals of Evergreen Legal Services—the statewide legal services program of Washington State—who play an active, continuing role in the representation of eligible low-income clients in welfare matters. We very much appreciate having this opportunity to express some of our ideas and concerns to you directly. We now have more than a dozen offices throughout Washington State and several of us have been specializing in this critical area of poverty law for 5 years or more. In 1976, my project in Seattle alone provided representation to 7,000 of the estimated 115,000 indigent Seattleites who were eligible for legal assistance, and a very substantial number of those cases involved welfare disputes of one kind or another. The range of activities in which my coworkers and I regularly engage runs from assisting needy families through the obstacle-filled application process to litigating complex lawsuits involving thousands of persons and, where appropriate, testifying before administrative and legislative bodies.

I believe we provide a vitally necessary service and that we do it better and more responsibly than ever before. I hope you will agree that we are, therefore, in a uniquely well-qualified position to gage the need for and the probable effects of welfare reform legislation.

In evaluating and responding to this proposed legislation, we have made it an absolute rule to refrain from pushing our individual practical or political preferences. However, since welfare recipients from Washington and other States in this region, who are well able to do so, have been and will be telling you their everyday problems in graphic and first-hand terms, I would like to use this brief time rather to emphasize the serious legal difficulties which this legislation either will not remove or, unfortunately, will in some cases create. I will attempt to do so by looking at just a few important areas with you, contrasting what the administration claims, what is happening now and what will happen under the proposed plan. These examples are representative of many similar shortcomings of the proposed legislation.

THE WORK REQUIREMENT

Although it is rarely mentioned by its critics, the present system already has a work requirement—the so-called WIN program—under which able-bodied fathers in intact families and single mothers all of whose children are over the age of 6 years are required to register for, seek and accept available work or forego public assistance benefits. It may well be that the failure of critics to mention this program is explained by their having discounted it. For it's no secret—in Washington at least—that the WIN program has not worked and is not working. Litigation has thus resulted where individuals have been terminated for failing or refusing to abide by an unreasonable and arbitrary work search schedule; where individuals have been terminated for refusing to accept work—at less than the prevailing wage—which was hazardous or unhealthy. Another fruitful source of protracted litigation with heavy expense to all concerned has been the sanction cases—where individuals who have failed to toe the line, in some cases due to a good faith misunderstanding or just plain inability to do so, are denied assistance for 90 days with no possibility of curing their mistake no matter what they do. Most recently, a woman has asked me to file a lawsuit to force our state's WIN program to find her a permanent, full-time job.

According to the administration, its welfare reform package will "increase job opportunities for the low-income population..." However, due to the incompleteness of its coverage, its failure to stimulate private sector employment while at the same time penalizing those who fail to find private sector employment and its emphasis upon earning your keep temporarily and in any way possible as opposed to training and rehabilitation, it appears likely that the same kinds of legal problems and more will continue to arise. In addition, the great differences between the amounts of assistance provided to the working and the non-working, and the private and public employees will cause errors to loom large in importance, and to require constant litigation and re-litigation. The major problem with the present WIN program—the unavailability of permanent, full-time employment for all those who seek it—will still remain.

INCOME AND RESOURCES - PRESENT NEED

Our present welfare system is based on present needs. That is, it is designed to respond to poverty that exists today and, generally speaking, without regard to the different situation which may have prevailed several months ago. This does not mean that people get assistance immediately (they wait 30-45 days on an average in Washington) or that they can squander income and resources in order to qualify for assistance (this is, among other things, a felony in Washington). In fact, existing limitations upon the present needs aspect of the system are the source of many legal battles. These involve the elderly who have been denied nursing home assistance because they were misled into giving their homes or other assets to their children, the working single mothers whose grants are reduced in November to reflect long-gone September earnings and those victims of bureaucracy whom everyone agrees are needy and eligible, but who are evicted or whose children go hungry while they wait for the cumbersome wheels to turn.

The administration claims that retrospective budgeting, the 6-month accounting period and a new assets test will make the entire system fairer and more efficient and will, in fact generate many dollars in savings which will allow for fiscal relief. Based on our experiences, however, there changes will create an expensive administrative nightmare. With all its shortcomings, we are nevertheless compelled to recognize that the present system at least attempts to arrive at a balance between the competing needs to verify and to respond quickly to true need. It seems inevitable, however, that the proposed system will not only fail to result in the claimed benefits, but will insure routine denials of assistance to many needy families, and, the amount of money presently budgeted for emergency assistance will

simply not cover the needs. Additionally, the need for more extensive verification and computation will assure even more litigation on recoupments of over-payments received through agency error or alleged fraud. This is now the source of great hardship and dissatisfaction and numerous lawsuits. Instead of confronting the problem, however, the administration's bill will perpetuate and aggravate it.

SIMPLIFYING THE SYSTEM

The areas which I have been discussing, which are just two of many, should cast serious doubt on the claim that the proposed plan is simpler. A Federal judge recently noted that our present statute and regulations rival the IRS Code in complexity and, obviously, to the extent that this is true, it will generate endless and needless problems for the Federal Government lawyers, State lawyers and recipient's lawyers. And, the fact is that it is and that it does. You have been and no doubt will continue to be told that the proposed system worsens that situation by creating more categories of people, different grants for families of the same size and more levels of government involvement. We are absolutely convinced and urge you to realize that these are fair and accurate observations. The verification and computation problems alone will result in a proliferation of regulations at several levels that will take years to iron out. When I recently met with representatives of our State's legislature who were preparing to discuss the proposal with representatives of the administration, for example, I was advised that certain sections had been read three or four times, but could not be understood. I did not understand them either and our representatives have had to rely upon the administration's explanations as to what they meant though they are understandably dubious.

I have said to many of my coworkers in only a half-joking way and with no sense of pleasure that this will keep us in business for years. We are well aware that there are many in Congress who don't want us in business at all and, in fact, we would prefer it if the reform proposal really did resolve all the competing goals in a way that substantially reduced the need for our involvement. However, I can not overemphasize the extent to which this proposal will not accomplish that end.

FINAL OBSERVATION

While it is not within itself a legal problem, it must be recognized that the low level of benefits—particularly for those who are required but unable to find work—will lead to legal problems. The slightest errors, misunderstandings and legal disputes will become big cases and will have to be handled quickly and whenever they occur. And those who cannot obtain representation will suffer serious harm.

Thank you for your consideration of our concerns.

Mr. TUCKER. Thank you, Mr. McIntyre. Very fine testimony. Mr. Wyden.

STATEMENT OF RON WYDEN

Mr. WYDEN. My name is Ron Wyden from Portland, Oreg. Even though I am in the pre-senior-citizens age bracket, I am here to represent the Oregon Gray Panthers and the Oregon Gerontological Society.

Even though the needs of the older poor haven't been discussed here yet this morning, they have been well documented elsewhere. They are so shocking and saddening that I don't have the stomach to give you a filibuster and I will be well within 5 minutes.

I want to take one sentence though and say a third of the older people in the State live on an economic tightrope.

They delicately balance their fixed resources so they don't have to give up food to pay for fuel, fuel to pay for medical care, medical care to pay for housing or some other tragic combination of sacrifices.

You can see this sadness any time you fill up your cart with convenience foods at the supermarket. There are always senior

citizen shoppers counting and recounting coins in small hand purses to see if they can pay for a few necessities like meat, bread, and eggs.

With this as background, our groups must say that we are most disappointed that the predicament of the older poor receives only slight attention in the administration's welfare reform proposal. We realize that the central focus of the bill is on work and might possibly excuse the administration's failure to calculate that people 65 and over work also, if we didn't have so many additional reserves about the total package.

Our primary reservation is that the older people who have reviewed this bill feel that it does not simplify welfare by repealing programs like AFDC, SSI, and food stamps. All of the bizarre and complex eligibility and payment criteria, particularly the SSI program, are carried into the new welfare plan, and the new plan has also spawned some complications such as household units and the 5 months' accounting period.

The following features of the new plan must be considered drawbacks to the elderly poor. I have starred them and I will read a couple that are the most important to us.

The payment level for those seniors under 65 is only 37 percent of the poverty level. No combination of program benefits and income will lift those persons above the poverty level. Although required to work, these persons are not eligible for the public service jobs, the $3,800 annual exclusion of earnings, nor the earned income tax credit provided to others required to work under the bill.

Those 65 and over who work will receive lower benefits than under SSI. They too are not eligible for some of those programs I mentioned.

A significant drawback to the plan is that there is no guarantee that the States are going to supplement the Federal benefits nor that supplementation will maintain current benefit levels. There is no cost-of-living increase and that is something that is important that is provided in SSI. Overpayments under this program can be recovered by reducing a person's social security or medicare benefits and the whole overpayment issue has just been a nightmare for us under SSI and we would like to turn that around under the new plan.

I don't want to be entirely critical of the program because it does have some features we like.

There is a guaranteed annual income, albeit 37 percent of what is the poverty level, that would be provided for all elderly persons. The second is some of those public sector jobs may go to the elderly poor. The third is that childless persons under 65 would at least get some Federal cash assistance for the first time in the country's history.

The fourth is that a person need not prove that she was without fault in order to obtain a waiver of an overpayment and that is a particular problem I will just touch on with SSI.

If Congress were to enact the bill as it stands here today, the state of the elderly poor lies with the States. If the States would supplement the Federal benefits and this supplement came up to the cash assistance level that is current for the SSI and the general assis-

tance program, plus they added on the bonus value of foods stamps, then the pluses in this bill just about equal the minuses.

But, what we really hope, and what I am here to say today is that our group hopes you don't put the administration bill off on the elderly poor as written today. I hope you will keep the positive features of the plan that the senior citizens groups have itemized for you on page 3, look for some of the alternatives to the drawbacks and keep your eye on the goal that I know everybody in this room shares, and that is to create an adequate income for the older people who shouldn't have to suffer unjust poverty in a land of plenty.

[The prepared statement follows:]

STATEMENT OF RON WYDEN, REPRESENTING THE WESTERN GERONTOLOGICAL SOCIETY, THE OREGON GRAY PANTHERS, AND THE OREGON COMMITTEE FOR NATIONAL HEALTH INSURANCE

The needs of the elderly poor have been well documented elsewhere and, therefore I will not filibuster you to death this morning on the issue of poverty among older people. But I want to take one sentence and say that one-third of the elderly in this State are living on an economic tightrope—delicately balancing their fixed resources so that they don't have to give up food to pay the fuel bill, fuel to pay medical costs, medical care to pay for housing or some other tragic sacrifice. You can see the sadness of all this next time you are filling your cart with convenience foods at the supermarket. In Oregon the foodstores always have senior shoppers counting and recounting coins in small hand purses to see if they can pay for a few necessities like meat, bread, and eggs.

With this as background, we must say that we are disappointed that the predicament of the elderly poor receives only slight attention in the administration's welfare reform proposal. We realize that the central focus of the bill is on work, and might excuse the administration's failure to calculate that people 65 and over work also, if we did not have so many additional reservations about the total package.

Our primary reservation is that the bill does not simplify welfare by repealing programs like AFDC, SSI, and food stamps. All of the bizarre and complex eligibility and payment criteria of SSI are carried into the new plan, and the new plan has spawned new complications such as household units and the 5-month accounting period. The following features of the new plan must be considered drawbacks for the elderly poor (the most important are starred (*):

* The payment level for those under 65 is only 37 percent of the poverty level; no combination of program benefits and income will lift these persons above the poverty level; although required to work, these persons are not eligible for the public service jobs, $3,800 annual exclusion of earnings, nor earned income tax credit provided to others required to work under the bill;

Those 65 and over who work will receive lower benefits than under SSI; they are not eligible for the public service jobs, $3,800 annual exclusion of earnings, nor earned income tax credit;

* There is no guarantee that States will supplement the Federal benefits nor that supplementation will maintain current benefit levels;

* There is no cost-of-living increase provided as there is in SSI;

The program is even more complex than SSI;

Those who will be financial losers include some who have the least to lose;

The amount of a person's resources is determined by market value not equity value; income in excess of that actually produced by the resource is used to reduce the benefit payment;

* Overpayments under BJIP can be recovered by reducing a person's social security or medicare benefits;

The elderly must cooperate in obtaining support payments from their adult children;

The benefits are reduced by currently nonexistent income such as the income received 5 months earlier, the savings presumed to be generated by shared living arrangements, the income imputed from assets, and the benefit of a bargain;

* There are no time limits within which an application for benefits must be approved or denied nor an appeal ruled upon.

We do not wish to be wholly critical of the administration's efforts, however, because the bill has some strong features, some of which I have listed below:

Childless persons under 65 will be included in a federal cash assistance program for the first time;

A guaranteed annual income is provided for all elderly persons;

Some of the public sector jobs created by the bill may serve the needs of the elderly;

The program will have nationally uniform rules;

Among current recipients of SSI and general assistance there will be more gainers than losers;

The program has a higher resource allowance than SSI or general assistance programs;

A person need not prove she was "without fault" in order to obtain a waiver of an overpayment.

If Congress were to enact into law the bill before us today, the fate of the elderly poor would lie with the States. If the States would supplement the Federal benefits and the supplement was up to the current cash assistance level for SSI and general assistance (plus the bonus value of food stamps), then the pluses in the bill might just about equal the minuses.

But our deepest hope is that you do not sling the administration's bill off on the elderly poor as written. Keep the positive features of the plan that have been mentioned, look for alternatives to the drawbacks and keep your eye on the goal I know we all share: That is to create a plan that will produce an adequate income for the many older people who suffer unjust, outrageous, and unwarranted poverty in a land of plenty.

Mr. TUCKER. Thank you very much, Mr. Wyden.

STATEMENT OF SALLY McCRACKEN

Ms. MCCRACKEN. My name is Sally McCracken and I am here today as the chairperson of the Oregon State Adult and Family Services Review Commission. The commission is a citizen's body appointed by the Governor to review the programs of the adult and family services division and to advise the administrator of the division.

Due to the time frame of our last meeting and the preparation of the testimony for today, the review commission has not had an extensive briefing on the complete analysis of the welfare reform plan as it was presented by the division this morning. We have had several discussions of the proposal as it has evolved and at our last meeting Leo Hegstrom explained to us many of the issues raised in the testimony today.

We felt his points were well taken then and I feel assured the commission would agree that those additional trouble spots covered today were equally justified. As examples, I would mention the need to remove pregnant women from the required to work category, especially if one unable to work could only receive $92 per month, and also the need to recognize that incapacity to work for more than 30 days should also remove someone from the required to work category.

The members of the commission did ask me to present their concerns upon two specific points from those which Leo reviewed for us. The first was on the matter of the six—or possibly more—month accountability period for eligibility for a family applying for benefits under the plan.

Many on the commission felt this could lead to intolerable hardships for many families. After discussion on this, we decided we

would prefer payment on a more current basis or, if the proposal retains the 6-month accountability period, it would necessitate an open-ended allocation so that moneys would be available for emergent need. It would be impossible for States to pick up the costs of assisting families for several months.

The commission was also concerned about the lower tier of benefit levels during job search and when public service jobs ended. That whole public service jobs process raised many questions and brings me to the second issue I was asked to express to you. The members of the commission feel strongly that most people want to work and that the problem lies in their inability to find jobs.

We point with pride to the success of the Adult and Family Service Division's job placement program.

We also feel that jobs should provide incentives and not added burdens as has been the case in the past. If public service jobs do not carry with them fringe benefits—such as unemployment compensation, health insurance, et cetera—then they penalize the person again for being unable to find a job in the private sector. We would hope that provision for fringe benefits could be included in the program for public service jobs.

Thank you very much for the opportunity to bring the concerns of the Adult and Family Service Review Commission to you.

Mr. TUCKER. Mr. Shelly.

STATEMENT OF MICHAEL SHELLY

Mr. SHELLY. My name is Mike Shelly. I represent the Lane County Welfare Board. Our county has been well represented here today.

My overall impression of H.R. 9030 is a positive one. It seems to be an improvement over existing programs. I do, however, have reservations concerning several specific proposals therein.

It is my belief that sections pertaining to education, subsidized employment and training are inconsistent with basic human and perhaps even civil rights enjoyed by most of us.

The bill seems set up to funnel the majority of those expected to work through a very narrowly based, subsidized employment and vaguely outlined training program, the long-term results of which are uncertain.

This appears to sacrifice the freedom of recipients to choose their own occupation, or means of arriving at it, for the sake of administrative and financial convenience. Further, recipients are forced into, at best, menial or blue collar work, and possibly deprived of meaningful training opportunities.

An obvious potential result is to insure that a low income family will remain so, both in present and future generations by insuring to some extent the education and financial environment of both adults and especially children in the family.

To sum up this issue, I believe that the low income population should have the same right to choose their future occupation and means of arriving at it—at least within reasonable limits—as do the rest of us. It appears to me that H.R. 9030 denies these basic rights.

Another of our concerns regarding H.R. 9030 is the proposal that would base eligibility on income for a period of 6 months prior to application, thus presuming that applicants have saved sufficient funds to deal with any emergencies that come up.

It is our belief that this proposal both, first, takes much for granted about one's ability to save that much money in our present inflationary economy, and second, further presumes to interfere with personal rights to the extent of telling one how to spend his paychecks.

The effect is to tell the applicant, "if an emergency arises, don't expect help; at least not for 6 months." Add to this the burden of substantial Federal deductions from preceding paychecks.

Under existing laws—such as leases, installment payments, mortgages, and consumer goods—a person or family could easily lose everything, including shelter, in less than 30 days.

I have personally witnessed such tragedies. It is difficult for me to think about the disastrous results for an individual family waiting 6 months. I seriously doubt that any of you, put in the position of a low income person, could operate under these guidelines; I know I could not.

I have one more overall reservation regarding this bill.

It seems to me very broad and generally vague, leaving much to the discretion of the Secretary. I have read both the bill and summaries from several sources. I have also spoken with several people, all of whom share my uncertainty as to what much of the bill would actually do if enacted.

[The following was attached to Mr. Shelly's statement:]

My name is Sue Phemister. I live at 2080 West 12th, Eugene, Oreg., with my three children. My husband deserted me in 1974; before this I had never been on welfare. I had no marketable skills with which to support my children and myself. I have friends like myself who, without an education, will have to either stay on welfare or live in poverty with their children. I've seen some of the new welfare plan and it appears to make it even harder for a welfare recipient to go to school. I believe a low income person should have rights (within limits) to chose their training or educational program as anyone else in our society.

I was left at 30 years of age with three very bright children to raise. As it is now, I cannot give them their necessities without some sort of special training. I don't think because my husband chose to leave us we should have to have our lives manipulated.

My name is Lynne Bernhardt. I have four children and I am divorced. In 1973 after having been on welfare for a year, I decided to try to go to school so that I could learn a trade and try to support my family. At that time I was able to obtain funding from welfare that paid for my tuition and books. This was called a welfare scholarship. In 1974 I was accepted to the LPN program at Lane Community College. When I talked to welfare about financing my schooling, I was informed that there were no longer funds for welfare scholarships. I was able to obtain funds to complete my education through the financial aid at the college. My education was paid for with a loan which I am still repaying.

In view of my experience and through what I've read, it appears that it is becoming increasingly difficult for welfare recipients to obtain the educations needed to enable them to become self-sufficient.

DIANE GREIFEN

Under the new proposal my family would have wound up stranded, homeless, totally without funds, and with no hope of getting any. Six months before I arrived in

Eugene, I was earning a salary of about $9,000 annually and owned a home worth about $40,000. Due to a series of events, I found myself unemployed, selling the house at a loss to pay back debts, and alone with my children in a city where I knew no one. I am certified to teach special education in Illinois, but after 1 month I still have not been able to have that certification transferred to this State. (In Illinois there are no jobs for teachers at all.)

Without welfare to help us out until I can find adequate work to support my family, I do now know what we would have done. At best we would not have been able to keep our family intact.

Mr. TUCKER. Thank you very much, Mr. Shelly.

Mr. Duncan?

Mr. DUNCAN. No questions.

Mr. TUCKER. Mr. Gradison?

Mr. GRADISON. I do have one question.

First, I would like to thank all the witnesses on the panel for their testimony.

Mr. Wyden, I think you have done a good job in looking at this from the special point of view of elderly citizens. It is surely not an assured tradeoff to give up the present SSI and food stamps for this program.

How did you come up with the 37 percent?

Mr. WYDEN. Those were poverty figures based on Bureau of Labor Statistics. Notions of what constituted poverty at that particular time.

I think what really was the overall sentiment of it is how saddened we are this major welfare reform plan says so little about the problems of the elderly poor.

So far today I am the only person who has touched on the subject. I think if there is one group in society that deserves our attention, it is those older people who are strapped without options to turn to.

I certainly would hope, as this bill moves through the labyrinths of Congress, they will be paying more attention to the problems of the elderly poor.

The one thing I didn't add that I think is important to fiscal conservatives is if we don't provide an adequate income, an adequate floor under the support of the elderly poor, you force them into nursing homes and that costs the Government four or five times as much and makes older people significantly more unhappy.

I think we ought to keep that in mind too, that it is going to cost us more to give them less of what they want if we don't build that floor under low-income older people.

Mr. TUCKER. Mr. Wyden, in the course of your testimony you mentioned the proposal provided a benefit support equal to only 37 percent of the minimum poverty level. Is that a poverty level for a family of four?

Mr. WYDEN. We based that on an individual. The Bureau of Labor Statistics does for a family of four and breaks it down. We based it on both individuals and a family of four.

Mr. TUCKER. You would be using BLS poverty level for an individual for this area?

Mr. WYDEN. Yes.

Mr. TUCKER. Were you using the national statistics?

Mr. WYDEN. For the west coast.

Mr. TUCKER. The BLS standard is a higher poverty level than the minimum wage poverty level based on cost-of-living, is that correct?

Mr. WYDEN. Yes.

Mr. TUCKER. It doesn't mean it is inappropriate, but I did want the record to be clear as to what we are talking about.

Mr. WYDEN. I think you are right and at the same time it is certainly in the ballpark for what is a poverty level figure for an older person living on the west coast.

Mr. TUCKER. What do you consider that to be on a monthly or yearly basis?

Mr. WYDEN. In the vicinity of $250 a month.

Mr. TUCKER. For an individual?

Mr. WYDEN. For an individual.

Mr. TUCKER. For an elderly couple, what would the figure be?

Mr. WYDEN. For an elderly couple it is somewhere in the low three hundreds.

Mr. TUCKER. Thank you very much.

Mr. McIntyre, I was very pleased that you came over to testify today about the legal problems we run into. If we can address some of these beforehand, I think we can save a lot of problems later down the line.

It would be most helpful if you could provide me at least, and I think other members of the subcommittee would like to have it as well, with some specific suggestion as to how to do it, to avoid some problems.

Just maybe a checklist of things to watch out for that we could use and I could use in particular during markup of the bill beginning shortly after Thanksgiving. It would be most helpful to me if you could do that.

Mr. Wick, I had to cut you off there and I would be happy to give you 15 seconds or so now.

Mr. WICK. With the Welfare Reform Act, I think there is a lot of confusion. This is not going to solve our employment problem. The last thing I was going to mention is a real deep concern on the point of the Washington Full Employment Council; that we are really not meeting minimum employment goals in this country. The job opportunity component of the Welfare Reform Act, we view as a first step, but the second step really needs to be taken, which is giving anyone in this country who wants a job a job.

Mr. TUCKER. At what wage level?

Mr. WICK. I think that has to be spelled out.

I think as far as people who are entering the job market for the first time and in terms of benefiting the greatest number of people a minimum wage is a beginning at that.

Mr. TUCKER. I think you recognize, and perhaps most of the witnesses do, that providing 1½ million jobs is not something that is going to be easily done. I think it is essential that we provide jobs for everybody, but you start out providing the first job and then the second one and the third one until you get through it.

Many of the witnesses have commented on the wage levels involved. First, there is a question of whether you provide even a million jobs and then whether you can provide jobs for everyone and then whether you can provide training to move on to better jobs and what the wage level will be for those jobs we do provide.

It is a highly complicated area.

Thank you all for your testimony. We appreciate your coming.

STATEMENTS OF PAT SULLIVAN, RANCHER, HEREFORD, OREG.; ROBERT O. EDDY, SUPERINTENDENT, BAKER COUNTY INTERMEDIATE EDUCATION DISTRICT, BAKER, OREG.; AND RON PERKINS, IMMEDIATE PAST PRESIDENT, BAKER COUNTY LIVESTOCK ASSOCIATION, HAINES, OREG., ALL ON BEHALF OF RANCH HAND'S TRAINING PROGRAM STEERING COMMITTEE; AND MAXINE SELLING ON BEHALF OF THE METROPOLITAN FAMILY SERVICE

STATEMENT OF RON PERKINS

Mr. PERKINS. I am Ron Perkins, immediate past president, Baker County Livestock Association, Haines, Oreg.

We are here today to discuss a training program we have developed called the ranch hand training project.

In the audience we have Fred Ringer, commissioner, Baker County Court; Margaret Reed of the mental health department; Eldon Hughes, past ranch hand program instructor, and Larry Nye, ranch hand steering committee chairman, and adult and family services Baker District manager, and Jim Edison of job location and placement, program coordinator of Adult and Family Services, Baker branch.

Several years ago a Hereford rancher came into Baker to hire a man to work for him. This man refused because he was making too much on welfare. He went into the welfare office and raised heck, but under the job placement and location of adult and family services, and the community participation, this program was developed called this ranch hand training project, to deal with this problem.

At this time I would like to introduce Mr. Pat Sullivan who will enter some more testimony.

STATEMENT OF PAT SULLIVAN

Mr. SULLIVAN. My name is Pat Sullivan, a rancher from Hereford, Oreg.

I guess I would just like to briefly describe our program and why we are here.

The ranch hand training project is a local community-sponsored vocational training course for marginally employable adults.

The basic elements of the ranch hand training are preemployment training and evaluation and it is a year-round program of field and classroom experience. It is designed to be meaningful to literate and illiterate students.

The reason we are here is to show that this could be a federally funded, locally designed and operated national welfare vocational training model for any marginally employable adult.

I believe you have this chart in your packet, so I won't go all over it. The most important parts of the ranch hand project are probably student education and employee readiness and job location and placement.

Mr. PERKINS. In your packet you will notice two case histories of typical students who have been through this program. It says in there one of these students is a third generation welfare recipient which we have trained and he is on the road now to earning a wage. Also, we have prepared an 8-minute slide presentation, but we were unable to show it here in this program.

Also in your packet you will find the overview which went with the slide presentation of that slide. If you would like that slide presentation for any of your other uses, we can make it available to you.

I might briefly go over some of the highlights. As you see, Baker is a relatively small place. Our work is seasonal. Mainly lumbering or agricultural work. In 1975, when the economy was at somewhat of a low, we had a particularly large amount of people on public assistance. At this time this program was involved. The ranch hand training project is a tuition-free program open to the public. It is a local community-sponsored vocational training course for marginally employable adults and basic elements of the ranch hand training projects are preemployment training and evaluation.

It is year-round field and classroom experience designed to be meaningful to literate and illiterate students.

As I stated, we ran the program in 1975. The student spends an average of 8 weeks in the program and each student received a diploma stating how long he was in, a case history, what work he covered. This he could use to gain entry into the job market.

In the 11 months of the project, 80 percent of the students found employment and some of these jobs included working on a ranch, being employed in a plywood mill and working in a feedlot and construction. This program has developed into a model vocational training program. It includes a team approach by the student, instructor, employer group, and support agencies. Throughout the student training and job placement experiences, necessity has forced the design of the program to be financially efficient. When the model is used, there is a minimum of paperwork regulations and cost, with a high degree of successful job placement.

At this time I would like to introduce Robert O. Eddy, superintendent of the Baker County Intermediate Education District.

STATEMENT OF ROBERT O. EDDY

Mr. EDDY. Mr. Chairman and gentlemen, I am very happy to be here. I would like to make an additional comment on the slide presentation. Representaive Ullman does have a copy of this, which you may possibly see at a later time.

I would like to call to your attention, if I may, the four financial areas of this project.

The first charge that you see here on your right is the actual program cost for this pilot program. You will notice in here there was a certain amount of local contribution from the ranchers per se. Approximately $9,000 was invested. The ranchers feel that, No. 1, they had operating equipment running into the tens of thousands of dollars. This gave these people a training program where they could actually operate them.

If you will glance on through that, we had 47 clients, or you might call them students, involved in the first pilot program. Of this 47 students, 35 of them actually received jobs and are now employed.

Mr. DUNCAN. Where did they go to work? Did they work on the ranches?

Mr. EDDY. Yes. Would you like a breakdown on that?

Mr. DUNCAN. They did that.

Mr. EDDY. The majority of them did, yes. There were some affiliated with the sawmill. The majority was either in ranches in Baker County or even in the neighboring State of Idaho.

These 47 participants, the cost of this program was $31,545, which will show on this prior program.

I would like to call your attention now to the actual program savings which will follow on the second chart.

If you will look at the chart, you will notice on the left-hand side you will find the different supporting agencies. This in turn makes up the 47 caseloads we talked about just a minute ago.

The next column is actually what it would have cost these agencies had the ranch hand program not been affiliated.

In the third column is the actual cost with the ranch hand program initiated of $82,000. This in turn gave us what we call a tax dollar saving there of $142,000 roughly.

I would like to mention again, this was a pilot project for the first year.

On the next charge we have benefits. This is also in your packet. We would like to have you go through this. You will also find in there two case histories also denoted in a slide presentation.

The next chart here is our projected 2-year budget that you have before you here. This is what we are proposing to you as a possible program.

We can actually progress here by saying if we increase the number of clients from 47 to 115 clients, we will actually invest in the program—we have an investment here of $163,000 and we feel a saving can be made of $1,603,000. This is a 17 percent investment with an 83-percent return.

Mr. DUNCAN. This is in Baker County?

Mr. EDDY. Yes, where we have 115 students. This also plans on expanding the program out of ranch hand into plywood and logging, our three major industries. Agriculture, the logging operation, and the mills.

The next chart you will see here is our proposed 2-year budget. This is how we propose to spend $161,000 to give you back the 83 percent return on this. You will see that the educational programs are listed here. We are also proposing that safety equipment and other materials be purchased whereby these clients or students, as we call them, would be skilled and employable.

Looking at this, I think we have three major areas of employment, as I mentioned before; our ranching, our plywood and our logging.

Another thing I would like to mention here too that we feel our program will do is to give a certain amount of self-pride, a certain amount of individual dignity in a strong participating community.

Mr. TUCKER. Thank you, Mr. Eddy, and thank you, Mr. Sullivan.

Mr. SULLIVAN. I have just a little more, sir.

The basic design of this program is a steering committee guiding and setting policy to follow the students from the referral support agency, straight through to followup.

This type of training model could be used for many types of vocation. The word "ranch hand" could be taken out. It could be training women, for example, to be maids in motels. The vocations are unlimited.

We feel we have conducted a successful pilot program and we hope your committee can make use of this concept in the national welfare policy. Or at least find funding for the projects at our own county level.

[Attachments to the statements follow:]

HOUSE WAYS AND MEANS
Subcommittee on Welfare Reform
November 9, 1977

Testimony: Baker County Ranch Hand Training Project Steering Committee

Presenters: Pat Sullivan, Rancher, Hereford, Oregon
Robert O. Eddy, Superintendent, Baker County Intermediate Education District, Baker, Oregon
Ron Perkins, Immediate Past President, Baker County Livestock Association, Haines, Oregon

Topic: Ranch Hand Training Project, A Model Vocational Training Program for the Marginally Employable Adults

Order of Presentation:

1. Introduction of the Project as an inexpensive training model for any community and most any vocational skill - Pat Sullivan.
2. What is the Ranch Hand Training Project? (Chart) - Pat Sullivan.
3. Overview of the Project. (Tape-Slide Show, 8 minutes) - Pat Sullivan.
4. Two Case Histories. - Pat Sullivan.
5. Program Cost. - Robert Eddy.
6. Actual Program Savings. - Robert Eddy.
7. Benefits Chart. - Robert Eddy.
8. Projected Two Year Budget. - Ron Perkins.
9. Additional Training Areas. - Ron Perkins.
10. Projected Two Year Cost Savings. - Ron Perkins.
11. Training Model Basic Design. - Ron Perkins.

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Ranch Hand Training Project



sponsored by:



Baker Co. Cattlemen

Baker Co. Intermediate Education District

Baker Branch Adult and Family Services Division

Baker Co. Livestock Assoc.

Baker Co. Step Forward Activity Center

Baker Co. Alcohol & Drug

Baker Co. Association of Retarded Citizens

Baker Co. Adult Parole & Probation Office

Baker Co. Mental Health Clinic

Baker Office Employment Division

Endorsed by:

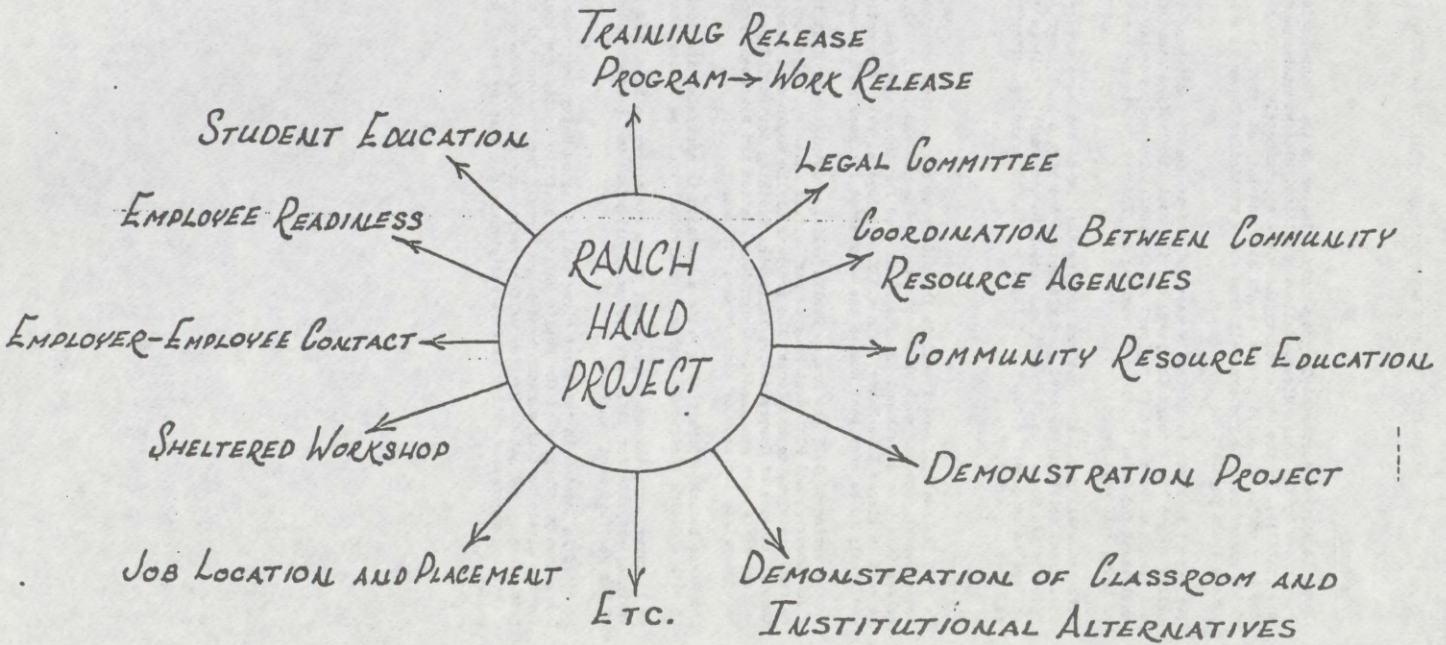
Baker Co. Senior Services

Oregon State Cattlemens Association

14 Oregon State Legislators

Baker County Extension Service

RANCH HAND TRAINING PROJECT IS:



BAKER COUNTY RANCH HAND TRAINING PROJECT: OVERVIEW

BACKGROUND:

Baker is a rural Northeast Oregon County situated on the Idaho border. It is surrounded by the Snake River, Wallowa Mountains, Blue Mountains and rolling desert hills. In the whole county there are approximately 15,200 residents. In the city of Baker, which is the county seat and largest city, there are about 9,500 residents. As you can tell from these statistics Baker is a large county with a small population.

Employment in Baker is basically seasonal and if one does not know two or three skills to get him through the year, he will most likely find himself on public assistance of some sort during part of the year. The only regular year around employment for Baker Citizens is working for federal, state or local governments or being self employed.

With the small population one can imagine that we do not have a very sophisticated industrial setting. We have good elementary and high school programs, a strong Intermediate Education District, and access to a community college and state college in neighboring counties. Adult vocational training, other than just mentioned, does not exist.

HISTORY:

In 1975 the nation found itself in the middle of a recession compounded by inflation. Governmental programs such as unemployment insurance and public welfare found themselves in a boom situation. Business was good for these agencies. In fact it was so good in places like Baker, with a 13% unemployment rate, the anticipated budget was likely to be overspent due to the unexpected increase in business.

In the spring of 1975 the Oregon Public Welfare Administrator felt the need to design a Job Location and Placement Program for welfare clients, to be operated by the Public Welfare Division, to supplement the programs of the Employment Service. Primarily through the use of Comprehensive Employment Training Act (CETA) personnel, public welfare staff were assigned to design Job Location and Placement Programs that would be appropriate for each of their branch offices.

The Baker Branch of the Public Welfare Division in assessing its local situation came up with a design that would emphasize individual training rather than job search.

As it turned out, through experience, there was proven to be a need for a couple of training projects for different groups of clients. One project caught the attention of the Hereford area ranchers.

Hereford is located in the Burnt River Valley, below Unity Reservoir, in southwestern Baker County. They asked the Public Welfare staff to consider a training program for the development of a ranch hand labor force. They reasoned that the depressed ranch economy and job market for welfare recipients might create a good setting for a training program, enabling welfare recipients to get entry level jobs in the ranch industry.

In September 1975 a meeting was held in Hereford between Burnt River Valley ranchers, and staff from the Oregon State Employment Service and the Public Welfare Division. At this time the program was launched under the co-sponsorship of 18 ranchers and the two state agencies. It is interesting to note that at the close of the funding periods in January 1977, the co-sponsorships included the individual ranchers, four state human resource agencies, the local Association for Retarded Citizens, the local Cattlemen's Association and the local Activity Center for the Mentally Handicapped. Also, the Oregon Cattlemen's Association and the local Extension Service formally endorsed the program.

The co-sponsors of the program sought funding through the local Manpower Council and through the local I.E.D.; both efforts were successful. The Manpower Council provided CETA funds for a full time teacher and the I.E.D. provided approximately 80 hours of vocational agricultural instruction.

WHAT IS IT?:

The Ranch Hand Training Project is a tution free program open to the public.

It is a local community sponsored vocational training course for marginally employable adults.

Basic elements of the Ranch Hand Training Project are pre-employment training and evaluation.

It is a year around field and classroom experience designed to be meaningful to the literate and illiterate student.

INSTRUCTION:

Starting in December 1975 students were trained in a classroom setting and in the field.

Classroom training included sessions in highway safety for moving farm equipment and cattle, first aid, welding, carpentry, and basic mechanics.

In the field, students had extensive exposure in fencing maintenance and building. Also, there was major training in equipment operation such as equipment used for haying and cattle feeding. Also, taught was riding herd, calving, branding and feedlot operation.

Students participated in a variety of unlikely activities that ranch hands get into every once in awhile. They included such things as splitting wood, building bridges, roadgrading for such things as a cattleguard, that they built and debarking corral poles.

GRADUATION:

Students spent an average of 8 weeks in the program. All students at the completion of training, no matter how long they stayed in the project, received a credential packet through the local I.E.D. This packet is in three sections. The first section is a certificate of achievement, the second section is an itemization of topics of instruction learned with the number of hours for each topic and the rating by the teacher for each topic. The third section is a place for the student to keep a permanent record of references and work history. This packet is designed to be presented to prospective employers as students move on to various jobs.

EMPLOYMENT:

In the eleven months of the project, 80% of the students found employment. Some of these jobs included working on a ranch, being employed in a plywood mill, working in a feed lot and construction.

FUTURE PLANS:

The community is considering using the Ranch Hand Program to design other adult vocational training programs to enable students to train in areas such as logging, mill work, dietary and nurse's aides.

The Ranch Hand Program is also being considered to help design a training program to work in conjunction with work release programs of agencies in the field of corrections.

SUMMARY:

In summary, the Ranch Hand Training Project has out of necessity evolved into a model adult vocational training program. It includes a team approach by the student, teacher employer group and support agencies throughout the student training and job placement experiences. Necessity has forced the design of the program to be financially efficent When the model is used, there is a minimum of paper work, regulations and cost with a high degree of successful job placement.

RANCH HAND CURRICULUM

1. Fence building and repair, with emphasis on various types and their construction.
2. Operation of equipment, including tractors, balers, hay retrievers, ditcher attachments, posthole augers, post drivers, plows, harrows, grain drillers, etc. General maintenance of the equipment was also included.
3. Irrigation - flood irrigation, corrugation and sprinkler.
4. Cattle tending, feeding, feed truck orientation and operation, riding herd, cattle disease and calving, spotting, treatment, etc.
5. General duties which included repair and maintenance of bridges, barn and out buildings, corral cleaning, spreading and harvesting crops, stacking hay and straw, harvesting wheat and barley, crop storage, etc.
6. Feed lot operation, vaccinating and mixing of feeds.
7. Standard First Aid Course
8. Vocational Agriculture instruction in metal shop activities such as wiring, plumbing, welding, etc. 80 hours.

January 1977

STUDENT CASE HISTORIES

Earl Haney

Earl is a young man, 22 years old. He has a wife and two children. His education is only elementary. He is a third generation recipient who has had his own grant from September 15, 1972 to December 1, 1975. Until December, 1975, he was a marginally employable young adult with few skills and was only able to obtain small laborer type jobs on a very limited basis.

On December 1, 1975, Earl volunteered to participate in Baker County's Ranch Hand Training Project. After one and one half months of participation in this program Earl was able to upgrade his skills, develope good work habits and obtain the visibility with local employers, which helped him to get some meaningful employment references. Through his participation in the program Earl earned a credential packet reflecting the skills he had obtained, good work habits, and positive attitude adjustment. With this credential packet Earl was referred to, and obtained employment with Ellingson Timber Company, Plywood Division, on January 15, 1976. Follow-up shows that Earl is still with this company, he is self-supporting, and a better than average employee.

Bruce and Everett Bennett

Bruce and Everett are young adults and brothers. Bruce is 37 years old and Everett is 35 years old. These two men spent most of their lives in the Fairview Hospital and Training Center in Salem, Oregon. For approximately the last 12 years these boys have been on an Aid to Disabled grant established on mild mental retardation. Both young men have about a sixth grade education. The only jobs the young men had were lawn mowing, clean-up projects, and other similar small jobs.

In July 1976 these two young men volunteered to participate in Baker County's Ranch Hand Training Project. At this time they were also participating in the local Step Fowrward Activity Center, where they were tutored in reading and writing, table manners, personal hygiene and basic money management skills.

Both men participated in the Ranch Hand Training Project for approximately seven months. They were rated by both ranchers and the project teacher as doing fair to good on the tasks for which they were trained. In July 1977 Bruce was able to obtain employment through his Ranch Hand Training Project credential packet with the US Forest Service. Follow-up on Bruce reflects that he is doing very well. He is no longer on assistance or SSI. Everett was able to obtain employment through his Ranch Hand Project credential packet with a local grocery store. He was hired under arrangment with VRD and the Department of Labor at a special minimum wage rate of $.85 per hour and has worked this up on a monthly progress review to $1.50. Follow-up reflects that Everett is progressing satisfactorily. Everett is no longer on Aid to Disabled grant and he will soon become self supporting.

A. CETA Position
1. Teacher. Gross wages computed at $833. per month for 10 months is $8330.
2. Travel. Computed at $230. per month for ten months is $2300.
3. Fringe costs. Computed at $167. per month for ten months is $1670.
4. Tools and Equipment. $53.95.

TOTAL $12354.

B. Public Welfare Division
1. Private Car Mileage Expense. $1243.
2. State Vehicle Expense. $724.
3. Agency Paid Staff Time. 990 hours (720 is CETA) at $6.00/hour is $5940.
4. In Kind Contributions.
Postage. $18 per month for ten months is $180.
Photo Copy. $8 per month for ten months is $80.
Office Space and Equipment (unknown).

TOTAL $ 8167.

C. Ranchers (In Kind)
1. Land Rent at $10. per month for ten months is $100.00 (minimum.)
2. Equipment. Rent at $289. per month for ten months is $2980.
3. Personnel. 600 hours at $6.00 per hour is $3600.
4. Transportation. 5000 miles at 9¢ per mile is $450.00
5. Incentive Pay. Hereford $900. Other areas $1000.

TOTAL $ 8940.

D. Intermediate Education District
1. Vocational Agriculture Classes - $770.
2. Personnel. 56 hours at $6.00 per hour is $336.00.
3. Supplies. $50.00.
4. Classroom Space (District 5J). 160 hours estimated rental value is $136.00.

TOTAL $ 1292.

E. Other Support Agencies
1. Mental Health Programs
a. Mental Health Clinic 36 hours at $6.00 per hour is $216.00.
b. Alcohol and Drug Program. 28 hours at $6.00 per hour is $168.00.
2. Oregon State Employment Service. 30 hours at $6.00 is $180.00.
3. Adult Parole and Probation. 20 hours at $6.00 per hour is $120.00.
4. Court and Sheriff. 18 hours at $6.00 per hour is $108.00.

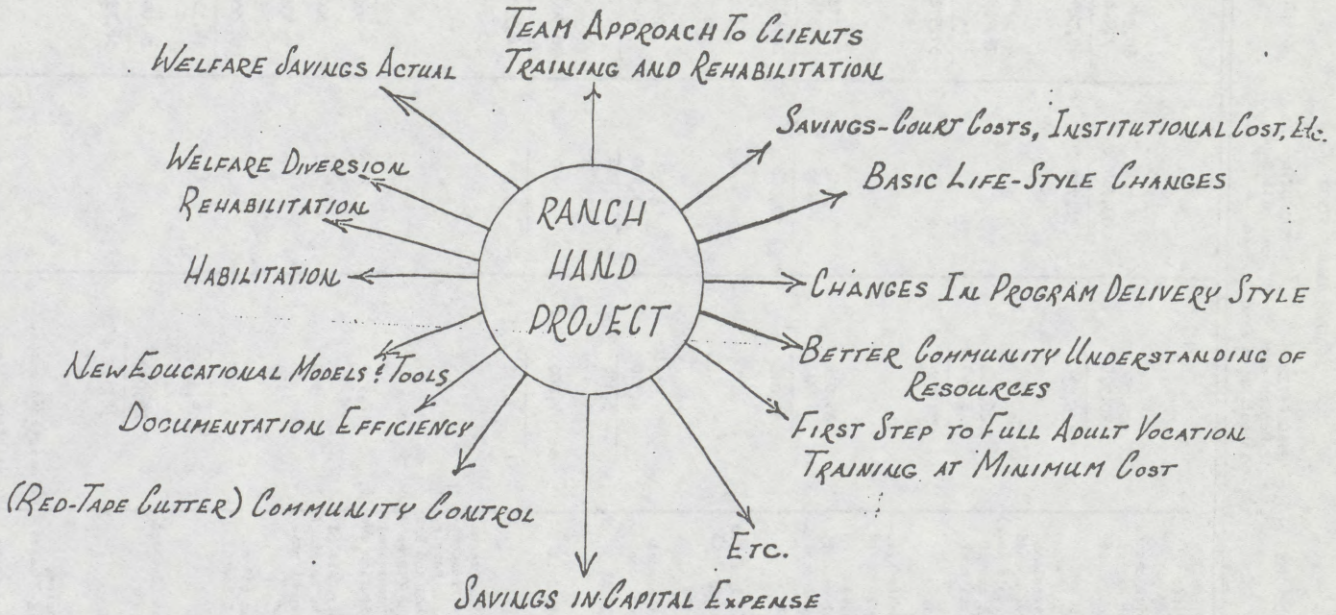
TOTAL $ 792

ESTIMATED GRAND TOTAL $ 31,545

PROGRAM CASH SAVINGS

SUPPORT AGENCIES	ANTICIPATED 12 months cost without Ranch Hand	ACTUAL 12 months cost with Ranch Hand	SAVED	SUB-TOTAL Saved
Adult and Family Services				
24 open cases				
grant amount	105,060	44,744	60,316	
medical cost	20,976	13,968	7,008	
TOTAL	126,036	58,712	67,324	
6 diversions (never opened but would have)				
grant amount	26,268		26,268	
Medical cost	5,244		31,512	
TOTAL	31,512		31,512	98,836
AFS and Other Agencies Involved				
8 cases				
grant amount	35,024	14,912	20,112	
medical cost	6,992	4,656	2,336	
TOTAL	42,016	19,568	22,448	22,448
AFS, Other Agencies & County Jail				
2 cases				
AFS				
grant amount	1,608	1,364	244	
medical cost	1,510	1,510	-0-	
SUB TOTAL	3,118	2,874	244	(121,528. tot welfare save
County Jail	7,200	900	6,300	
TOTAL	10,318	3,774	6,533	6,544
COUNTY JAIL, Oregon State Penitentiaries, Parole, Alcohol And Drug				
1 case (three year sentence)				
Restitution owed	2,400		2,400	
Fine	500		500	
County Jail (1 months holding)	300		300	
Transport prisoner	135		135	
Prison (11 mo. Room & Board)	11,000		11,000	
TOTAL	14,335		14,335	
Prison (2nd and 3rd year)	24,000		24,000	
TOTAL	38,335		38,335	14,335
Other Agencies, No AFS-2 cases	No maintenance cost			
Volunteers 3 cases	No maintenance cost			
GRAND TOTAL	224,217	82,054	142,163	142,163

BENEFITS


RANCH HAND PROJECT
TEAM APPROACH TO CLIENTS TRAINING AND REHABILITATION
WELFARE SAVINGS ACTUAL
WELFARE DIVERSION REHABILITATION
HABILITATION
NEW EDUCATIONAL MODELS & TOOLS
DOCUMENTATION EFFICIENCY
(RED-TAPE CUTTER) COMMUNITY CONTROL
SAVINGS IN CAPITAL EXPENSE
ETC.
SAVINGS-COURT COSTS, INSTITUTIONAL COST, ETC.
BASIC LIFE-STYLE CHANGES
CHANGES IN PROGRAM DELIVERY STYLE
BETTER COMMUNITY UNDERSTANDING OF RESOURCES
FIRST STEP TO FULL ADULT VOCATION TRAINING AT MINIMUM COST

Proposed: Baker Ranch Hand Training
Project Funding Contract
between the
Oregon State Department of Human Resources
and
Baker County Intermediate Education District

ACCOUNT DESCRIPTION	BUDGET YEAR 77-78	BUDGET YEAR 78-79	2-YEAR TOTAL
Supervisor-Coordinator 240 working days	10,800	10,800	
Instructor 220 working days	9,600	9,600	
Secretary 240 working days	6,000	6,000	
SUB-TOTAL	26,496	26,496	52,992
Public Employees Retirement @ 10%	2,650	2,650	
Social Security @ 5.9%	1,563	1,563	
Workmen's Compensation @ $125/person x 3	375	375	
Employee's Health Insurance @ $600/person x 3	1,800	1,800	
Unemployment Insurance @ 3.5%	927	927	
SUB-TOTAL	7,315	7,315	14,630
Travel			
Meetings in Salem, 8 days @ $25 each	200	200	
Program Delivery Mileage 5000 miles/month x 11 months	8,250	8,250	
Telephone			
Extra line and log distance	1,250	1,250	
POSTAGE	200	200	
SUB-TOTAL	9,900	9,900	19,800
Tution-Staff Training	300	300	
Supplies	1,500	1,500	
Testing-Students Miscellaneous (600) CIS career testing (1200)	1,800	1,800	
Dues and Publications-Staff Dues for 2 = (40) Publications (30)	70	70	
SUB-TOTAL	3,670	3,670	7,340

ACCOUNT DESCRIPTION	BUDGET YEAR 77-78	BUDGET YEAR 78-79	2-YEAR TO
Repair of equipment	300	300	
Purchasing new and initial equipment			
Fencing and construction (500) logging (400), safety (400) office (780)	2,080	2,080	
Contracted Services			
Two 80 hour Vocational Agricultural sessions (2000)			
Two 40 hour Veterinary sessions (1000)	3,000	3,000	
Contingency @ 10%	6,000	6,000	
Operation of plant @ $.47/square foot x 240 square feet = $125 x 12 months	1,500	1,500	
Property Insurance	30	30	
SUB-TOTAL	12,910	12,910	25,820
Board of Education Services IED Staff	500	500	
Legal Services	500	500	
Audit Services	200	200	
Other Administrative Services Liability Insurance (Needs research)	4,950	4,950	
SUB-TOTAL	6,150	6,150	12,300
TOTAL	$66,441	$66,441	$132,882

Project Ranch Hand
Cost Benefit

Movement of 115 Persons from Public Assistance into Employment

Public Welfare (75 Clients - 1 year)

Cash grant (Av. $400 x 75 = $360,000)	$360,000
Medical (Av. 80 x 75 x 12 = 72,000)	72,000
Food Stamps (Av. 160 x 75 x 12 = 154,000)	154,000
Misc. (transportation, special needs, etc.)	10,000
	$596,000

Corrections (20 Clients - 1 year)

Based only on one member of family being incarcerated for one year (av. 7578 x 20 = 151,560)	$151,560

Mental Health (5 Clients - 1 year)

Maintenance & SSI (Av. 198.00 month)	$ 11,880

CSD (15 Juvenile Clients)

3 days, 30.00 x 10 Clients (Pendleton Ct. Sys.)	$ 900
6 mos., 45 per day x 5 Clients (McClaren)	41,175
	$ 42,075
Grand Total	$801,515

(The above would also include Voc-Rehab clients)

The foregoing monetary savings only show money, not lives, saved by helping them secure gainful and self-supporting employment. These savings are not just for today but perhaps forever.

We can count the dollars and cents, but we cannot count, nor add up; the embarrassment of giving a cashier food stamps for your family's meal; the traumatic inner experience of a small child handing in a special "food ticket" when in line at the school cafeteria; giving a misguided teenager a chance to work instead of "serving time"; a single parent (head of household) being able to converse with their neighbor about what type of work they do, rather than hide the fact they receive public assistance.

Savings Per Client = $6,969.89 (1 year)

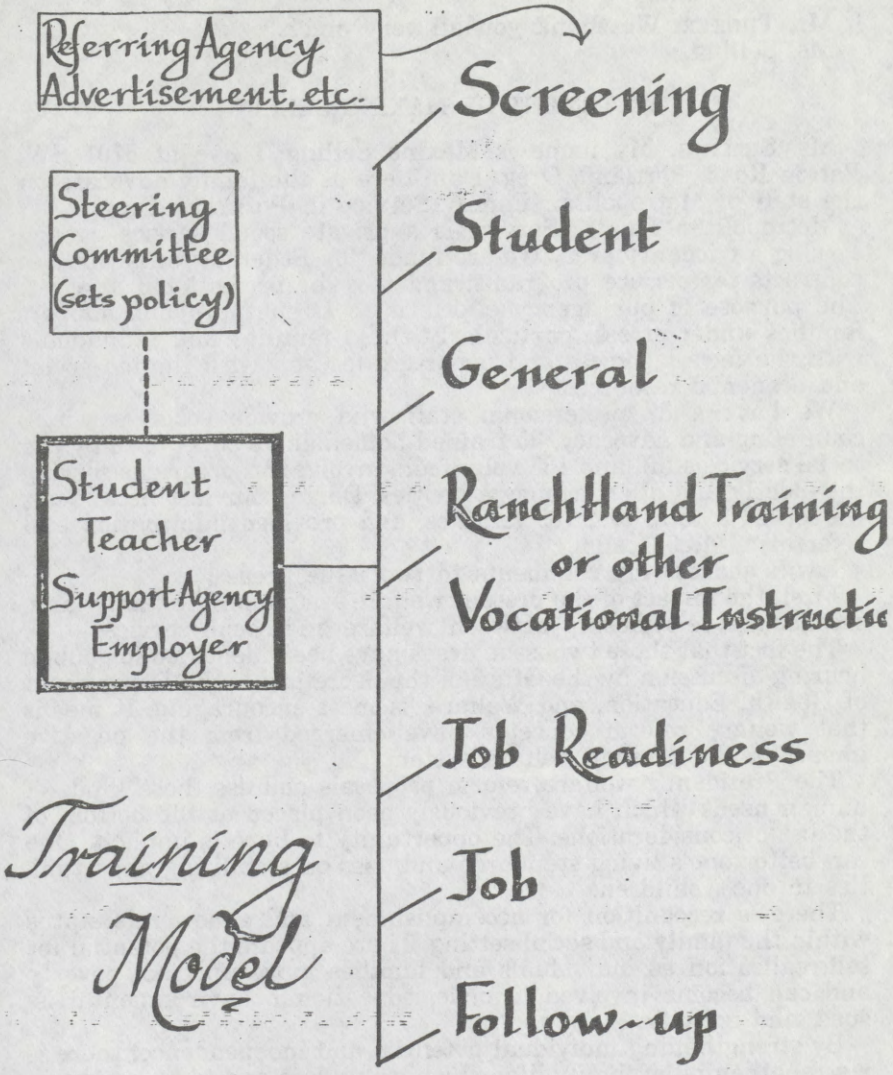
RANCH-HAND (Budget Items)

Non-Tuition Base

General Administrative Costs (all except insurance)	$132,882
Hardware (Ranch)	$ 16,700
Hardware (Logging)	1,060
Basic Supplemental Skills	10,392
	$ 28,152
* Total	$161,034

--Based on 2 years--

* Legislative money needed



Training Model

Mr. TUCKER. We thank you all very much.
Ms. Selling.

STATEMENT OF MAXINE SELLING

Ms. SELLING. My name is Maxine Selling. I live at 5701 SW. Patton Road, Portland, Oreg. I am here as the family advocate on the staff of Metropolitan Family Service in Portland, Oreg.

Metropolitan Family Service is a private social service agency serving a tricounty area. We are funded by Federal grants through contracts for service programs, and fees for professional services. The purpose of our agency efforts is to strengthern and support families under stress, particularly those families and individuals with the fewest choices and opportunities and with limited social and economic resources.

We have a 32 professional staff who provide social services, counseling and advocacy, 35 trained homemakers supervised by the social service staff, and 133 volunteers involved in programs serving the elderly and other agency activities. During our last fiscal year, we served a total of 2,789 families, and provided information and referral on 1,205 calls.

I will address my comments to two issue areas:

First, the impact of the present welfare system on the family and, second, the relationship between welfare and social services.

The fact that those two issue areas have been identified for public hearing discussion by the Office of the Secretary of the Department of Health, Education, and Welfare, is most encouraging. It means that welfare reform concepts have emerged from the negative impact of the present welfare system.

The President's welfare reform proposals address those kinds of human needs which have previously been placed at the bottom of the list of considerations. The opportunity to hope is implicit. One can better one's living standards and pass on stabilizing opportunities to one's children.

There is recognition for accomplishment and a new role status within the family and social setting. There appears the potential for self-realization as individuals and families move up from poverty and can become involved in civic, educational, environmental issues, and activities.

By strengthening individual potential and independence, there is a strengthening of family life, which we understand to be a prevailing goal in President Carter's welfare reforms.

We would like to mention a few of the reform proposals which will support his aim and which we strongly advocate:

Financial support for a single person without a job.

Support for a single, unmarried parent within that person's own family.

Single cash grant.

Emphasis on job training and employment.

Ending rules to prohibit assistance when the father of a family remains within the household.

Broader coverage for needy families.

Reasonable child care expense deductions to be considered for single parent family heads.

Minimal needs of children to be provided even if adult family member refuses to work.

Incentive for relatives to care for children of working parents.

Part-time job opportunities for mothers of school age children and which will allow mothers to be home during nonschool hours.

All this optimism seems to be based on the reform proposal's increased support and job opportunities. However, singly important as they are, their effectiveness will be lost on many people eligible for support because of the very real difficulty those people have in coping with management and organization of family life.

In addition, there are individuals who are emotionally unable to identify and sustain appropriate responsibilities either as a family member or in a job setting. All the limitations that poverty has imposed have downgraded people to the extent that an increased living standard is not going to suddenly make them capable parents and competent job holders. At least during the trial period of the reform implementation, recipients will continue to have difficulties, those who now lack stability, self-confidence, and the psychological tools that help to sustain themselves on an even keel.

We urge you to develop and make available professional counseling and professional social work services. We are not suggesting that everybody receiving financial support is otherwise helpless. Nor do we think that family or individual counseling should be imposed. But it must be available and it must be on a professional level, and it must be offered as part of a comprehensive service also providing well trained and professionally delivered homemaking services and job counseling.

So many well intentioned federally funded, heavily funded, help the poor programs have poured money into administering and giving. These programs have wasted money, resources, and hope because they lacked planning and indepth understanding of the target population they were attempting to assist. The backlash against taxation for supporting those living in poverty can be minimized when those dollars are effectively used to assist families to become self-supporting. Hand in hand with financial assistance is the need to establish stabilizing and reinforcing programs which help people in the difficult art of living. This is the area of reform which we request you to further develop and promote.

Input is requested for the manner in which social services are to be delivered. One of the methods for assuring accessibility to counseling and social services is to have trained and professional intake workers who are able to discern the kinds and levels of need. Referral and information are directly involved in the intake process, as is the need to have immediate professional family counseling available.

The private, nonprofit family counseling agencies, senior centers, child guidance clinics, and community mental health clinics operate on one or another support method as a sliding scale fee schedule, United Way, and government contracts—county, State, and Federal. They also accept for service those people who cannot pay. By and large these kinds of agencies have boards of directors who are

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responsible for policy setting, financial accountability, and assessment of quality of service. This is not new or innovative, but it works on a local level and has the advantage of reflecting the needs of the individual neighborhood, community, et cetera. It also has the advantage of developing flexibility in the manner and kind of services delivered. This flexibility, when sensitively managed, has the potential to reach those in need of services on an individual basis. This process of service delivery has a greater potential for strengthening an individual's independence because of the immediacy of service and by the emphasis which can be placed on working with the whole family.

Thank you for this opportunity to comment on welfare reform. If only one statement could be made and remembered, we would like it to be the emphasis on the strengthening of family life as proposed by President Carter in H.R. 9030.

Mr. DUNCAN. I would like to have you go home and suggest Bob Stewart take this training course so he can learn to ride a horse.

This started at the instigation of a private group of citizens, the Cattlemen's Association.

Mr. EDDY. The ranchers from the Hereford area.

Mr. DUNCAN. What has been the community acceptance of this program?

Mr. EDDY. Great, I would say.

Mr. DUNCAN. What reaction have you had from the welfare departments, the professionals who have been administering that program and from the recipients, the clients of the welfare system? Have you had any input from them?

Mr. EDDY. We had a strong cooperative relationship with the welfare department to even initiate the program.

Mr. DUNCAN. Do you have an organization of welfare recipients in the county?

Mr. EDDY. No.

Mr. DUNCAN. The ones who have participated—I understand about 47—not all of them have come from welfare rolls. Some have come from corrections departments.

Mr. EDDY. That is true.

Mr. DUNCAN. The biggest portion came from the welfare rolls?

Mr. EDDY. Yes.

Mr. DUNCAN. What has the reaction of those 47 been to the program?

Mr. EDDY. It varies in different ways. For example, one of the strong programs we have is also a class in welding and other types of things, where other people were brought in besides welfare, so it wasn't strictly welfare per se. It was welfare and other people working together.

Mr. DUNCAN. Of the welfare people, was there resentment, enthusiasm and support or what?

Mr. EDDY. I think this is the best illustration of the case histories in your packet.

Mr. DUNCAN. There are only two or three illustrations. There are 47 people. Are those typical?

Mr. EDDY. They have been, yes.

Mr. DUNCAN. Is it reasonable to say it is well supported by those people who have participated in it? They have enjoyed it and appreciated the opportunity to get a job?

Mr. EDDY. 37 of the 47 are still employed.

Mr. DUNCAN. Is this a program in your judgment that has any utility beyond a rural environment? Now, Baker isn't a big metropolitan center, as I recall.

Mr. EDDY. One suggestion was, for example, in the area of fisheries along the coastal areas, there is a problem in getting trained people.

Mr. DUNCAN. Your suggestion is that this would be a program that would be useful in the rural areas even though it could not perhaps be translated directly into a large metropolitan area?

Mr. EDDY. I also think it could be transferred into a large metropolitan area in the skilled labor portion of this. Right now there is greater demand for skills.

Mr. DUNCAN. The people who have gone into this program off welfare, as I recall it you said some of them had handicaps, for example?

Mr. EDDY. Yes.

Mr. DUNCAN. Some of them perhaps, in the absence of this program, would not have an opportunity to become employable?

Mr. EDDY. This is very true.

Mr. DUNCAN. Even so, they would fall into the category of people who perhaps in a larger community, where this type of specific attention isn't given to their case, would continue to remain on welfare. Nevertheless, you were able to move them from welfare recipients into taxpaying citizens.

Mr. EDDY. This is true. I would also like to add that under current legislation of the bill you have passed, Public Law 94–142, this gives more and more recognition to the handicapped. I think these people will be better accepted if they are trained in a specific area.

Mr. DUNCAN. I would like to commend you. I think you have done something everybody ought to take a good hard look at.

Mr. SULLIVAN. It takes community participation to make a program like this work. If you ram it down a community's throat, it could possibly be disasterous.

Mr. GRADISON. Who would have held these jobs if this program would not exist? Would the jobs have been filled if this program did not exist?

Mr. SULLIVAN. As far as ranch hand, I don't believe so, because there is demand for them. You get a ranch hand trained to where he can work for you, he can get a job driving a truck at five times the money and leaves you, so there is always a demand.

Mr. GRADISON. Was there a push for this program from the potential employers who needed a larger pool of skilled people to fill the jobs?

Mr. SULLIVAN. Yes.

Mr. TUCKER. Ms. Selling, there was a press report sometime within the last week or so that I had the opportunity to read. Apparently I did not bring it with me. It suggested that at least in one analysis of families who had been provided some type of guaranteed income level, there was a higher degree of family disintegration than in a control group that did not have a guaranteed income level. Are you familiar with that press report, or the study of which it was the subject?

Ms. SELLING. No. Was that a New Jersey study?

Mr. TUCKER. I can't remember. I am informed it was a Denver study.

Ms. SELLING. No, I am not.

Mr. TUCKER. Thank you very much for your testimony, Ms. Selling.

You are correct the President is deeply concerned with maintaining and strengthening the family unit. That may be beyond the ability of the U. S. Congress and everyone else, except individuals who work at it, but we can certainly try and remove some of the disincentives that exist.

Mr. DUNCAN. May I express on behalf of the State of Oregon our thanks to you two gentlemen who are taking time away from your own constituency and your own problems at home to come out and take this testimony on behalf of the national program and to listen to the people of Oregon.

As you can see, we are very proud of the progress we make. If every State handled their problems as well as we do, we would be out of a job back in Washington.

We thank you for taking your time.

Mr. TUCKER. Thank you, Mr. Duncan.

The committee will stand in recess until 12:30.

[Whereupon, at 12 noon, the subcommittee was recessed, to reconvene at 12:30 p.m.]

AFTERNOON SESSION

Mr. TUCKER. The subcommittee will come to order.

The next group of witnesses will be Patrick W. Moore, director of the Mid-Willamette Valley Manpower Consortium; Bill Fritz, assistant director, American Federation of State, County and Municipal Employees, Oregon Council 75; Carol Austin on behalf of the Revolutionary Communist Party; Dennis Rodin on behalf of Clackamas County, Oreg., Community Action Agency; and Park Woodworth on behalf of the Multnomah County, Oreg., Community Action Agency.

STATEMENTS OF PATRICK W. MOORE, DIRECTOR, MID-WILLAMETTE VALLEY MANPOWER CONSORTIUM; BILL FRITZ, ASSISTANT DIRECTOR, AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES, OREGON COUNCIL 75; CAROL AUSTIN REPRESENTING REVOLUTIONARY COMMUNIST PARTY; DENNIS RODIN, REPRESENTING CLACKAMAS COUNTY, OREG., COMMUNITY ACTION AGENCY; AND RAEJEAN ERICKSON, APPEARING ON BEHALF OF PARK WOODWORTH, MULTNOMAH COUNTY, OREG., COMMUNITY ACTION AGENCY

STATEMENT OF PATRICK W. MOORE

Mr. MOORE. Mr. Chairman, I am Pat Moore, director of the Mid-Willamette Valley Manpower Consortium which is the CETA prime sponsor for Marion, Polk, and Yamhill Counties.

I express to you the gratitude of the board of directors of the consortium, which includes the nine county commissioners in the

three surrounding counties, for an opportunity to provide a statement on welfare reform.

The focus of our concern is on the jobs component of welfare reform. Let me first say we strongly support the concept of jobs in lieu of welfare. It represents an active, aggressive initiative on the part of this country to invest in its human resources rather than simply to shuttle people off into the corners of our society who want to work.

We have concerns, however, for some of the specific design elements of the jobs component. We view it as imperative that the CETA system be utilized to deliver the jobs component. CETA prime sponsors have built operational and planning capacities. CETA has responded well to the recent demands of the title VI economic stimulus program.

The Mid-Willamette Consortium has funded over 150 projects, with nearly 100 local agencies; 44 percent of our funds have been contracted to community-based organizations. CETA prime sponsors also have been serving the welfare recipient population. In this last fiscal year in our local prime sponsorship, we served over 1,600 public assistance recipients. That represents 30 percent of the people receiving public service jobs; 45 percent of the persons receiving title I training, and 61 percent of the persons enrolled in our summer youth program.

A tremendous investment has been made in the CETA program and it is working.

Our concern is that locally elected officials be allowed the flexibility to design and manage the jobs component without this capability, the local elected official is left holding the bag on accountability, without having the necessary authority to manage the program.

We are also concerned that CETA not be sacrificed on the altar of welfare reform; that the other titles of CETA not be engulfed by the national mission of welfare reform.

The Department of Labor has not identified its assessment of what will happen to titles I and III of CETA. Secretary Marshall has testified before this committee that it is the Department of Labor's intention to maintain titles II and VI as elements to countercyclical manpower strategy, but not one detail as to how that is to be accomplished has been provided.

We have major concerns about how prevailing wage public service jobs with work will be placed side by side with minimum wage welfare reform jobs. We believe the Labor Department should be required to identify its plans in this regard before this committee acts on the jobs component of welfare reform.

We are also concerned with the minimum wage provision of the special public service jobs. We do not believe that the effect of welfare reform jobs is to simply create 1.4 million additional jobs. It has the potential effect of creating a permanent, secondary labor force. Wage rates and entry and exit provisions are administratively set. It is a labor force that would function in the same employing institutions that primary labor markets and competitive are currently working within. We believe it may provoke major confrontations with local labor unions and cause disruption in other labor markets. We understand the concern for holding down costs

in the program. We believe other options should be considered, such as paying a percent of prevailing wage, perhaps 70 percent, and designing clear career ladders that provide for controlled access to regular positions within local government agencies.

Finally, we are concerned that there is no private sector stimulation measure as a companion to this bill. The entire structure teeters on an assumption of 1.4 million job slots, 2.5 million people annually rotating through these jobs, and a 5.6 percent unemployment rate which, we do not view as realistic. We are not sure this is a reasonable estimate of what the unemployment rate will be or the number of jobs required. Without an expanding private sector, the spectre is raised of a permanent public jobs force. We, as a prime sponsor, are particularly concerned because we will be held accountable for placement goals when there is no companion measure to insure that private sector jobs are expanding.

A final point I would want to make is that we urge that sufficient time and flexibility be provided to the CETA system to phase up to such a program. While we certainly believe that the public supports jobs in lieu of welfare, they do not support slipshod, make-work, hastily thrown together programs.

Finally, recognizing the complexity of welfare reform and the many issues involved, we are concerned that the unemployed receive assistance now. We urge your consideration, if welfare reform does not appear feasible at this time, that an incremental improvement be made by expanding in public service employment jobs with such expansion targeted to on the welfare recipients.

Thank you.

[The prepared statement follows:]

STATEMENT OF PATRICK W. MOORE, DIRECTOR, MID-WILLAMETTE VALLEY MANPOWER CONSORTIUM

SUMMARY

Supported

The principle of "Jobs in Lieu of Welfare".

That the CETA system be used to deliver the jobs component.

That decisionmaking authority be delegated to the local elected official to design and manage the jobs component.

Concerns

That the other titles of CETA not be swallowed up by welfare reform.

That a countercyclical manpower strategy be maintained.

That adherence to minimum wages for special public service jobs creates a secondary labor market that would cause labor union confrontation and dislocations in competitive labor markets (alternatives suggested). That a private sector job stimulation companion measure is required.

Mr. Chairman, members of the subcommittee, I am Patrick W. Moore, director of the Mid-Willamette Valley Manpower Consortium, CETA prime sponsor for Marion, Polk, and Yamhill Counties in Oregon. I, on behalf of members of our board of directors,[1] wish to thank you for the opportunity to provide testimony today on the subject of welfare reform.

The focus of my concern today is the jobs component of the proposed Better Jobs and Income Act, and its implications for local governments, communities and CETA prime sponsors.

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[1] Commissioners Harry Carson, Jr., Marion County, Chairman; Colin Armstrong, Yamhill County, Vice Chairman; Walter R. Heine, Marion County; Pat McCarthy, Marion County; Alan Miller, Polk County; Hank Dougherty, Polk County; Walter R. Gjersvold, Polk County; John McCaulay, Yamhill County; and Ted Lopuszynski, Yamhill County.

The Mid-Willamette Valley Manpower Consortium is a tri-county prime sponsor (population 250,000) located in the heart of the fertile Willamette Valley. Our counties represent a primarily rural economy that is heavily affected by seasonal employment. Our major industries are lumber and food processing, with agriculture providing the principal basis for our economy. Also, as our central city is the State capital, government represents a major employing sector. We are an area which typically experiences high unemployment, with average monthly unemployment rates above 10 percent in the winter and spring.

Our consortium is well experienced in the operation of manpower programs, and particularly so in the provision of jobs and employability services to welfare recipients. Both regionally and nationally the consortium has been recognized for its program innovations and performance record. Our consortium is somewhat unique in that we operate a truly comprehensive program throughout our three county area, and all nine of the elected county commissioners (three from each county) actively participate on the board of directors.

I first want to emphasize our support for the concept of jobs in lieu of welfare. Our experience with the unemployed is that they want to work. Not only can the community benefit from increased public services, but work habits, skill development and individual pride and dignity can be afforded the unemployed. We applaud this effort to bring the welfare recipient into the mainstream of the work force, to invest in this Nation's human resources, rather than to simply issue them a support check and shuttle them off to a corner of our society.

But like any attractive concept, the key to success depends upon its implementation. It is in regard to the specific design of the jobs component that we have concerns.

First, it is imperative that the CETA system be utilized to deliver the jobs component of welfare reform. A tremendous investment has been made in CETA—— and it's working. No employment program in this Nation's recent history has been asked to respond to such tremendous demands and complex pressures as CETA. Prime sponsors are exceeding the planned goals for implementation of title VI projects. Local governments have built planning and operational capacities and are delivering training and employment services at a high level of performance. In our prime sponsorship, we have been ahead of our title VI project goals from the start of the program. We currently have more than 150 projects operating or completed, that have been contracted to nearly 100 local governments and private non-profit agencies. 44 percent of our project funds to date have been contracted to community based organizations.

We, as are other prime sponsors, are well experienced in providing manpower services to the welfare recipient population. In the fiscal year just completed, 1,646 public assistance recipients were served by our Consortium. This represents 30 percent of the recipients of public service jobs in title VI projects; 45 percent of those served in our title I training programs; and 61 percent of the enrollees in our summer youth program.

It is imperative that use be made of the CETA principle as well as the CETA mechanism. We are concerned that the Better Income and Jobs Act threatens to erode the decisionmaking through a back door approach. To have an entity other than the prime sponsor define potentially uninformed and unrealistic output goals places the local elected official in the position of holding the bag for accountability purposes, but without sufficient authority to design and manage the program.

We are also concerned that the other titles of CETA not be sacrificed on the altar of welfare reform. There are legitimate missions for a local manpower delivery system in responding to unique local needs. CETA can serve as an agent for delivery of National priority programs, but that mission must not sacrifice the legitimacy of local needs, a concern recognized by the Congress when it created CETA.

Particularly important is the need to maintain a counter-cyclical manpower strategy. CETA has demonstrated its capacity to respond to recessionary as well as structural unemployment. While Secretary Marshall has testified before this committee that it is the Labor Department's intent to maintain counter-recessionary programs, there has been a complete lack of detail as to how this is to be accomplished. Major questions exist as to how such counter-cyclical PSE jobs, paying prevailing wages, would work when placed side by side with welfare reform PSE jobs paying minimum wages. The Labor Department should be required to produce its plan in this regard, before this committee takes action on welfare reform.

These issues are also part and parcel to CETA reenactment. To take a major initiative such as welfare reform, and amend it into CETA, without fully considering its impact on the remainder of the program, is flying blind. For example, what would

be the impact on migrant and seasonal farmworkers and on section 303 migrant programs? In an inhouse staff paper, DOL analysts admit to not knowing the impact.

The CETA prime sponsor, who is after all the elected official chosen by a vote of the local people, should have responsibility and authority to design the unbroken sequence of services required in the proposed bill. This issue is somewhat skirted in the bill, as well as being subject to question by the draft CETA reenactment bills circulating within DOL that have not yet been surfaced to the Congress.

We also have very deep concerns for the minimum wage provisions. To take such a large number of workers (and we have doubts about the validity of the 1.4 million job slot estimate) and to expect local governments to place these workers in side by side work stations with unsubsidized workers paid prevailing wages, will cause complete chaos with local labor unions. The Labor Department suggestion that this be avoided by creation of new types of jobs is misleading as every one of the new types of jobs described already exist within our community. We are cognizant of the cost considerations and the desire to not attract workers from low wage private sector industries. However, we believe that paying a percent (e.g. 70 percent) of prevailing wage rates may be preferable in that it at least preserves the integrity of varying wage scales, further, if minimum wage rates are to be agreed upon, some structural considerations must be made to avoid local labor conflicts, for example, to designate such special public service jobs as entry level opportunities with clear career ladders built for controlled access into regular positions.

The minimum wage structure also causes us to question the impact of such a job force on other competitive labor markets. The special public service jobs labor force would have its own rules for entry, and wage rate determination. All of these conditions would be structured and controlled administratively. While tertiary labor markets may not be new, this one would be characterized by two unique features: (1) all operating conditions administratively established, and (2) it would function in the same employing institutions as competitive labor markets.

The lack of private sector job stimulation measures also threatens to jeopardize the whole structure as exit out of the special public service jobs depends upon an expanding private sector. This is of particular concern to prime sponsors as we will be held accountable for such placements, which right now represent nice platitudes but stand unsupported by companion stimulation measures.

A last plea I want to make is that sufficient time, resources and flexibililty in wage rates must be provided to local prime sponsors to insure that quality jobs are created. The public, we believe, supports the jobs in lieu of the welfare concept, but it doesn't support make-work and slip-shod programs which provide low quality services.

Finally, I want to be realistic about the chances of major welfare reform being passed in the near future. Particularly on the cash assistance side, there are many complex issues to be addressed. But unemployed welfare recipients need jobs now. I would urge the committee to give consideration to an expansion of PSE jobs targeted towards welfare recipients, phased up over a period of time, as an incremental improvement, if it appears that full scale welfare reform is not feasible in the near future.

In summary, we strongly support the concept of jobs in lieu of welfare, but careful consideration must be given to its design and many currently unanswered questions addressed prior to enactment.

STATEMENT OF BILL FRITZ

Mr. FRITZ. My name is Bill Fritz, assistant director of the Oregon Public Employees' Council No. 75 of the American Federation of State, County, and Municipal Employees, a union representing some 7,500 local government employees here in the State of Oregon.

I would, first, like to thank the subcommittee for the opportunity to appear today to comment on the President's welfare reform proposal.

I sincerely wish my prepared statement could be laudatory. When I read the President's message to Congress in early August, I was most encouraged. I believed that the President was heading in the right direction, establishing the proper criteria and seeking most desirable ends.

Thirty-four days later, after reviewing several analyses of the reform proposal, I found myself deeply disappointed.

Not only does the legislation, as submitted by the administration, fall short in many areas; it is also seriously flawed in the way the jobs aspect of the proposal has been designed.

I am not here to offer you a 5-minute technical analysis of the legislation, but I would like to use my time to comment on a few items of concern.

The State of Oregon, and 37 other States, would have to heavily supplement the administration's welfare benefit to prevent mothers and children now receiving help from ending up worse off under the reform plan. And all 50 States, under the administration plan, would be required to continue spending local money which otherwise could go for badly needed school support, social programs such as community corrections or crime victim assistance, or for property tax relief.

The administration's plan makes no effort to provide much needed day care so that parents with children can take jobs. This impacts upon Oregon most severely, since the available child care capacity is currently decreasing, and private nonprofit agencies are unable to retain trained and qualified staff due to insufficient funding.

The administration proposes to kill off most of the prevailing rate CETA jobs and replace them with 1.4 million public service jobs at minimum wage. By creating a separate pool of cheap labor, the plan seriously undermines the stability of the existing public work force. Existing public service jobs currently average $3.50 per hour nationally.

In its present form, the program would result in millions of third-class citizens who would be forced to take public or private jobs at minimum wage regardless of the individual's level of skill or experience or of how much the minimum wage is below the actual prevailing rate for that particular work.

There is absolutely no assurance that the public service jobs created under the administration's proposal would not simply replace jobs of workers now employed or who would otherwise be hired by State or local government.

The public service jobs program was apparently designed with no regard for the skills of welfare recipients. I hope that no one in this room seriously believes that unskilled welfare recipients can monitor hazardous waste materials, exterminate insects and rodents, weatherize homes and landscape cemeteries.

Senator Daniel Moynihan, in an appearance before this subcommittee 6 weeks ago, termed the jobs program a cruel hoax if it holds out the promise of unrealistic work.

Public sector minimum wage jobs for welfare recipients may be compatible with the economies of rural, Mountain, and Southern States because entry level rates are already close to minimum wage. Minimum wage jobs are not appropriate for Oregon or industrial States and would only serve to perpetuate the welfare stigma in a different form.

By gutting the highly successful CETA program and federalizing many of the welfare-related jobs now performed by State workers,

the administration's plan will have a substantial negative impact upon Oregon's employment picture.

Of course, I have commented upon only a few of the flaws, and I have said nothing about the very positive aspects of the plan.

After 8 years of stagnation, it is refreshing to see a President make a bold attempt at achieving true reform of our welfare system. However, it is now the job of this subcommittee and your fellow Members of Congress to address the shortcomings and flaws of the administration's plan and produce comprehensive reform of a very cruel and unworkable system.

If we are to do a job of it, to coin a phrase, why not the best?

I thank you for your time and attention.

STATEMENT OF CAROL AUSTIN

Ms. AUSTIN. My name is Carol Austin, speaking on behalf of the Revolutionary Communist Party, of which I am a member.

Despite all the hoopla, fanfare and election promises of economic recovery and better times ahead, the real situation is becoming more and more clear. Just this fall has seen massive layoffs in the steel industry; Zenith moving much of its production overseas, laying off 5,000, while millions still walk the street from the last big round of layoffs, while others out of desperation have been forced to return to work at a fraction of the wages they made before.

Hopes and illusions of any real recovery for workers are being dashed while the capitalists themselves are talking again of an impending economic downturn.

The facts are becoming clearer, the direction of things to come is not recovery or even a slight business downturn, but this whole economic system is mired in quicksand and the only direction ahead is down.

Why is there such massive unemployment? Why are millions upon millions of working people thrown onto welfare like so much worthless scrap?

Some analysts claim it is foreign imports. Others say it is illegal aliens. Some say there is simply too many people. Others have the gall to say it is lazy workers unwilling to work.

This is all a cover, a smokescreen for the real problem. A system that is unable to employ its work force profitably and under this system no profit means no work.

Profit is the name of the game under this system and competition between corporations here at home and abroad is becoming more and more fierce. The United States is shackled with old equipment desperately needing to become more and more competitive. The only solution for them is to get more production out of fewer workers, coupled with lowering the wage standards of workers overall.

Now there is a slogan I think we have all heard. "What's good for GM is good for America."

I think what that should say is "What is good for GM comes out of the hides of working people." Recovery in steel has meant, for example, more production than ever before with a hundred thousand fewer steelworkers.

It is in this context of deepening economic crisis that this welfare reform bill must be seen.

We come here today not to criticize this or that sentence or paragraph, but to expose the overall thrust of this piece of legislation. Under the guise of substituting workfare for welfare, jobs for income, Carter's welfare reform takes the real sentiments and demands of workers for jobs and twists things upside down into an attack. Under the guise of jobs, we find not union jobs at a union wage, but minimum wage, slave wage jobs that are aimed at mobilizing the unemployed as a wage-cutting, union-busting force. Under the guise of getting people off the dole into decent productive work, we get minimum wage jobs where you can be fired for unsatisfactory work, including organizing on the job.

This welfare reform bill must be exposed for what it is: part of a systematic government policy in regard to unemployment. Flaying around like some wounded animal, the owning class is raining blows down on the working class, hoping to give itself a tranfusion back to life.

This comes down to a one-two punch: First, striping away as much unemployment as possible, from 65 to 26 weeks with some States moving to reduce benefits to a maximum 16 weeks. This serves to reduce the unemployed to a condition of growing impoverishment and strengthen the club the employers hold over the working class by threatening uppity employed workers with an army of unemployed waiting to replace them.

Second, through measures like this welfare reform bill, the Government is seeking to concretely mobilize the unemployed to lower the overall wages and living standards of working people, employed and unemployed, through Government jobs programs, workfare designed to replace and/or compete with unionized labor.

The role of Carter and Congress has been and is to serve the interests of the corporate bigshots and bankers and develop plans and policies to solve this economic mess in their interests. No matter how much you shout, we are all in this together, and for national unity and sacrifice, the facts stand clear, we the working people are to sacrifice, see our living standards shrink, our children in the streets without jobs or a future, so that you, the owning class, can stay on top a little longer.

But this is only a dream of a handful of parasites, bankers and corporate billionnaires that has become historically obsolete and a weight on the back of millions upon millions of hard working men and women. It is us, the working class, people of all nationalities, who make this country run through our sweat and blood. And just as certainly as we can use our minds and muscle to keep your factories running so can we use this strength to fight you on this bill and over every attack that you launch on us.

And while organizationally our battles are still small, they are growing—a few hundred, demonstrated against the attacks on unemployment insurance on October 29, but our numbers will be larger as employed and unemployed demonstrate on January in Washington, D.C. during Carter's state of the Union message against these attacks on unemployment insurance and for union jobs at union wages not for workfare plans.

And this is not the end of the fight, but just one battle in a larger war. Our stand is clear; when you attack, we will resist. When you call for sacrifice, we'll say fight back. Your system is on its deathbed, but the future for working people is bright with hope. We are growing stronger, educating ourselves through each battle and becoming better organized. Through the course of battles like this, the struggle of workers is bound to eventually rise up and go on to win our freedom from all oppression.

Thank you.

Mr. TUCKER. Thank you very much, Ms. Austin.

I will put you down as emphatically against the bill.

STATEMENT OF DENNIS RODIN

Mr. RODIN. My name is Dennis Rodin. I work for the Clackamas County, Oreg., Community Action Agency, working for low-income people. My daily contact with them has raised my sensitivity to their needs and some of the problems they have related to the existing program and in conversations with them to the possibility of H.R. 9030.

Because I am only given 5 minutes, I must resort to my printed text.

There are specifically two components of the proposed welfare reform package that I would testify on today. First, the proposed job program and, second, eligibility as it relates to the proposed retrospective income accounting.

The administration, in seeking to solve the maze of assistance programs in this county, has chosen as its central theme and focal point the philosophy that jobs are the keystone of the welfare problem. That is a major assumption being made by the administration. With this the proposed legislation has what is called an incentive to find employment. What are these incentives?

First, the adult expected to work, with the exception of the single parent family with a child 13 or younger, will not be given any benefits for 8 weeks. During this time this adult will be encouraged to search for 5 weeks within the private sector, for a job. To believe that this person has not sought out such possibilities before turning to welfare—because I, myself, have been in that situation—or that available jobs in the private sector are that readily available, is naive.

Can you imagine telling someone who may have been one of 5,000 who showed up at a new food store in Chicago for 300 jobs or one of the 30,000 who applied on the first day for 1,800 advertised jobs at Detroit's Renaissance Center, or one of the hordes of people competing for jobs announced and unannounced—go out and search for a job in the private sector.

Then the incentive turns to public sector jobs. The creation of 1.4 million subsidized public service jobs and job-training slots. The incentive at this point is only another penalty for not finding a job. Admittedly, as HEW has stated, these jobs will be less attractive.

Indeed, they are less attractive by the very nature of having to create and subsidize jobs that have no future, no side benefits, and most importantly, no dignity.

If the Federal Government wants to tackle the job problem, then the Department of Labor ought to be given the authority to create incentives for business and industry to hire people in meaningful employment. The need for full employment ought not be intertwined with welfare as it will only band-aid a deep hurt within the structures of our society. It is not consistent for HEW to say "poor people want to work" and then turn around with a program that will create only a second-class citizen on the job market. HEW should not be involved in the business of cheap labor.

Secretary Califano has stated that when unemployment is 5.6 percent, our present estimates indicate that as many as 1.4 million jobs and training slots will be required.

Curiously enough, 1.4 million jobs and training slots is what is being proposed. However, there is no indication of a 5.6 percent unemployment rate being realistically attained.

Should there be a job requirement at all for those on welfare? I believe there should be. However, that requirement should be simply that those who are able to work ought to be required to register for work at the employment service and every effort should be made to assist such people to find meaningful employment without penalty. The money presently being designed for public service employment should be used to give incentives to private business and industry to hire the unemployed. Also those who live in an area that exceeds 6-percent unemployment should be exempted from a job requirement.

Allow me to address one other area in the proposed welfare reform package. This is the retrospective income accounting system. The assumption behind this proposal is that people save money in the present in case there is an emergency in the future. The effects of such a system on the moderate income people can be very serious. What is proposed is a break-even point—which, for a family of four, would be $700 a month. In other words, if a family of four had earned more than $700 a month during the previous 6 months and now reached a month where there is no income, they could not be given assistance during that month and may well have to wait a month or more. This, as we know, is an approach very different from the systems now used in the AFDC, SSI, and food stamp programs, since these programs base eligibility and benefits on current needs and income. To adopt the retrospective income accounting system is a giant step backward in meeting human need.

Secretary Califano has been quoted as pointing out that one of the myths about the poor is that the poor do not remain poor throughout their lifetime. The poverty population, he states, is indeed extremely fluid. Each year about 7.5 to 10 million people move above the poverty line and a like number become poor. That means that 30-40 percent of the people who are poor one year were not poor the year before and will not be poor the ensuing year. It also means that there are a great number who were not poor 6 months ago or 3 months ago, who are poor right now.

The system that is being proposed needs to be more responsive to this fact and not act within the acknowledged myth that because a family lived just above the poverty level, but still well below the median income level 2 or 3 months ago—they are somehow going to

have the money to make it, in our economy, without some assistance.

In the interest of a much better system, I advocate for the elimination of the retrospective income accounting system and suggest that we continue to meet human need on the basis of current circumstances in a person's life.

I thank you for this opportunity to testify and am encouraged that our present system of government is making attempts to hear and respond in policy to the voices of the American people.

Mr. TUCKER. Thank you, Mr. Rodin.

Is Mr. Park Woodworth here?

Ms. ERICKSON. I am representing Mr. Woodworth.

Mr. TUCKER. Mr. Woodworth was to testify on behalf of the Multnomah County Community Action Agency. You will be testifying in his behalf?

Ms. ERICKSON. Yes.

STATEMENT OF RAEJEAN ERICKSON ON BEHALF OF PARK WOODWORTH

Ms. ERICKSON. I would like to share an actual case that was brought to my attention in November 1976, and the outcome of this case under the current Federal, State, and county systems. I will then indicate how the proposed legislation might impact upon similar situations.

My example is a two-member family, a divorced woman, age 55, with a son age 17. They were living in substandard housing with total income at approximately $175 a month. House payment was $113 a month, utilities $40 a month. They had no medical coverage, nor were they participants of the food stamp program. I have divided this case into three areas for presentation: economic, medical, and housing.

ECONOMIC

November/December 1976 income was $175 due to the social security program allowing children under the age of 18 to draw on eligible parent account. The combined Federal programs of social security and ADC would not have increased their income substantially so the woman was granted an additional $110 on an Oregon general assistance program

Application to social security disability was denied due to not enough work quarters. Application to SSI was denied based on age, and she could not demonstrate blindness or disability under the current guidelines. Her welfare application was granted on medical disability.

She was denied application for work through the Older Workers American Act due to physical disability. She was denied pension benefits through the Social Security Act due to termintaion of her marriage at 19 years, 6 months, 4 months short of the 20-year requirement, even though the termination was due to threats of bodily harm both to her and her children. She was denied food stamps due to total household income. The Federal AAA system

denied her client status due to her age and recommended referral to other agencies or carry as an open access client.

MEDICAL

She had no medical coverage for her or her son until January 1977. She then received State-funded medical coverage under the general assistance program. She was under physician's care for arthritis. From November 1976 to April 1977, she was treated for depression and insomnia. The private medical community supported her physical disability for Oregon-funded programs, but doctors under the SSI program determined she was not disabled.

HOUSING

She was awarded the house through divorce proceedings, with a balance of $1,500 financed through Oregon State VA program. Estimated cost of repairs to bring the house to living standards was $6,000. She ws denied by three Federal agencies for various reasons for financing of repairs, the most glaring being that she was not in an urban renewal target area.

She was denied refinancing through the Oregon State VA loan as the veteran was not a current family member. She was denied repair assistance by two home maintenance programs due to the vastness of need and the limited funds available for community repairs.

Private lending institutions denied her money due to her low income.

OUTCOME

In April 1977, her son turned 18 and moved, thus losing the social security grant of $175 per month. Her grant under the general assistance program was increased from $110 to $163. She was granted food stamps and medical coverage was provided by Oregon money.

During the period of November 1976 to April 1977, she was denied assistance by 12 agencies. She was accepted by one agency for limited income and medical coverage with continuance of program depending on support of the medical community.

At this point she was very depressed, was being treated for insomnia, and did not want to interact with me or another agency. She decided to sell her home. Due to the necessary repairs, she sold a three-bedroom home on 5 acres in Multnomah County for $22,500. In May 1977, she was terminated from the welfare system and was again without medical coverage or a place to live.

Mr. TUCKER. Was she terminated because of the money she got as a result of the sale of her home?

Ms. ERICKSON. Yes.

She now has approximately $21,500 remaining and if she lives on current SSI standards for a single person in own home, she will have enough money to last 10 years. In 10 years this lady will be eligible for SSI due to age of 65.

I cannot, in my judgment, call that quality of life.

Under the proposed regulations there would be the possibility of a conflict as to whether or not she was able to work. The changes should eliminate the possibility that someone would be required to work by one agency and refused work by another. The ideal system would let the individual's motivation to seek a higher income be the determining factor, rather than the opinion of one or more doctors.

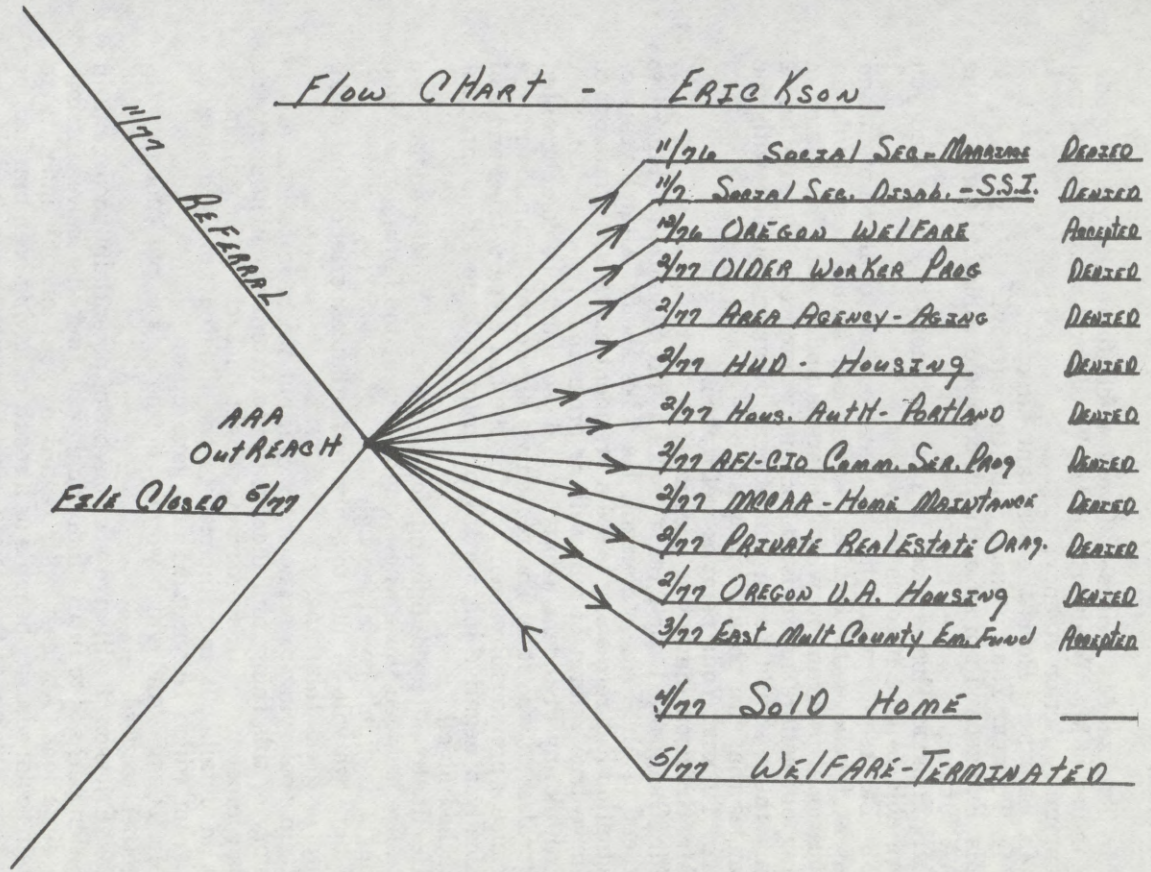
Any comprehensive welfare program is incomplete without medical coverage. If the program does not give the coverage directly, enough money must be granted to allow the family to enroll in Blue Cross or a health maintenance organization.

Housing is a prime concern in areas other than the central city. Any comprehensive welfare program should insure that people can make necessary repairs to keep their homes habitable. This is in the interest of both individuals and the country at large. Low cost rehabilitation loans could be provided from either Government or private lending institutions.

The fourth sheet on my testimony is a flow sheet indicating what exactly happened to this lady and the denials that occurred.

[The information referred to follows:]

22-377 O - 78 - 12


Flow Chart - Erickson
11/77 Referral
AAA Outreach
File Closed 6/77
11/76 Social Sec. - Medicare Denied
11/? Social Sec. Disab. - S.S.I. Denied
12/76 Oregon Welfare Accepted
2/77 Older Worker Prog Denied
2/77 Area Agency - Aging Denied
2/77 HUD - Housing Denied
2/77 Hous. Auth - Portland Denied
2/77 AFL-CIO Comm. Ser. Prog Denied
2/77 MCAA - Home Maintance Denied
2/77 Private Real Estate Orgs. Denied
2/77 Oregon U.A. Housing Denied
3/77 East Mult County Em. Fund Accepted
4/77 Sold Home
6/77 Welfare - Terminated

Mr. TUCKER. Ms. Erickson, I very much appreciate your appearing in lieu of Mr. Woodworth. Is Mr. Woodworth the director of that Community Action Agency?

Ms. ERICKSON. He is the assistant director.

Mr. TUCKER. Your position with the agency?

Ms. ERICKSON. I am an outreach counselor financed through the AAA funding.

Mr. TUCKER. This is most helpful testimony. I am so glad you were able to give it to us today.

Ms. ERICKSON. I would like to make one personal comment and that is, I believe the Federal Government should possibly do an educational program on what welfare is and is not. The stigma of being on welfare has existed for many hundreds of years and I think there should be an educational program coupled with the changes that are possibly proposed.

Mr. TUCKER. Your point is well taken.

Mr. Gradison, have you questions?

Mr. GRADISON. I can't resist making a comment with regard to the end of Mr. Fritz' statement. He talks about "After 8 years of stagnation it is refreshing to see a President make a bold attempt to achieve true reform of our welfare program."

I think any President who tries to do so should be complimented regardless of who it is. The reason we are in this situation now is because a previous President, during the last 8 years, tried and had basically a negative income tax program with no jobs component attached at all.

He finally stopped fighting for it because it got caught in a crossfire between those who thought it went too far and those who thought it didn't go far enough.

I hope we will be able to learn from that experience and make more progress this time.

I am not trying to argue with you, but we have to look at the history of this thing, and indeed, to the extent we strip away the jobs component of this program, we get back closer in principle—not in detail, but in principle—to the ill-fated family assistance program which Nixon tried and gave up on.

Mr. TUCKER. And which we may not be able to put enough votes together to pass.

Ms. Erickson, I will give you one bit of potentially good news in relation perhaps to future individuals who find themselves in similar situations. At least with regard to your client's inability to obtain social security benefits as a result of having been married for less than 20 years to the social security contributor involved. Under the bill that the House has passed, which will go to conference in a few weeks, that marriage requirement has been reduced from 20 years to 5 years.

Ms. ERICKSON. I do hope it passes.

Mr. TUCKER. That should remove a number of cases of that nature. I hope we can make that survive in conference.

That little change will cost about $2 billion a year for the social security system. That is the kind of problem we face in each of these things. What seem to be very small and good changes nonetheless cost an immense amount of money. That is one of the examples.

Mr. Rodin, you indicated that you were concerned that an adult who was required to engage in a job search would have already been searching for a job. Of course, I would assume under the bill—I think the bill certainly contemplates that any period of job search in which he is engaged would be accountable. That is, if he just showed up late to apply, but had evidence of having been searching for a job, it would certainly count toward his search.

You mention in the third paragraph of your statement that the lower jobs, subsidized jobs, have no future, which might be the case if we don't provide some guarantee of being able to move out of it; no side benefits, which would be true in many cases. You also say no dignity. Do you mean to say that work which does not have some particular level of pay or some particular future—what constitutes a job that has no dignity I guess is what I am asking.

Mr. RODIN. I am sure you don't have time for a theological dissertation by an ex-minister—I happen to be a Lutheran. Luther had a strong sense of theology with regard to job, of calling to a job. I guess I would respond out of that, in relationship to that. I think to take a person who has sought for the development of their own life in the private sector in the world, to find a place and then to say, "There isn't a place for you, but we will find a place for you," and to create—the job is created for the person rather than the person being created into the job, to sense his own being into the job. That is not fulfilling.

Mr. TUCKER. Might that not be the case with the finest paying job in the country though?

Mr. RODIN. I agree. Right. Pay is not the dignity part.

I hope you see the things I categorized are not necessarily the same things.

Mr. TUCKER. I think I understand the distinction. I wish we could provide some alternative to that. I think it is a case of trying to have our priorities straight. We want to provide a way for the individuals to support themselves and their families in some way which seems to be a dignified calling.

Mr. RODIN. The alternative I was alluding to is the alternative to subsidize or give incentives to industry, business, small business, whatever, to have the jobs so that they can develop the jobs rather than to do it the other way around. I guess that is the only suggestion I have.

Mr. TUCKER. That is one of the questions I wanted to ask Mr. Moore.

You also mentioned private sector stimulation. What kind of private sector stimulation would you favor?

Mr. MOORE. There has been, recently, legislative initiatives toward tax incentives for private sector for additional hiring. That is a possibility that should be expanded. General fiscal and monetary policies should be utilized. I don't believe it is critical as to which particular strategies are utilized, there are a range of available options. It is critical, however, that we recognize that unless you have an expanding private sector, you do not have the capacity for people to move out of the special public service jobs. I don't suggest that there is one particular strategy, any silver bullet for stimulation of the private sector.

My concern also extends beyond this particular element. The Humphrey-Hawkins bill is being given increased scrutiny, it hasn't been identified as to how it relates to welfare reform. CETA must be reenacted by May 15 of next year, that is not taken into account with welfare reform. The current proposal represents an effort to enact a piece of legislation like this into being, without considering how it relates to any of these critical measures.

Mr. TUCKER. One of the problems we have with private sector stimulation is how you can get the most return for the dollar we give away. It does make a difference which way you do it. Sometimes you may create more jobs with one method than another, but the jobs maintenance lasts as long.

Mr. GRADISON. One of the frustrations of this is, I think the record is clear more jobs are being created in the private sector than in the public sector, but effort by the Government to create jobs in the public sector, with the possible exception of some substitution influences we have heard referred to already, give some assurance that for so many dollars you get so many jobs in the public sector. Where those same funds are committed through tax incentives of various kinds, they may produce more jobs or less jobs, and that only time will tell. It is hard even after the fact to tell. But you can't be assured. You either have to go on faith on some kind of belief, that it is a balanced program or not do it at all because if you want to invest x dollars and be sure to get jobs you are forced into the public jobs route and that is one of the dilemmas we face on the Ways and Means Committee, because, if there is a tax program next year related to this—and the talk of tax reform is very quickly fading in all honesty—if there is, some of the choices come down to issues of this kind.

This measure we are talking about today has $8.8 billion in it for public service jobs alone. That is more than the largest number that I have read so far which might be included in relief—whatever you want to call it—incentives, handouts, whatever term you want to use, for the private sector in any of the discussions coming out of the Treasury so far which gives you some idea of the need to look at the total picture, which I think you emphasized well in your testimony.

Mr. MOORE. I am aware of studies by the Congressional Budget Office which find that the stimulus impact of PSE programs is greater than tax cuts. But, I don't believe in a single silver bullet. I don't believe we can put all our eggs in one basket and I believe there are diminishing returns at some point from putting money into one particular strategy. There are considerations, such as capital formation, which may have less immediate job creation impact, but are nonetheless critical to long term job growth. I believe there must be a multi-dimensional strategy to hit at a variety of sectors.

Mr. TUCKER. The bill does provide a multiple approach, but even standing alone, it will never provide all the work needed through public service jobs.

Mr. Fritz, two quick comments on your testimony.

One is, you mention that the bill makes no effort to provide day care. That could be, of course, one of the categories of public service

jobs contemplated. I recognize it does not have a separate contingent in it, but that could be very well, and in fact I believe I recall that has been one of the job areas the Secretary has discussed as a potential for the public service jobs.

Second, you speak in your No. 3 item of creating a separate pool of cheap labor which would undermine the stability of the existing public work force. I think I understand your concern. You do recognize that theoretically at least this would be a constantly changing pool of labor. Hopefully it would be. People moving into it and then on into some other job.

Mr. FRITZ. Under this program the reality would be people working at a minimum wage side by side, doing very similar jobs, if not identical jobs, as people making prevailing wages.

Mr. TUCKER. I think that is an extremely serious problem and one that is going to have to be addressed. Especially if you are talking about 250 people working on the same job at the same location side by side. I am not sure it is possible to have them at vastly different wage levels nor am I sure that is contemplated by the bill.

Mr. FRITZ. Also with regard to day care, in fact minimum wage jobs probably wouldn't be inconsistent with the wages now available to be paid to child care workers. What is missing is even though there are some very dedicated people who will provide those types of services at close to minimum wage, in fact we are not talking about babysitting, we are talking about some other needs which take money such as training and other types of support services which we just can't provide. I guess other than using some of these job slots to provide babysitters I don't think we are really talking about day care.

Perhaps just one comment to Congressman Gradison. There is no intent in my testimony to try to separate out the jobs aspect of this. In fact, I think I pointed up CETA in our opinion has been working very well. To address welfare recipients who are not skilled, either in how to work or in particular job skills, title I CETA sets up that kind of training. To bring in other people in high unemployment areas, because I guess that is where this impacts, it addresses welfare problems, but takes away from areas of high unemployment, which seems counterproductive, especially in the older major cities of this country.

I think public service jobs—there has to be a large percentage of public service jobs and I think in fact you can be far more accountable with public dollars through that means. Until there is a program designed where welfare recipients can come in at a prevailing rate or near the prevailing rate, I think it is basically going to be counterproductive and we are going to be perpetuating the welfare stigma.

Mr. TUCKER. I want to thank all of you again for your testimony and your patience in coming, and also all of you in the audience who have been listening very quietly and patiently.

Thank you very much for coming, each of you, and for your participation in this hearing.

The next group of witnesses will be Gary Mrosko, administrator, Good Shepherd Home; Marshall Johnson, on behalf of the Unemployed Workers Organizing Committee; Donald Oxford on behalf of

the National Association of Social Workers, Oregon Chapter; and Robert Moon, associate director, Neighborhood House.

Mr. Oxford is not here. I will ask George Masten on behalf of the Washington Federation of State Employees, AFL-CIO, and the Washington State Labor Council, to appear.

He is not here.

Then I will ask Elizabeth Linder on behalf of the Interagency Welfare Crisis Committee.

I might also ask Ernest Cersovski to come up and testify now if he is here.

[Not present.]

Mr. TUCKER. If you will state your name before you begin your testimony and if you do have written testimony be certain to leave it with the reporter at the end so we may have it included in its entirety in the record.

STATEMENTS OF GARY MROSKO, ADMINISTRATOR, GOOD SHEPHERD LUTHERAN HOME; MARSHALL JOHNSON, REPRESENTING THE PORTLAND/VANCOUVER CHAPTER OF THE UNEMPLOYED WORKERS ORGANIZING COMMITTEE; ROBERT MOON, ASSOCIATE DIRECTOR, NEIGHBORHOOD HOUSE, SEATTLE, WASH.; AND ELIZABETH LINDER REPRESENTING THE INTERAGENCY WELFARE CRISIS COMMITTEE

Mr. TUCKER. Mr. Mrosko.

STATEMENT OF GARY MROSKO

Mr. MROSKO. I am Gary Mrosko, administrator of a private nonprofit facility and also representing disabled and developmentally disabled living in this facility in the State of Oregon and depending upon public assistance for living expenses.

First of all, I don't envy your position I know when you are trying to please millions of people in the United States it is not easy and especially regarding the welfare reform proposal.

I received the information from Washington just a couple of days ago so I haven't had time to prepare a written statement but in the interests of time I will keep my verbal remarks very brief and send Mr. John Martin, the chief counsel on the Committee on Ways and Means, five copies of a written statement by Tuesday, November 22. This again is due to the short notice of the hearing today and not having time to prepare.

Mr. TUCKER. That is fine and without objection we will include the statement in the record of this proceeding.

[The information referred to follows:]

GOOD SHEPHERD LUTHERAN HOME,
Cornelius, Oreg., November 21,1977.

JOHN M. MARTIN, JR.,
Chief Counsel, Committee on Ways and Means,
Longworth House Office Building, Washington, D.C.

DEAR MR. MARTIN AND MEMBERS OF THE RESPECTED COMMITTEES: I am the administrator of a private, non-profit ICF/MR facility representing people within our facility and the disabled and developmentally disabled living in Oregon, depending on public assistance for living expenses.

I appreciate sincerely the hours and hours of work put into H.R. 9030 and don't envy the task you and the committee members have before you. However, it is my sincere desire to share with you some concerns that I hope will be considered in the review of H.R. 9030.

It's difficult to tell from the staturatory language of H.R. 9030 if the proposed bill improves upon existing rules and regulations concerning the age, blind, disabled or incapacitated population. The language of H.R. 9030 is unclear in my opinion in comparing the proposed to the SSI program as it is now. Language seems unclear when talking about family income as opposed to SSI and families for one person. Present SSI laws have some security value for money earned, and I interpret the new bill, benefits could be reduced by one-third. Parental income would seem to make some difference in the new bill where as the present laws have no parent responsibility.

The jobs portion of the program, that is job search, only seems to apply to welfare people and not the developmentally disabled population. The developmentally disabled should be a part of the job search program. They should have the right to work without losing financial support when living in a public or a private facility.

Many disabled and especially those who are mentally retarded should have no reduction in benefits for earning under $200 per month than the 50 percent earned income reduction can be in effect up to the allowable maximum earnings. If the maximum is reached for less than a year, the 6 month retrospect means tests should not apply if their job is suddenly discontinued or if they are released from their job. The developmentally disabled person and especially those who are mentally retarded many times do find a special job or an employer who will hire them. However, if they are not kept on that job or are unable to do the job, their chances of finding another one become more removed. Thus, the developmentally disabled/mentally retarded should be included in the work subsidized program without penalty.

The developmentally disabled when staying in a residential facility should not receive any benefit reductions of any kind for support and maintenance in kind given to the facility by any agency, public, private or non-profit, individual related or not, when the purpose of the funds are to meet the cost of care approved by the State for that facility as an individual rate. This should be in effect regardless of whether the additional amount is for basic care or special programs. In many situations and areas basic support and maintenance cost are not covered by the maximum SSI payments, including both federal and state portions. This should be made effective immediately through the SSI program.

The eligibility ceiling for the developmentally disabled is higher than other ceilings, however, medical or medicaid should remain available to them. Too often they would not be covered by a regular group coverage or if covered by their own health insurance may have a better chance of securing a job. They also need additional help in their living arrangement and transportation to and from work. Their cost and needs of every day living are many.

For the developmentally disabled there should be no waiting period unless emergency funding can be used immediately for the 6 month waiting period. This is also necessary for developmentally disabled persons so employment can be tried and if it is terminated, it is not 6 months before help can be received.

If a developmentally disabled person is working, his SSI or support program should be adjustable monthly and not a 6 month lag before support payments are moved up or down.

Perhaps the regulations could be set out for the developmentally disabled as to how they compare to the current SSI program.

The incentive for working should be encouraged. The developmentally disabled should have to file all income tax forms and have deductions on their checks as any person working would have on their check. This would train them to handle these annual responsibilities regardless of whether they are on welfare or working in a legitimate job.

If this were carried out, there would not be that present responsibility gap between receiving welfare and regular employment. Also the net result would not be so different on the checks they receive. In the present situation, too many quit a job to go back on welfare with no responsibility.

I believe the Congressional intent is that current laws and benefits remain in contact and I would like to be assured that the new programs will continue to provide at least as good as benefits as the old laws provide. Please assure at the very least that the DD population get at least the same benefits as the current funding programs.

Please make sure the SSI program for the developmentally disabled is not dropped.

Thank you for listening to the above concerns.

May I wish each of you a very happy holiday season and successful new year. Should you have any questions or concerns, please feel free to contact me.

Sincerely yours,

GARY L. MROSKO, *Administrator.*

Mr. MROSKO. It is difficult to tell from the statutory language of H.R. 9030 if the proposed bill improves upon existing rules and regulations concerning the aged, blind, disabled or incapacitated population. The language of H.R. 9030 is unclear in my opinion. In comparing the proposal to the SSI program, as it now is, language seems unclear when talking about family income as opposed to SSI and families for one person. Present SSI has some security value for money earned. As I interpret the new bill, benefits could be reduced by one-third.

Parental income would seemingly make some difference in the new bill whereas the present laws have no parent responsibility. At least in the State of Oregon that is the case. I am not sure about other States.

Section 2101(b)(2)(D) page 7 and section C(2) on the same page is unclear. This is the title XXI section eligibility of household units for payment. I haven't been able to determine exactly what that says.

I believe the congressional intent is that current laws and benefits remain in contact and would like to be assured the new programs will continue to provide at least as good benefits as the old laws do provide. Please assure, at the very least, that the developmentally disabled population get at least the same benefits as current funding programs.

The jobs part of the program—that is, job search—only seems to apply to welfare people, but not the developmentally deprived population. The developmentally disabled people should be a part of the job search program. Many of these people could be a part of the everyday society and working force of our Nation in my opinion.

Again, I would like to urge this committee to consider the report that I will be sending in writing and I think it is the intent of Congress that current benefits remain in contact and that the benefits we now have for developmentally disabled people do not become lessened, especially in the area of the supplemental security income programs for the developmentally disabled.

Thank you.

Mr. TUCKER. Thank you, Mr. Mrosko.

Mr. Johnson.

STATEMENT OF MARSHALL JOHNSON

Mr. JOHNSON. My name is Marshall Johnson. I speak for the Portland/Vancouver Chapter of the Unemployed Workers Organizing Committee.

I want to make three points in opposition to the thrust of the bill as a whole.

First, this reform is no bolt from the blue. It's main features come into sharp focus when the Carter plan is seen alongside changes in

the whole policy for dealing with the unemployed. That policy took a sharp turn in March with your passage of Public Law 95-19. That law has cut unemployment benefits by 6 months and changed the definition of suitable work. Nearly every State has joined in with local laws and rules to force more off unemployment insurance. The result is hundreds of thousands forced to take any job at any wage or to be driven onto welfare. For the whole working class, the result is union busting and a weakening of our ability to fight. For the big money interests, the result is a boost in their rate of profit sorely needed as the economic crisis hangs on and deepens.

That same thread holds together the Carter workfare plan. A warning of what workfare will mean comes from Milwaukee, Wis., where the Carter plan was given a trial run. Your Public Law 95-19 and local laws pushed many workers onto general assistance.

The county told these people to work for their welfare checks or lose their last means of support. In one hospital hundreds of union workers averaging $5 an hour were laid off and replaced with workfare slaves.

Did this create new jobs? No, it broke the union and slashed wages.

Locally dozens of unemployed and welfare recipients worked for 3 months as janitors. They were not paid and were told to be grateful they didn't have to pay the bosses for the experience. On a national scale, such a force of 1.4 million slaves would be a powerful club in the hands of your class.

And just as surely as it has in Milwaukee, this plan will generate tremendous resistance on a national scale. It is with that in mind that the Carter proposal require workfare recipients to maintain an adequate performance level on the job. Does organizing a union constitute adequate performance? Does refusing to drive down the wages of all workers constitute adequate performance? It depends on the point of view. Yours or that of the working class.

Which brings us to our last point, the struggle that is going on right now over the Carter plan. No fundamentally new information about the bill itself will come out of these hearings. Interesting points will be made but you gentlemen knew the basic arguments on the bill before you left the District of Columbia.

What's going on here is a testing of the water. How widespread, how deep is the resistance? How easy will it be to get over with this plan that clearly serves the interests of your class?

Our answer is that it won't be easy. True, you are playing on some strong sentiment that people want to work. But the fighting demand of the unemployed is not for slave jobs and better income for the bosses. We aren't about to sit back while our just sentiments for work are twisted into a weapon against us.

Our demand is that we must have union jobs at union wages. To that end, we will be uniting with millions of working people, employed and unemployed, in opposition to the workfare plan. In a month, when Vice President Mondale comes to Portland and on January 20, when you convene for the state of the Union message, a growing movement will meet you saying, "We have nothing in common with you. We demand union jobs at union wages."

[Attachment to the statement follows:]

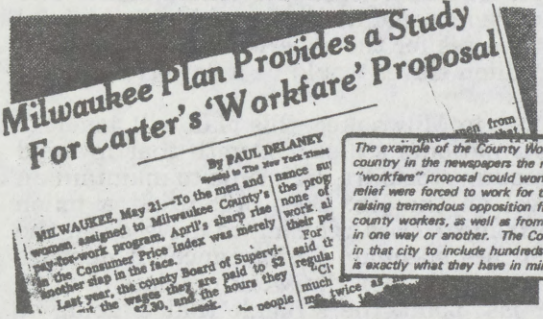
CARTER'S "WORKFARE"

SLAVE WAGE JOBS & INCOME for the BOSSES

Back in August, Pres. Carter announced his welfare "reform"/ workfare program. Banking on the just sentiment of working people that welfare is rotten-that people want to get back to work, not be on the dole-the government is launching a major attack on working people. This is the first big change in the welfare program in years. It's a major part, along with massive cutbacks in unemployment benefits, of the capitalists move to use the unemployed as a club against the whole working class.

The heart of Carter's plan is the creation of 1.4 million public service jobs- minimum wage, non-union jobs lasting less than 1 year. But in fact these are not newly "created" jobs, but will be replacing regular city, county and state workers at half the wage!

The rich are putting it out square: "either slave or starve". Anyone who refuses or is fired from one of these government jobs, or ones like them in private industry, will be thrown off all welfare benefits. While Carter is calling this program, "Better Jobs or Income", this slave-wage, union busting scheme is "better" only for the bosses to up their profits on our backs!



Milwaukee Plan Provides a Study For Carter's 'Workfare' Proposal

By PAUL DELANEY
Special to The New York Times

MILWAUKEE, May 21.—To the men and women assigned to Milwaukee County's pay-for-work program, April's sharp rise in the Consumer Price Index was merely another slap in the face.

Last year, the county Board of Supervisors set the wages they are paid to $2 [illegible] the wages and the hours they [illegible] $7.30, and the people

The example of the County Works Project in Milwaukee was spread all over the country in the newspapers the rich print for each other to show how Carter's "workfare" proposal could work-for them. On this project, men on general relief were forced to work for the county at $2/hr. or be thrown off assistance, raising tremendous opposition from AFSCME, representing most of the unionized county workers, as well as from the project's workers, who often refused to work in one way or another. The County Works Project was to have been expanded in in that city to include hundreds to be thrown off unemployment benefits. This is exactly what they have in mind for us with Carter's "workfare" proposal.

WE DEMAND JOBS-UNION JOBS AT UNION WAGES AND A LIVING INCOME UNTIL WE GET THOSE JOBS!

People want jobs-union jobs at union wages-and a living income until they get those jobs. But instead, the unemployed have been dealt Carter's nationwide campaign to dismantle the unemployment insurance system. Since May, benefits have been cut from 65 weeks to 39. Sec. of Labor Marshall is now talking about cutting unemployment benefits to 15 weeks! The workfare program would be the next step. (In fact, Tip O'Neil, Speaker of the House, has said that it's a good model for the unemployed.) The goal of Carter & Co.'s policy around unemployment insurance is to eliminate all benefits and force people into their minimum wage, non-union workfare jobs. In other words, use the unemployed, whether on welfare or cut-off **unemployment** benefits, as a club to drive down the wages and working conditions of all working people.

This Wednesday, hearings on the workfare program will be held by a USCongressional Committee in Salem. Carter and the big corporations he represents, want to get the workfare program through right away. They're expecting another "bad turn" in the economy. They think workfare is their best ticket to get out of their problems by using the growing number of unemployed as a club to up company profits. The hearing is for the politicians to test the waters- see how much support they've got and how much more they can muster for their scheme. (One man they can count on is Gov. Straub who's offered up Oregon as a testing ground for workfare)

Join in with the Unemployed Workers Organizing Committe and let's put it out straight at this hearing: We don't buy Carter's slave-wage jobs and income for the bosses! We demand **union** jobs at union wages and a living income until we get those jobs!

CONTACT UWOC AT 281-1661 FOR RIDES & MORE INFORMATION
P.O.BOX 14712,PORTLAND, 97214

Mr. TUCKER. Thank you, Mr. Johnson.

STATEMENT OF ROBERT MOON

Mr. MOON. Mr. Chairman and members of the committee, my name is Robert Moon and I am here today on behalf of the Neighborhood House and the public housing residents of the Seattle metropolitan area to whom the agency provides a variety of social services. The agency has a 70 year history, not only of service delivery, but of advocacy on behalf of a constituency which has been traditionally not acknowledged in public policy decisions directly affecting its welfare.

I am here today to share with the members of the subcommittee some of our concerns on the administration's welfare reform proposal.

The President, in introducing the administration's program for better jobs and income, stated that the program "stresses the fundamental American commitment to work, strengthens the family, respects the less advantaged in our society, and makes a far more efficient and effective use of our hard-earned tax dollars."

He further described the proposal as "a job-oriented program for those able to work and a simplified, uniform, equitable cash assistance program for those in need who are unable to work by virtue of disability, age, or family circumstances."

Neighborhood House does not share this rosy view of the proposal. It does none of the things promised by the President.

First, the administration chooses to characterize its proposal as comprehensive. We prefer to describe it as incomprehensible.

The program seems to have been designed to insure that only those individuals able to devote substantial portions of their time to studying it will be able to fathom its complex details. This incredible complexity is a defect serious enough in itself to call the entire program into question.

There is simply no sense in establishing a program which cannot be understood, and under which only a few will be able to determine their basic rights.

Second, the proposal is incomplete in several major respects, making it difficult to anticipate its overall impact. Medicaid is not spoken to, so we cannot assess the likely impact either in terms of availability of medical services, or their cost.

Another issue left hanging is that of State supplements to the basic Federal assistance levels.

Without knowing the extent to which States will supplement, it is impossible to assess the impact of financial assistance as compared either with current assistance levels or with costs of living.

Third, a difficulty permeating the plan is its fiscal frame of reference. Though the program is slated to come on line in 1981, its costs, assistance standards, wages, et cetera, are described in 1978 dollars. We are left not knowing what this means. Will there ultimately be a set of 1981 assistance standards and wages? Will the program operate on the basis of the 1978 standards in 1981? This confusion makes the plan even more difficult to comprehend. We are seeing quite a selling job—Madison Avenue fashion, complete

with road shows, using simplistic charts and graphs—carried out in support of the proposal. Like most Madison Avenue approaches, the welfare reform sales job is tending to promote most highly some of the product's most vulnerable aspects. Even its name does this: "better jobs and income."

The danger is that the sales job is likely to be effective. Many advocates and concerned lawmakers have struggled for years for some meaningful reform to the Nation's welfare mess. We have become so frustrated in our attempts to get a recalcitrant administration to act on the issue that we are vulnerable to a sales job by a new administration which we are inclined to perceive as being concerned and progressive. We could end up with an inferior public assistance program because we wanted to believe that it was better.

The administration's welfare reform proposal in fact falls so far short of even modest reform goals that we must strongly oppose it. It does not guarantee adequate income. It does not guarantee a decent job to all who are capable of working. It is not responsive to the current needs of poor families. It does not treat equally those with equal needs.

The major reason for these inadequacies is the strict limit the President has placed on the amount of money available. If the goal of true welfare reform is the elimination of poverty, then the only way to come up with a plan is to decide first on the best way to eliminate poverty and then figure out what the program will cost.

However, this plan puts the cart before the horse. It was developed first by deciding how much money could be spent, and then deciding how to split the money up.

In addition, the decision on cost was based not on an estimate of what was needed, but by how much was being spent on current inadequate programs. One measure of this current inadequacy is that 26 percent of female-headed families remain poor after all transfer payments. Though the President did retreat somewhat from his earlier position that the new program could cost no more, it appears that most, if not all, of the projected 10-percent increase in Federal cost will go as fiscal relief to State and local governments, with no assurance that poor people will benefit.

CASH ASSISTANCE PROGRAMS

The administration proposal for cash assistance is a classic redistribution scheme with a new wrinkle. It is limited to redistribution among the poor. It is evident that some poor will benefit from the proposal; those in certain categorical groups or in certain geographic areas. They will benefit, not at the expense of society in general, but rather at the expense of reduced cash assistance to other poor people.

The group that appears to have been identified as the least deserving of the poor are single-parent families with children. That group will sustain the greatest reduction in benefits from current levels, though in no State do these current levels come up to the Federal poverty guideline. The rhetoric of being profamily manifests itself as punitive treatment of all low-income persons who do not conform to the cherished American standard of the two-parent household.

The entire proposed structure of Federal cash benefits is adequate. None of the proposed assistance levels even reach poverty guidelines. But the failings of the proposal are more insidious than just overall inadequacy. Poor people who experience the same economic survival needs are categorized by age and other characteristics, including family situation, and benefited differentially.

Within the not-expected-to-work category, the proposal calls for benefits to a single parent with a 3-year old child which are only 80 percent of the benefits for a two-person elderly household. For a single parent with two children under the age of 7, the per capita benefit level drops to 56 percent of the elderly household. With respect to the poverty guideline, benefits to an elderly single adult amount to 83 percent of that figure; an elderly couple receives 99 percent; a nonelderly but blind or disabled couple drops to 76 percent of poverty level; single parents with children will receive benefits ranging from 72 pecent to 58 percent, decreasing with increasing family size; while previously unincluded adult couples and singles are slated for benefits at 52 percent and 34 percent of the poverty level respectively.

Bear in mind that these differential rates are all within the not-expected-to-work category.

What earthly reason is there to believe that a single parent with young children needs so much less to meet basic survival needs than does an elderly couple?

Clearly these different benefit levels represent basically political decisions as to how to allocate funds from the total fixed pot among different categories of people, so as to enhance the overall political salability of the program. Real needs of poor people are ignored.

Bringing the issue closer to home, benefits to current AFDC recipients in Washington State will be decreased by 29 percent, and in Oregon by 34 percent from current levels, unless those States elect to supplement the Federal grants. Benefits to current SSI recipients, without new State supplements, would drop by 1 percent in Oregon and 8 percent in Washington. True, there is provision in the proposal for State supplements, but only at lower Federal financial participation rates than apply to the basic grants.

We think it very likely that the degree of fiscal relief promised by the administration will not become a reality due to a combination of higher than anticipated public assistance costs and increased medicaid costs.

Given that scenario, it becomes very likely that many States will elect not to grant supplements, as they will be hard-pressed fiscally, and public assistance funding is not a priority item for most State legislatures.

Playing out this scenario, it follows that the recipient groups most at risk are those for whom the basic Federal funding is lowest, given the formulas proposed for Federal financial participation. The maintenance of effort and grandfathering provisions do nothing to alleviate this concern, for the best that they offer is a year or two before the bottom drops out of aid to families with dependent children.

This problem is exacerbated for Oregon and Washington due to their relatively high current assistance levels as compared to the

single national standard approach which the administration has chosen to use. DOL urban family budget figures show that the Seattle-Everett metropolitan area is the sixth most expensive in the continental United States, a full 19 percent more expensive for low-income families than the least expensive urban area.

Yet, even with this wide variance in the amount of money required to maintain a comparable standard of living, the administration elected to use a single nationwide standard, and a very low one at that.

Queried on this point in a published interview, HEW's chief welfare planner defended the single standard choice merely by arguing that a regional approach would be too cumbersome.

We find this unbelievable, given the existing mechanisms within DOL which could collect and analyze the necessary data. Regional adjustment factors would assure some nationwide equity, not as measured in numbers of dollars, but rather as measured by the value of those dollars within various regions.

The need to make adjustments of this type is apparent, and the capability exists. That the administration chose not to adopt this approach can be explained only by their sense of political expediency.

If the intent of the administration is to encourage the out-migration of poor and minority families from major northern urban areas, as is suggested by the remarks of some HEW and DOL officials, then they should propose a narrower piece of legislation specifically for that purpose, and not compromise the entire Nation's public assistance program.

JOBS

Given the relatively successful public employment programs of the last several years, we had hopes for a creditable approach to jobs in this proposal. Indeed, on the surface, it doesn't look too bad; double the number of public employment opportunities over the next 3 years, nearly half of which would be of direct benefit to current AFDC recipients. But, reading the text destroys any illusions we might have had.

The administration in fact proposes a punitive approach founded on false assumptions. It oversells the potential for private sector employment. There is no reason to believe that labor market conditions will improve sufficiently for a significant increase in private sector employment of public assistance recipients. Extended unemployment compensation programs, and the low absorption rates achieved by CETA projects are mute testimony in this regard. Yet the administration's entire approach to jobs is founded on an assumption of plentiful employment opportunities.

The proposal includes numerous incentives to make private sector employment more attractive than public employment—the earned income tax credit, minimum wages for public employment—and to make public employment more attractive than no employment at all—low assistance levels in the not-expected-to-work category, even lower assistance in the expected-to-work category, and the job search requirement.

These program strategies not only assume a plentiful supply of employment opportunities, but they also assume what numerous Federal studies have shown not to be the case, that both carrot and stick approaches must be vigorously applied to motivate the poor to work.

How many times must it be demonstrated that poor people want to work, want to be self-sufficient, before we can be rid of public policies which assume the opposite?

The administration's proposed incentives are punitive measures which differentially apply to certain categories of poor people. The exception to this is the EITC, but it will be of benefit almost exclusively to persons with incomes over the poverty level.

The positive aspects of CETA are almost totally eliminated under this proposal, as wages are reduced to minimum, fringe benefits are eliminated along with normal rights of employees, and poor people are cycled through these slots at 7 to 12 month intervals. The entire job search concept is even less defensible.

This mandatory 5 to 8 week exercise would precede any public service employment, and would be repeated at the end of 1 year of public employment. During these weeks there would be no earned income, and families' assistance benefits would drop from the upper tier to the lower tier, dropping from 66 percent of poverty level to 36 percent for a family of four.

This starvation level benefit is defended by the administration as a necessary incentive to cause poor people to obtain private sector employment. Ironically and sadly, a recent National Governors' Conference session on the administration's proposal characterized the job search requirement as a 5 to 8 week paid vacation, which suggests that the group's awareness of the reality of poverty is on the same level as the administration's.

There are a host of other glaring issues that we haven't touched on.

What about pregnant women?

What about persons who are injured or incapacitated and yet don't meet the rigorous SSI criteria?

The retrospective budgeting and accountable period proposals which combine to insure that families without earned income experience a protracted period of extreme deprivation prior to receiving any benefits, and also combine to insure that the benefits which they finally receive are not predicated on current needs.

The broad filing unit concept, which will help to insure even greater reductions in financial assistance to many families, especially in subcultures which encourage extended family living arrangements.

And, what about repeated use in the administration's sell job of the terms fraud and error as a single phrase, as if they were the same thing, in a manner which continually suggests to the public and to lawmakers that there is something less than worthy about persons who are dependent on the public dole, in a manner which says, "Yes, they are different from you and I, so whatever we do for them is really more than they deserve."

The facts are that fraud, as legally defined, constitutes a very small percentage of the total problem popularly referred to as fraud

and error. The big problem is human error, most of which candid public welfare administrators will admit is related to overly complex programs and needlessly rigorous means tests, major faults of current programs and the administration's proposal.

STATEMENT OF ELIZABETH LINDER

Ms. LINDER. I am Elizabeth Linder, speaking for the Interagency Welfare Crisis Committee, a committee of representatives of helping agencies in Multnomah, Clackamas and Washington Counties. I work at the welfare hotline in Washington County, where we respond to problems and questions welfare clients have with the welfare and food stamps programs in that county.

I think the Governor was optimistic this morning when he said most Oregonians would be in favor of the bill. I think the testimony we have heard here today proves that to be not quite so.

I would like to add my voice to those who are not in favor of the plan.

President Carter's welfare reform proposal is not a plan for reform. It barely attempts to iron out some of the wrinkles in the sheet of the present welfare program, and in return it adds others. Certainly some of its provisions are an improvement, but as a whole it is woefully inadequate.

I want to address specifically the issue of the work search and work requirements in the President's proposal. We are concerned by the apparent lack of realism in the plan. It demands that people in the expected-to-work category spend 5 weeks looking for work in the private sector, and an additional 3 weeks in public service employment. If those jobs are predicted to exist in 1980 or 1981, dont' they exist now?

Why aren't our job developers in the welfare division—Oregon has a job placement program, of which the division is very proud—or job developers in the WIN program, in the employment division, finding these jobs now?

I submit that this work search requirement which holds out promises for jobs in the private sector is nothing but a sop to those who scream about our tax dollars being used for "those lazy chiselers who prefer to live on welfare than to go out and work."

It is our experience that essentially every able person would prefer to work than to be on welfare, particularly if there were meaningful jobs available, jobs with a future and a hope for independence.

What President Carter's bill refers to as work incentives are not incentives at all; they are penalties. The only incentives necessary for people to go to work are the availability of meaningful jobs. We fail to see how the threat of starvation can be considered a work incentive.

We also fail to understand the provision that would pay persons engaged in this job search less than a regular welfare grant. The proposed grants are still not adequate to provide a decent living, and to give people in the job search period even less makes no sense. It is precisely at this time that the need is greatest.

We are extremely concerned about the problems we will undoubtedly encounter if the job programs are administered like the current WIN—work incentive—program. That program was created to provide training and subsequent employment. A very good concept on paper. In reality, however, it does neither of these.

Our experience in Washington County has been that every Spanish-speaking unemployed father is plugged into a work plan which will result in his becoming a janitor.

You have a man in his forties who has spent 30 years working in the fields, with all the disabilities that result from a lifetime of backbreaking labor. He finally hopes to be trained for a job with a future, something he can do for the remaining 20 to 30 years of his working life. Instead, he finds himself at the dead end of being a janitor doing work which he cannot possibly expect to be able to do for the rest of his working life, so that he will be in exactly the same situation a few years from now.

These particular cases may, of course, have to do with simple racism and discrimination, but there are many comparable situations among English-speaking recipients. It is imperative that you look at the actual records of such programs and not only at the lovely sounding plans and goals on paper.

PUBLIC SERVICE EMPLOYMENT

The minimum wage is not now and will not be in 1980 adequate to support a family. Therefore, the proposal includes provisions for continued assistance rather than a realistic plan which would allow these families to become self-sufficient. Once again, people do not want to be on public assistance; they only want help in finding a way out.

There are many more portions of the plan which we would like to address. Due to the limitations of time, we cannot do so today. We urge you to look at each provision carefully and to make sure you know what current programs look like in practice.

I wish to repeat, the President's proposal is not a plan for true reform. We do not believe that true reform is possible unless there is a sincere commitment by the administration and Congress to eliminate poverty in this country. This commitment has not been made, and anything we do short of that is nothing but further bandaiding.

We can and must eliminate poverty; we can and must provide meaningful jobs for all people who wish to work. The administration plan will not do this; it is once again a guarantee to keep a segment of our population in poverty.

Mr. TUCKER. Thank you, Ms. Linder.

Mr. Gradison?

Mr. GRADISON. I would just like to reflect on what I have been hearing in our meetings in Washington. It is true we had a lot of meetings and heard from a lot of witnesses, but we got mixed readings and therefore it wasn't so clear.

I don't know where this committee is going and I am sure Chairman Corman doesn't because we have talked about that. Some of those who testify before us say, "Given the choice, I would rather

keep the present system than take this whole bill, if we have to choose between the bill as it is and the present system."

Others say, even with its problems and defects, I would rather have the new bill in place and improve upon it. We have heard a little bit of that today.

With regard to Mr. Moon's comment, I do believe you are right, there was a real push on in the administration to hold the cost of this as close to zero as possible, but I would also say that we have had a number of analyses of this program done by outside objective groups, university research groups, and others, who to my knowledge, without exception, have said the actual cost of implementing H.R. 9030 is substantially higher than the figure of the administration. They said $2.8 billion. I think, while the views vary, that many analyses we have seen indicates that understates the cost by about $10 billion and maybe more than that.

To the extent proposals come up which involve substantial increases in cost, then we really do run into problems of where other cuts will be made or, since we are already spending $60 billion more than we are taking in, are we going out and borrow those additional funds. So there are considerations we have to deal with that are related.

To the extent the wage is higher or the benefit level is higher, substantially larger numbers of people become eligible because we reach higher into the ranks of the working poor, out of simple equity, as we should, and that is where the cost of this thing can be rather striking.

I am trying to respond to you because you have been so generous in giving us your thoughts.

Mr. MOON. I appreciate that.

Mr. GRADISON. Another thing I would like to mention is, viewed as a whole, trying to determine what portion of American families would be touched by this H.R. 9030, if you take into account the welfare portion, plus the earned income tax credit, roughly 50 percent of all families in America would receive all or a portion of their income from this bill.

I don't know if that is enough or not, but I would really like to cut through the idea we are touching a few families. It is staggering, and the implications of that frankly to me, and to some of us, are really troublesome with regard to where that may lead us in years ahead.

I am not arguing to the need, but I am just trying to indicate this isn't an easy question and we do need your help and maybe a few prayers now and then wouldn't hurt either.

Mr. TUCKER. Ms. Linder, you say we need to eliminate poverty in America. As Mr. Gradison indicates, when you include the earned income tax credit, there is a tremendous redistribution of money under way in the country. It may not be enough. Many people we hear from very frequently say it is way too much. These are hard-fought issues, but putting that aside for the moment, assuming we went full-scale on some sort of program that you could draft or someone else could draft, how quickly do you think we could do what you call eliminating poverty in America?

Ms. LINDER. I can't answer this question, obviously, and I don't think you really expect me to do that.

I don't think I would be sitting here if I could do that.

Mr. TUCKER. You say what we need to do is eliminate poverty. That is wonderful and I hope that is what we are trying to do with this bill. We may not be doing it the right way and that is why we are out here and why your testimony is helpful. Lyndon Johnson had a war on poverty, in addition to another war, that went on for quite a period of time. It made some progress. You consider where we were in 1955 or 1956 compared to where we are today in this country with the problems of poverty. We have made gigantic strides. Just a small measure.

In 1960, 60 percent of the rural homes in my State of Arkansas did not have plumbing. There are still 28 percent of those rural homes that don't have it, but that is a dramatic change. The changes that have taken place in health care standards; medicaid, medicare, things that didn't exist in 1956 or 1956 is enormous, really. It doesn't mean that we have anything to brag about; it is just a recognition that we have been making enormous progress. But now we run into problems such as Mr. Johnson was discussing with unemployment compensation.

I took part in the subcommittee that drafted the changes in the unemployment compensation bill. For those of you who may not be precisely familiar with the change, under the law prior to the passage of Public Law 95-19, an individual, after he had exhausted his stake in unemployment benefits, could then begin to draw Federal supplemental benefits which carried them on unemployment insurance for a full year. Actually 52 weeks if they happened to live in an area of local employment.

What the Congress did was say, "Unemployment insurance benefits are wonderful; they are insurance benefits; there is a premium paid by the employer toward this; it is considered as part of the worker's income and he is entitled to benefit from it."

And there is certainly no question in my mind about that where State benefits are concerned.

The question we have to address, however, is, at what point do you say, unemployment insurance is used up. It is no longer a program that I paid anything into, that my employer paid anything into. It is a welfare program, and other people—we can call it anything we want to, but this is not my money; it is not my employer's money; it is a welfare program and I am happy to get the benfit of it.

Mr. JOHNSON. When the question of unemployment insurance came up in the early thirties, the AFL leadership, the National Association of Manufacturers and leaders in the Democratic Party put out a flier to the unemployed which said, "Warning. Beware of the dole" and it ran down unemployment insurance.

Now, the political realities, you know, the struggle in this country, they have changed their opinions as to what was a dole and what was possible. Now we have unemployment insurance.

Several years back Congress decided they had mounting unemployment and it was time to extend the benefits from what they were at that time, 15 weeks, all the way up to 65. That wasn't based solely on taking the premiums from the employer or, in the final analysis, the employee.

This sort of obscures the main point. The main point is, where do these things come from? They don't come from charity and this money doesn't come from the sky. It is a result of people working. They have worked all their lives and they are entitled to continue to exist when those jobs are taken away.

Mr. TUCKER. Are they entitled to exist at a level substantially different from the income assistance provided to an individual who has not been working in a job with unemployment insurance in the past?

It seems to me that is the issue. You know, do you treat one group of people who are unemployed different from another group of people who are unemployed?

Mr. JOHNSON. No. Like Ms. Linder, if I were creating an ideal world, I don't think those distinctions would exist.

The point is in my mind, where did the higher level of income that comes with unemployment insurance come from in the first place? It isn't just a question of increasing the taxes on the employers, and I think it is simply a question of people's ability to struggle for what they need.

Mr. TUCKER. If my memory serves me, $19 billion came out of tax revenues 2 years ago.

Ms. LINDER. I would just like to say if we used our defense money, we could eliminate poverty quite rapidly. They talk in trillions. We are talking in billions.

Mr. TUCKER. Well, they actually talk in billions also. If it was as simple as eliminating that defense budget, we could do it.

Ms. LINDER. Give it a try.

Mr. GRADISON. We might eliminate the country too.

Mr. TUCKER. Again your testimony is helpful. It reflects the complexity, the depth of the problem, the depth of your feelings about it, and it will be beneficial to us. Thank you very much.

The next group of witnesses will be Robert Morris Smith, national board member, Day Care and Child Development Council; Geraldine Ethen of Portland, Oreg.; Dr. Lafayette Harter, Jr., chairman, Oregon State Advisory Council on Unemployment Compensation.

Is George Masten here yet?

Ernest Cersovski or Donald Oxford?

Mr. Oxford, if you would like to come on up now.

STATEMENTS OF ROBERT MORRIS SMITH, NATIONAL BOARD MEMBER, DAY CARE AND CHILD DEVELOPMENT COUNCIL OF OREGON; DR. LAFAYETTE HARTER, JR., CHAIRMAN, OREGON STATE ADVISORY COUNCIL ON UNEMPLOYMENT COMPENSATION; AND DONALD OXFORD, REPRESENTING NATIONAL ASSOCIATION OF SOCIAL WORKERS, OREGON CHAPTER

Mr. TUCKER. Mr. Smith, you may proceed.

STATEMENT OF ROBERT MORRIS SMITH

Mr. SMITH. My name is Robert Morris Smith. I live at 1703 SW. Montgomery Drive, Portland, Oreg.

I am a national board member of the Day Care and Child Development Council of Oregon, and serve as a member of the health and welfare committee of the Multnomah County Democratic Central Committee.

My specific concern regarding welfare reform which I wish to bring to you is primarily addressed to the issue of day care for children from my vantage point of having been controller of the Metropolitan Area 4–C Council, Community Coordinated Child Care serving the four county Portland metropolitan area from July 1970, until August 1 of this year.

The funding for this program serving initially 3,500 now only 1,500 low income preschool and latchkey children during the past 7 years has been constantly in danger, has been grossly underfunded, and continually battered by capricious changes in rules and regulations, and funding levels instituted by Children's Service Division of the State of Oregon, but blamed upon the Federal Government.

The approximately $62.5 million additional appropriation, without a maintenance of effort clause, signed by President Ford at the end of summer 1976 for the specific purpose of enabling States to pay higher hourly rates as required for maintaining the adult/child ratios mandated by title XX has been diverted by the States to other purposes. The emergency board of the Oregon State Legislature graciously accepted the approximately $2.4 million allocated on the basis of voting population to Oregon and allocated it to the children's services division budget ostensibly for day care. The day care programs of Oregon have not seen this money as appropriated. It has, in effect, been stolen from the children of Oregon. If used, it has been diverted to other programs within children's services division, and, if not used, I assume it has become part of the State of Oregon surplus to be appropriated by the State to other purposes.

When questioned on this issue of stealing such Federal funds, speaker of the house, State Representative Phil Lang retorted that this was good business and that we have basic differences in philosophy, which we certainly do have.

From my observation point on the board of the Day Care and Child Development Council, I know that, unfortunately, Oregon is only one of the many States pursuing this identical policy of diverting appropriated Federal funds.

What I urge is that all such Federal appropriations for child care, as well as other welfare measures, be safegaurded by maintenance of effort clauses assuring that such appropriations not be diverted, the spending level decreased, and the money siphoned into State treasuries.

Likewise, I urge that stiff penalties be instituted for such violations on the part of the States, and that annual congressional hearings be held in each State to ascertain use of such funds, and that appropriate and thorough audits be conducted by HEW and/or the General Accounting Office to determine that funds are spent by the States in conformance with the appropriation guidelines. It is time to call a halt to State interference in federally mandated services.

In addition, I would urge, in regard to day care for children, that local options be maintained for parents and that program coordina-

tion and direction be maintained and mandated at the local community level, not the State level, in order to insure full community input and avoid State bureaucratization of child care programs.

I am basically opposed to the proposed law. However, I would have to examine it in greater detail.

Mr. TUCKER. Thank you, Mr. Smith.

Dr. Harter.

STATEMENT OF DR. LAFAYETTE HARTER, JR.

Dr. HARTER. I am Dr. Lafayette Harter, Jr., chairman, Oregon State Advisory Council on Unemployment Compensation, but today I am here speaking for the Oregon Employment Division.

The President's welfare reform plan is an excellent conceptual framework for dealing with much of the public dissatisfaction with existing welfare programs. Work can now be avoided despite procedural requirements to register for employment and participate in job finding activities. The only effective measure is to impose a work requirement as a condition of eligibility for benefits for expected-to-work persons.

The President's plan determines at intake which applicants are expected to work and provides them with employment opportunities. For persons not expected to work, the President's plan will provide cash assistance. This sharp delineation between the two groups should present a more positive image to the public who tend to categorize all welfare recipients as freeloaders.

The President's plan is an excellent starting point. There are, however, some refinements that I would like to suggest. These are all consistent with the thrust of the plan.

JOB ENTITLEMENT

H.R. 9030 emphasizes susidized work and training which in fiscal year 1981 is limited to 1.4 million, without respect for employment needs. Limiting both the private sector emphasis and the number of subsidized work and training opportunities establishes a fall-back position that where employment needs exceed the number of jobs, public assistance will be provided to compensate. This is a fundamental defect in existing welfare programs.

The key element necessary in welfare reform is a job. We are not advocating guaranteed annual incomes. We are advocating guaranteed jobs. Public service jobs are a needed element. However, public service jobs must be a last resort, not a first resort.

If adequate private sector employment is not available, action must be taken to stimulate the economy. This recognizes the preference of private sector jobs over subsidized jobs and that there are limits to practical public service jobs. Congress should include in its deliberations on welfare reform continued discussion on economic stimulation measures to expand private sector employment.

Where private sector employment is not available in spite of economic stimulation measures, a job entitlement must be created for every family. Congress should amend H.R. 9030 to provide continuous and open-ended appropriations to CETA prime sponsors

to meet reasonable costs for a sufficient number of subsidized work and training opportunities for all expected-to-work persons who cannot be placed in unsubsidized jobs. Channeling public aid dollars into work opportunities is preferable to public assistance without work.

CONTINUOUS JOB SEARCH

H.R. 9030 now provides for intensive job search activities during 8 week periods each year. Limiting the job search activity to 8 weeks per year will not make full use of private sector jobs as they become available. Congress may want to provide certain incentives on a periodic basis. But the bill should be amended to provide for what we assume was the meaning of the provision that job search activity should be a continuous activity throughout the year.

SUPPORTIVE SERVICES - FOR EXAMPLE, WIN

The work incentive program is very effective in moving welfare recipients into employment. In Oregon last year alone, we placed 7,552 welfare clients into employment, for a total of 31,823 welfare clients since the WIN program began.

In the first three quarters of last year, employment security agencies throughout the Nation placed 199,050 WIN participants in employment. I am told that these placements have resulted in over $300 million in welfare grant reductions. Altogether, over 1 million WIN participants have entered employment since June of 1971.

This program has been effective because of the close relationships established between cash assistance and employment security agency personnel. In Oregon it is the close cooperation of the adult and family services division, the childrens services division and the employment division that have made the WIN program work so well. Actually these relationships have pioneered many of the concepts in H.R. 9030.

However, the President's plan does not clearly provide for continuation of needed WIN supportive services such as testing, assessment, counseling, day care, homemaker services, and so forth. Although we agree that the WIN program must be included in the final welfare reform package, it is necessary that Congress continue the services that have been provided by WIN. I also urge the Congress to look closely at the WIN program as a model, generally speaking, for many of the required components of welfare reform.

STATES' ROLE

Another needed refinement is the role of States in the jobs component. H.R. 9030 provides that funding for and authority over all of the jobs component will be given to local CETA prime sponsors, with only a nominal review and advisory role for Governors, and no specified role for State legislatures. CETA prime sponsors are permitted to administer the job search assistance program through State employment security agencies or other comparable arrangements, depending upon the discretion of CETA prime sponsors.

The bill does not require utilization of existing statewide labor exchange programs. This removes the Governor and State legislatures from a key role in the movement of welfare recipients into private sector employment. This movement is the key to fiscal control of the States' supplemental cash assistance program. This is also important to Congress in financing welfare reform. This is critical because the job search program will be the first entry point into the jobs component and more specifically the entry point into private sector employment.

Assignment of the job search assistance program to CETA fails to recognize the important relationship of job search to activities; for example, wage supplementation, medicaid, social services, vocational rehabilitation, of cash assistance agencies. Cash assistance agencies are organized on a statewide or county basis, not along CETA jurisdictions. Cash assistance and job search activities must be organized along similar or at least compatible political subdivisions to assure effective cooperation and coordination. Flexibility should be given to the States to adapt the jobs program to the structure for delivery of the cash assistance programs in the State.

There are some other good reasons for changing H.R. 9030. Employment security programs are well administered all across the Nation. The unemployment insurance program should be left intact to hold together labor forces for employers who pay for this service during time of temporary employment dislocation. This employer-employee insurance program is operated for the mutual benefit of both and I do not think it ought to be disrupted as a consequence of welfare reform.

An integral part of the UI program is the free public labor exchange provided to all unemployed individuals. Allocating welfare job search activities to CETA prime sponsors will fragmentize this existing public labor exchange among CETA prime sponsors and employment security agencies based upon welfare/nonwelfare clientele. This would allow competitive conflicts where employers in metropolitan labor markets would be contacted by several CETA prime sponsors and a statewide employment security agency soliciting jobs for welfare/nonwelfare clients.

Operation of two public labor exchanges will be confusing to the unemployed and to employers who want a unified, statewide job referral process. Will the unemployed know which agency to contact based upon their income? And will they get access to the same jobs at the various public agencies? What about employers? Will they need to work with duplicative public agencies? A strong, unified labor exchange must be operated for the benefit of all unemployed workers and all employers.

It takes a delicate, balanced effort by employment security agencies to refer only job-ready workers to employers and at the same time provide employment opportunities for the disadvantaged. The experience of the 1960's indicates that without this balanced effort we lose the support of the employer community. Recognizing limited funding given employment security agencies, I think they have demonstrated their ability to manage this balance.

In Oregon alone the State employment division job placed 77,866 individuals last year. This up from the 64,886 individuals the year before.

Over 4.1 million individuals were job placed last year by all State employment security agencies, and 34 percent of these were economically disadvantaged. And this is with a national employment security placement staff that has not increased in the last 10 years.

The President's proposal removes authority for the jobs program from both the Governor and State legislatures. State authority over certain segments of the jobs program is essential. The key to the State's role is State administration and delivery of the job search assistance program. Governors and State legislatures should be given direct funding and authority for operating the job search assistance program. We have discussed this with the Governor's offices in Alaska, Idaho, and Washington and they agree with Governor Straub on this issue. Also, Oregon's State Advisory Council on Unemployment Compensation has taken the position that the State should operate a statewide labor exchange.

The comprehensive employment and training program operated by CETA prime sponsors is obviously a well established part of our communities. Their experience with CETA title I training programs and public service jobs under CETA's titles II and VI establishes their credibility as the provider of training for persons not job-ready and for administration of public service jobs created for persons job-ready but unable to find a job.

I, like the President, urge that the CETA prime sponsors be designated as that component responsible for creation and operation of public service jobs and training programs.

I believe Governors operating job search activities and CETA operating public service jobs and training programs can work effectively together.

To summarize then, I urge you to amend the President's plan to recognize Governors' and State legislative interest in job search activities. The following revisions are suggested:

Of the total State jobs component allocation, the Governor should directly receive funds to carry out the job search assistance program. The allocation for subsidized employment and training should be directed to CETA.

The Governor should be responsible for planning and implementing a statewide job search assistance program. The job search assistance program should contain the following components:

Intake system, computerized job matching program, where available; counseling, testing, other supportive services; referral for job opportunity to public and private sectors; referral to subsidized work or training programs; job development; job finding workshops; post placement services—counseling and other supportive services to enable transition from PSE to private employment.

Private sector employment should be emphasized; CETA funding should be open-ended to meet all subsidized employment needs; job search must be continuous all year; services now provided by WIN must be continued by both CETA, during training, and Governors, during and after job search.

Mr. TUCKER. Thank you very much, Dr. Harter. That is extremely interesting.

I know Mr. Gradison and I both will want to question you about it.

STATEMENT OF DONALD OXFORD

Mr. OXFORD. I am Donald Oxford.

Welcome to Oregon, gentlemen.

I represent the National Association of Social Workers, Oregon Chapter.

The Oregon Chapter of National Association of Social Workers supports the following aspects of President Carter's welfare reform strategy:

The consolidation of AFDC, SSI, and the food stamp program. Attractions within this proposal are: (A) a national standardized eligibility criteria and procedural requirement for the three consolidated programs; (B) a common basic payment level for recipients in all States through the institution of a standardized Federal rate; (C) provisional $600 million block grant to all States for emergency needs; (D) a measure of fiscal relief for the States and localities, plus administrative costs; and (E) State supplementation which will serve to keep States involved in the program.

The extension of benefits to previously uncovered populations such as two parent families, single individuals and childless couples, has long been advocated by NASW. The working poor have for a long time not had sufficient income to meet their needs.

The thrust toward a national benefit floor is an essential component.

Aspects of the proposed reform that concern us are:

SOCIAL SERVICES

Effective income maintenance programs require integrating social service programs, particularly title XX. Omitted is any consideration of staff training and its cost. There is a need to address coordination at both the policy planning and service delivery level.

JOBS

We believe that economic incentives to maximize work effort are more effective and less punitive than a work requirement.

Additionally, it is not clear what plan will produce 1.4 million jobs. The number of jobs to be created is based on predictions of a rate of unemployment much lower than this country has experienced in some time.

The proposal does not indicate what will be done to stimulate job creation in the private sector.

It does not seem to provide for adequate employment-related social services such as vocational assessment, evaluation and counseling; referral placement and followup, and day care.

BENEFITS

We question if the proposed maximum benefit of $4,200 for a family of four with no other income is adequate. This is only 65 percent of the poverty level and only slightly higher than that proposed in the Nixon plan 4 years ago.

For those not expected to work, there is no earned income disregard, and all income taxed at 50 percent, 70 percent when benefits are supplemented by the State. This is a clear work discentive and work penalty for the aged, blind and disabled.

Benefits calculated for no more than seven in the family will work a hardship on large family units.

FEDERAL, STATE AND LOCAL ROLES

Completely federally administered programs, that is, SSI, have resulted in poor service to applicants.

Need to assure flexibility within the system to respond to recipient needs and facilitate frontline workers' efforts. Special sporadic or part-time needs of specific client groups is needed.

Implementation will require careful evaluation of the type and number of personnel needed, their deployment throughout the system, and their training requirements.

Mr. TUCKER. Thank you, Mr. Oxford.

Mr. Gradison?

Mr. GRADISON. I just want to thank these witnesses for their testimony and comment with regard to Dr. Harter's statement in particular. I really appreciate your remarks about the employment service.

First, about the need to have one rather than two. And also the practical necessity of the employment service to recognize, it is competing for the job orders of employers. If the employment service, in a given community, doesn't live up to the general expectations of employers, they will go some place else, and they do in many parts of the country. I gather from your testimony you are doing well in Oregon, but there are some places in the country about the last place the company goes to get referrals is the U.S. Employment Service. If these publicly funded agencies don't recognize they are competing with private agencies who, after all, also have to charge for that service, they will just lose their chance to succeed.

I am aware there have been proposals which would virtually have the effect of nationalizing the employment service, but I find it inconceivable that in our kind of a society we would prohibit private employment agencies from existing.

I think your testimony was very realistic and very constructive. I thank all of you.

Mr. TUCKER. Thank you, Mr. Gradison.

I would like to pursue a little further the potential conflict that you see between CETA, job search and ACD job search that could occur. Do you currently experience that kind of conflict?

Dr. HARTER. No, we work very well with the other agencies. We were very successful this last year in the CETA program. Over 7,000 placements, which was very good.

Mr. TUCKER. But you see a possibility of this creating problems in the future?

Dr. HARTER. Here is the point: We are all set. We have no startup costs. If you get a separate organization and have to start up a new agency it will take time; it will take a lot of administrative headaches before they are ready to go. We are ready.

Mr. TUCKER. The President's proposal envisions a nationwide computer job search capability.

Dr. HARTER. Well, we have that, of course.

Mr. TUCKER. Given the problems in setting that up even for your State, do you have any comment on what we might experience in attempting to establish a nationwide computerized job search system?

Dr. HARTER. Well, I am not sure. Here in Oregon an employer puts in his order and by the next morning all over the State there will be these little cards with all of the jobs on it.

Mr. TUCKER. I know in Oregon your population is relatively centralized in a few locations, but do you have any data on how successful or what the incidence of jobs is arising in an area sufficiently distant from the potential worker's home that the worker has to actually move his residence in order to take advantage of the job? Does that occur and, if so, with what sort of frequency?

Dr. HARTER. I couldn't say with what frequency, but the worker has access to jobs all over the State and could move if he needs to.

Mr. TUCKER. At some point we may have to face the fact that there may be jobs available and workers who want to fill the jobs, but they may not exist in the same place. I am not sure what that portends for national policy, but it may be we want to try to take jobs to the worker's residence in order to revitalize a county or a city area.

It may be that we will want to provide some encouragement for the individuals to move to new locations—obviously with all the trauma that might create.

The testimony has been very fine.

Mr. Oxford, I particularly want to commend you for a very direct one, two, three approach to the thing. That is quite helpful to us. It is a good checklist. I might ask one question of you on something that troubles me. You are saying, I gather, that even though you provide a cash benefit and even if it were a much higher cash benefit than the minimum that would be provided for a family of four, there is still the possibility that due to unexpected economic needs in that given family unit or due to just a failure of whoever has control of the money in the family to spend it the way he should, that there will be services needed for that family.

Mr. OXFORD. I believe so.

Mr. TUCKER. You are saying even if we abolish food stamps and provide cash, in some instances at least there will be situations where the family does not have the money for food available, even though they should have had it available and you can't assume that those children should go unfed under those circumstances; you have to provide food for them, and, similarly, the other services.

You mentioned job counseling, training, mental health services; a whole range of services you say should continue to exist outside of any cash assistance program.

Mr. OXFORD. It seems simplistic to me to think the money in the pocket will solve all the issues we are confronted with when we are thinking of families coming from a poverty level.

Mr. TUCKER. Thank you all again for your testimony.

The committee will stand in recess until 2:45.

[Recess taken.]

Mr. TUCKER. The committee will be in order.

Is Deborah Johnson here?

[No response.]

Mr. TUCKER. Wendy Wallace?

[No response.]

Mr. TUCKER. Cathy Vockrodt?

[No response.]

Mr. TUCKER. Diane Johannesen?

[No response.]

Mr. TUCKER. Janice Smith?

[No response.]

Mr. TUCKER. We will come back to them in a moment.

George Masten on behalf of the Washington Federation of State Employees, AFL-CIO, and the Washington State Labor Council.

Jerralynn Ness on behalf of the Washington County Welfare Advisory Board.

Gary Dominick on behalf of the Social Concern Committee of the Metro District of the Oregon Chapter of the National Association of Social Workers.

STATEMENTS OF GEORGE MASTEN, WASHINGTON FEDERATION OF STATE EMPLOYEES, AFL-CIO, AND THE WASHINGTON STATE LABOR COUNCIL; JERRALYNN NESS, WASHINGTON COUNTY, OREG., WELFARE ADVISORY BOARD; AND GARY DOMINICK, SOCIAL CONCERNS COMMITTEE OF THE METRO DISTRICT OF THE OREGON CHAPTER OF THE NATIONAL ASSOCIATION OF SOCIAL WORKERS

Mr. TUCKER. Mr. Masten.

STATEMENT OF GEORGE MASTEN

Mr. MASTEN. My name is George Masten. I am executive director of the Washington Federation of State Employees, AFL-CIO. The federation represents about 20,000 Washington State classified employees, including about 4,500 employees working within the social service bureau of the department of social and health services.

There is no question in our minds as to the need for welfare reform and we are confident you will receive substantial testimony in support of reform. We are, therefore, going to limit our testimony to specific areas of concern.

The first area of concern is the proposal to establish 1.4 million public service jobs at the minimum wage rate and abolish the CETA program. This means that employees now filling CETA jobs which pay prevailing rates, including fringes, would be replaced by employees being paid the minimum wage rate without fringes.

It also means that regular classified State employees being paid prevailing rates plus fringes will be supplanted by minimum wage employees.

The supplanting of regular employees plus the fact that you will have people working side by side who are being paid substantially different rates will cause a major morale problem with all employees. The morale problem will have a direct impact on the productivity of all the employees and on the agencies' ability to accomplish its mission.

The proposal for the establishment of minimum wage jobs is especially bad for a State such as Washington where the average hourly wage in manufacturing in August 1977, was $6.93 per hour, the average hourly wage in the hotel and other lodging industry was $4.08 per hour, the average hourly wage for the lowest paying employer in manufacturing was $3.61 per hour, as reported by the Washington State Department of Employment Security, and the hourly wage for a clerk I—the lowest paid employee in State government—is $2.95 per hour, Washington State Department of Personnel Compensation Plan.

We would strongly urge that all jobs established under welfare reform pay entry level prevailing rates plus fringes and that steps be taken to assure that such jobs do not supplant current jobs as has been the case in many instances with CETA.

We would also hope such jobs would plan for transmission into the regular employment.

The fiscal impact on the State of Washington is our second area of concern.

It is our view that the State of Washington will not experience any fiscal savings under the proposed welfare reform program. When you consider that current CETA moneys are included in the program, Washington State ranks 48th out of the 50 States in terms of additional Federal moneys to be received under the proposal. Some experts in the State in fact tell us that the State may well experience a loss in revenue.

Administration of the welfare program is our third area of concern.

Based on the fine record of the State of Washington in the administration of its welfare program, we believe that any welfare reform should provide for local administration. Washington State has consistently maintained a low error rate.

Considering the problems experienced in administration of the supplemental security income program, it would seem that clients would be best served by State administration. We also believe that there will be less confusion insofar as the clients are concerned if the States continue to administer all of the programs they currently are administering.

We will not burden you with our concerns regarding the impact of the welfare reform program on clients as you have received testimony from client representatives and social service professionals on these concerns.

I am not going to read it, but I would like to call to the committee's attention a statement from President Joe Davis of the Washington State Labor Council which we have filed with the committee and we hope you will take into account.

Mr. TUCKER. Without objection, the statement of Mr. Davis will be made a part of the record, as well as your full statement.

[The following was submitted for the record:]

STATEMENT OF JOE DAVIS, PRESIDENT, WASHINGTON STATE LABOR COUNCIL, AFL-CIO

My name is Joe Davis. I am president of the Washington State Labor Council, AFL-CIO.

Full employment at decent wages is the best and most effecitve way to remove the working poor from poverty. The number of people receiving welfare is directly correlated to increasing levels of unemployment. As long as the economy remains stagnant, as long as government fails to act decisively to get America back on the road to recovery, the welfare mess will exist——with or without reform proposals. We don't think the administration proposals will end problems with welfare. We don't believe that diverting funds from CETA and giving priority for education and training funds to welfare recipients in preference to minorities, women, the handicapped, veterans and youth will solve the problem. Simply taking dollars out of one pocket and putting them into another will not result in any net gain to society or the economy.

Spokesmen for the Washington Federation of State Employees have detailed other defects in the welfare reform proposal and its adverse impact on Washington's economy and the poor. We agree with those statements.

For the entire decade of the seventies, Washington State has had one of the highest unemployment rates in the Nation. In at least 3 of the years since 1970, we have had the highest unemployment rate in the Nation. Our State's economy has been gradually improving in the last couple of years. Critical to that improvement has been building the Alaska pipeline, the Trident base in Kitsap County and, more important, an inflow of Federal dollars allocated on the basis of unemployment rates among the various States.

The administration welfare reform program creates a new allocation of Federal dollars, increasing payments to 48 States and the District of Columbia, and decreasing Federal payments to Hawaii and Alaska. Of the 49 jurisdictions receiving increases, Washington State's increase is the smallest of all, both in dollars and percentage. Federal payments to Washington will be increased a meager 2 percent. Coupled with completion of the Alaskan pipeline and the stimulus it provided to our State's economy, and the near completion of the Trident Nuclear Submarine Base, our State's fragile economy could be dealt a staggering blow. The drought of the last 2 years, which has disrupted the agricultural segment of our economy, merely intensifies the problems.

The welfare plan as advanced by the administration has been ballyhooed for its focus on work incentives for the poor. The poor do not need work incentives. Study after study has shown that welfare recipients don't want to receive public funds——they want jobs. Emphasis on the so-called incentives simply perpetuates the myths that exist and plays into the hands of those who want to destroy income maintenance programs for the aged, blind and disabled——those who need society's help.

We agree that there is much that needs to be done to correct our current welfare system. People who need help often don't get it. But more critical than welfare reform is the fact that people who want jobs can't find them. Officially, unemployment is about 7 percent of the work force. But the unemployment figures don't tell the whole story. The unemployment figures do not include housewives with grown children who stay at home but would rather be in the labor market if jobs were available. Excluded from the statistics are workers who have part-time jobs and want full-time work. Not counted as unemployed are the partially disabled workers who have been refused jobs so many times that they don't even look for work any more. The actual rate of unemployment is probably half again as high as the "official" rate of unemployment.

There is a need for the President and the Congress to honor their commitment to return the Nation to full employment. If we have any message for the administration, it is that our members want jobs. They don't want welfare; they don't want unemployment compensation. The goal of the administration should be to provide decent jobs at decent wages for all Americans. Jobs at minimum wages, on make work, do not meet this goal.

STATEMENT OF JERRALYNN NESS

Ms. NESS. My name is Jerralynn Ness. I am chairperson of the Washington County Welfare Advisory Board, on which I have served for 4 years. I would like to express some of our concerns about Mr. Carter's welfare reform plan.

For the most part, our statement will be a restatement of the things you have heard but in case you are going to take them all back and weigh them out, I will go ahead and put mine in too.

Two aspects of this proposal strike us as moving in the right direction if we are to ever make a commitment to the survival of all poor people. I am speaking of both the provision for universal cash assistance to all low income persons and the development of a nationally uniform benefit level.

However, both of these items, as proposed, could be improved. By dividing eligible persons into two categories, those expected to work and those not expected to work, two sets of regulations have also been developed.

While at the onset this may seen rational, a closer look at the proposal produces some disturbing attitudes. Most obvious is the underlying assumption that those able to work do not want to work. This is demonstrated by the reduced support to ETW families while searching for work which is claimed to be an incentive to locate a job. Looking for work is costly, especially when you are poor and most welfare recipients able to work want a job. They don't need the incentive of a Federal agency who, on one hand, recognizes their needy situation, but on the other hand will only give them inadequate support so that the pressure of survival will drive them to find work. The fact is that enough jobs do not exist, good training programs are not available and public welfare's job placement and WIN programs, for the most part, have not been successful.

Carter states that his plan will discourage seeking employment in the public sector and encourage private sector employment. However, his proposal does not address an adequate job development program in the private sector. Public employment exists because there are more people who want jobs than there are jobs available. A welfare recipient who takes a public sector position will not have any job security, will have fewer fringe benefits and will receive minimum wage, regardless of the entry level wage offered. This again is called an incentive to take private sector employment.

Why should poor people be treated punitively for taking advantage of employment in the public sector when private sector jobs cannot be found?

I think in response to Congressman Tucker's question, what is punitive about this or what is undignified about these jobs is simply this, the fact that people will be working side by side in similar jobs, but at minimum wage, which is humiliating and does not give an incentive to get ahead when you are paid less than someone else doing the same job.

We suggest that the work portion of Carter's plan begin with the assumption that most people able to work want to work at livable wages. From there we would like to see a strong job development, training and placement program developed that is supportive of poor people obtaining adequate paying jobs, with normal fringe benefits, job security and an opportunity for a better future. As long as there is a need for public employment, welfare recipients who accept such jobs should not be treated any different than those who accept private sector jobs.

While the nationally uniform benefit level is badly needed, we would like to see it be increased from $4,200 annually for a family of four to at least poverty level, which currently is $5,500 for the same size family. It seems immoral to ask the poor people of our country who are unable to work or find employment to survive at a level below our recognized national poverty figures.

Rather than attempt to respond to all of the specifics of Carter's proposal, I would like to close with a few comments on three specific items.

First of all, it is our understanding that when two filing units share the same residence their benefits will be decreased to account for the savings the units have by living together. This used to be called shelter share fractioning. This is unreasonable as the reason that families share housing is so they can combine their resources to meet their rent and utility bills. For many families, particularly those living in areas where rent and utilities are higher than average, this is the only way they can survive. Decreasing benefits will only increase their struggle for survival.

In Oregon, when we did have shelter share fractioning, many, many recipients had a great deal of problem with this and legal aid and advocacy groups were taking this through hearings. We did get some changes made and we felt that was progressive, so we hate to see this come back in.

Second, we have noted that the maximum number of people in a unit who can be counted for benefits is seven. Families of eight or more persons must figure out how to survive on assistance that was only meant to minimally cover the needs of seven. Clearly the problems with this are obvious. Washington County is an area where many large families exist that would be affected by this program change.

This has to do with some of the cultural differences. We have a largely Chicano community which traditionally has had larger families. They have a religious background and many of these families would be tremendously hurt by this.

Mr. TUCKER. Have you any statistics on how many family units of more than eight members we are talking about or what percentage this would represent?

I have heard this item mentioned many times, but I have never seen a number.

Ms. NESS. I haven't that, but I am sure any of the State divisions would have that readily available.

One other aspect of that problem with the family unit is, with the 100-hour problem that maybe you have heard discussed, where, if a family is currently working over 100 hours in 1 month, regardless of how much their income is, they were not eligible for welfare, and many of them were earning under welfare standards. So we felt that while many, many of our larger families in Washington County were working, they were having very difficult times because they were working over 100 hours and making less, and were not able to get public assistance or any kind of assistance. We see this as analogous to that also.

Last of all, the retrospective accounting item which bases eligibility on income earned over the past 6 months prior to applying,

rather than on current need, cannot reasonably be justified. Since public assistance will continue to have income and resource guidelines, the retrospective accounting serves no purpose and only seems to be an administrative hassle that could postpone helping people who may be desperately in need at the time of application.

I would like to ask if at some point you have information on why the retrospective accounting is even in there—many people I have talked to are very unclear——

Mr. TUCKER. Perhaps we can discuss that in the questioning period.

Mr. Dominick.

STATEMENT OF GARY DOMINICK

Mr. DOMINICK. Mr. Chairman, I am Gary Dominick, executive director of the Oregon Chapter, National Association of Social Workers. I am here today as a representative of the Social Concerns Committee, Metro District, Oregon Chapter, NASW.

We are in agreement with President Carter's basic criteria for a welfare system; that is, guaranteed jobs and adequate income. However, there are critical differences in both the President's philosophy and practice, and our own.

We support the testimonies delivered by Don Oxford, president-elect of the National Association of Social Workers, Oregon Chapter, and by Norm Wyers, representing "Wages, Welfare or What?"

The social concerns committee would like to take this time to address two particular issues:

One, that of linkages, or relationships of this welfare reform proposal to programs existing outside of the reform boundaries; and two, that of the eligibility criteria, which pertain to work requirement guidelines.

We believe that poverty exacts a grievous price, both in social and psychological terms, as well as physical ones. The mere providing of income to those economically deprived will not solve the multifaceted problems of the poor. The association maintains that throughout the development of the administration's proposal, the relationship of income maintenance to other services has generally been ignored. Reform efforts must recognize that to be poor often means to be in a constant state of crisis which money alone cannot alleviate.

The first issue we wish to address is that of linkages among programs. Due to the complexity of the language of the proposed legislation, we were unable to find an established relationship between the proposed income maintenance program and existing programs, such as social services, medicaid, housing and emergency needs services.

In an effort to discover the procedures for integration of programs, we reviewed the August 1977, HEW welfare reform overview, and were disappointed to find the lack of established criteria for these linkages.

For instance, the administration's reliance on national health insurance to address the need for health care for the poor almost precludes immediate consideration of how welfare reform will affect the medicaid program.

The second issue we wish to address is that of eligibility criteria and the work requirement guidelines. We believe that all Americans should be guaranteed the right to and opportunity for useful and meaningful employment at a pay scale sufficient to provide at least the Bureau of Labor Statistics low budget level. We believe that programs to insure this should be comprehensive in approach, universal in coverage, and mesh with other basic programs in such areas as health care, housing, and social services.

However, the President's welfare reform proposal has established eligibility criteria which discriminate between recipients, that is between those not expected to work or for whom no job is available: the aged, the blind, and the disabled, and those expectd to work.

We feel strongly that the income maintenance system be redirected away from programs narrowly limited and conceived to a universal system where adequate income is seen as the right of all citizens.

In addition, the administration's proposal sets up certain eligibility criteria which are unrelated to the needs of a family for an adequate income, whether it is derived from wages or cash assistance grants.

The application of a work test to determine the level and type of benefit—cash or job and cash—is unacceptable because of its correlation to the work requirement which NASW adamantly opposes.

With respect to national definitions of eligibility, NASW supports the administration's intentions to develop a simplified and standard set of eligibility criteria. We are concerned, however, that the basis for formulating these definitions has been more related to the need to keep the program within arbitrary cost limitations than it has been related to the characteristics and needs of the poverty population. For example, the proposed filing unit, accountable period and measures of need and income seem to be attempts to restrict eligibility for the program.

We do support the inclusion of the proposed employment related social services, such as vocational assessment, evaluation and counseling. However, we feel the President's welfare plan does not sufficiently develop adequate procedures for implementation of these important services. We especially disagree with the forced employment provision of the bill.

The jobs program is not structured to deal with the deficiencies of the present labor market. There is a persistent belief that the private market will eventually absorb the unemployed welfare recipient when, in fact, the private labor market is dependent on the existence of a large pool of marginally employed and unemployed to maximize employer's flexibility in hiring practices.

NASW advocates the creation of a permanent, supported labor market which offers individuals the opportunity to gain the skills and experiences needed to move into the private sector but which recognizes that some individuals may never be able to make that transition. We believe that economic incentives to maximize work effort are more effective and less punitive than a work requirement. On a purely practical level, we feel that only when the number of jobs available equals or exceeds the number of people seeking employment would a work requirement be meaningful.

In summary, the welfare system does require reform, but real reform, not just change.

I thank you.

Mr. TUCKER. Thank you, Mr. Dominick.

Mr. Gradison.

Mr. GRADISON. Thank you, Mr. Chairman.

I just wanted to make sure I understood your suggestion with regard to using the entry level prevailing rate.

Is it your thought this would vary from State-to-State and community to community or there would be a national level established?

Mr. MASTEN. I view it varying from employer to employer. Whatever the entrance level jobs are, the prevailing rate for that job, that State, that department, agency, or private employer, that is why they would start in and receive the prevailing entrance level rate, fringe benefits, and have the opportunity for transition on up the ladder.

Mr. TUCKER. That would apply to private or public?

Mr. MASTEN. Yes.

Mr. GRADISON. With regard to the question which keeps coming up about the 6 months retrospective calculation process, I have had a lot of trouble understanding that. The only thing I can remember—maybe the staff of our committee can help us if I am oversimplifying this—the question was, how do you set up a program that will treat equally two families, each of which has the same annual income, but have a monthly income that varies a great deal?

An extreme example might be a wage earner who works 6-months out of the year and earns $600 a month and nothing the balance of the year, as against the wage earner who earns $300 a month for 12 months. I may not have picked the right number of dollars per month to make my point, but that is really what led to this question.

Virtually every witness we have had not only here, but in Washington, has objected—there have been a few exceptions—the administration supported it; we have had a few others but most have objected.

If we went to it, it seems we would have to substantially enlarge the emergency program and in effect develop a new program called general assistance, or emergency assistance, or whatever it is, at an appropriate level, to take into account not only those who would be found in need because of the use of the 6-month period, but also others who, for whatever reason, don't qualify because of some definitional problems.

I am not trying to defend it.

Ms. NESS. I think the real question is, is there really a problem? I mean, why are we developing a 6 month's retrospective? I have heard the point that teachers, during the summer might try to get welfare, or people who work 6 months on and 6 months off.

My experience has been that most people don't want to have anything to do with welfare and they will do everything they can to stay off of it. We don't see it as a problem.

That would be the only reason I could see to institute it.

Otherwise you are causing more problems than it is worth and not looking at current needs, which is essential.

Mr. GRADISON. Thank you very much.

Mr. TUCKER. I will try to offer a little enlightenment on the 6 month's waiting period.

I haven't reached a personal conclusion on it, but I think I understand some of the considerations involved.

First, you have to determine what your eligibility standard is going to be. I think we would all agree you have to have some sort of standard. So will it be based on how much money you have in the bank, how much your house cost, how much money you had during the previous few months, how much money you might be able to earn in coming months? What sort of standard do you use in making your determination on whether you will or will not provide benefits for this individual or the family unit?

You could use a 1-month retrospective accounting period. One advantage to that is you can look at the last 30 days; you can have a good hard look. It is a certain figure. It is not something you have to guess at as you have to with a prospective standard, because you can know pretty well what was there for the last month. Some people would argue for a 1-month retrospect for the accounting period. I think that would meet most of the objections people have to a retrospective accounting period at all if you use the last 30 days.

If we do that, it will cost an extra $3 billion. That is why we are not using a 1-month retrospective accounting period. The potential additional cost is very simply something we cannot afford.

As we all know, certainly we want to press against the outer limits—I know you do—but what we can afford, Mr. Dominick, is indeed a very realistic question involved in this. How much money can we afford in terms of the budget as a whole and beyond in terms of the budget as a whole how much money can we pass through the U. S. Congress with all of the divergent views there? That is why some standard was developed and the 6 month's standard was picked.

Let me give you some examples, as I understand it, of the effect of this. Under the proposal a person with no income when applying, but with previous annual earnings of $5200 under AFDC current standards, is eligible for benefits in the first month and under the proposal would also be eligible for benefits in the first month. Similarly, a family with $8,400, which is the proposed eligibility ceiling under current law, is eligible for benefits in the first month and under the proposal would be eligible for benefits in the first month.

Now then, a family with annual earnings of $10,600, which is the average wage in manufacturing, under current law he is eligible for benefits in the first month, but under current proposals would be eligible only in the second month.

Similarly, a family with annual earnings of $12,000 which would be a good example of a city school teacher, is, under current law, eligible for benefits in the first month and under the proposal would not be eligible for benefits until the third month.

Finally, a construction worker, say, with a family with an income of $15,000 in the previous period, under current law is eligible for

benefits in the first month, but under the administration proposal would not be eligible for benefits until the fourth month.

I think what that tells us is that though there clearly will be families and individuals who will be put at a hardship as a result of these standards and will need to rely on the emergency needs money—and I have serious reservations about the adequacy of the emergency needs fund projected, but be that as it may, when you sit down and make your decisions as to priority, and what do you want to do with the money you have, I personally have no difficulty making the choice between a family with $15,000 of income in the preceding year and the family with $6,000 of income or $5,000 of income.

Nonetheless, there is a certain degree of individual ability to take care of yourself that you have to apply at some point and I think a family with $15,000 of income has to be able to be expected to survive at least for a little while on their own. If they can't, certainly we have to have emergency funds available for them. While I know that is not a complete answer to your question, that might give you some gist of the thought process that went into it.

It is really a two-pronged thing. One is a straight cost impact and the second is trying to focus the money available on the families and individuals that would seem to need it the most.

Ms. NESS. I had read that information and it still didn't make sense because those situations are so few and far between, when people of those incomes end up on welfare. One of the things we understood was the simplification of administering the program would take place in Carter's reform plan. If the 6 month's retrospective does occur for those few families that you are talking about, you are also talking about processing everybody through a 6-month determination. You have to verify.

Say they had four different jobs in those 6 months, you have to go back——

Mr. TUCKER. Do you think that is harder to do than in the current system where it is prospective?

Ms. NESS. I don't understand how it is prospective. The current system, based on right now and your income level and verification on whether you have a job and if you do how much money you are making right now, you are not looking into the future necessarily. It is right now.

You are looking 6 months back for every applicant that comes through and you are only talking about a very, very small group of people as far as I can tell.

Mr. GRADISON. I am not sure our chairman of the full committee, Mr. Ullman, came up with a figure, but he has indicated if this program was put into effect it would essentially double the number of individuals or families for whom some governmental body would have to watch their monthly income. That is double the number of cases over what it is today, which is a tremendous increase in the amount of paper work, especially when done on a retrospective basis. It is 16 to 32 million.

One other related thing we haven't gotten into is the question of measurement of assets. My understanding of the way this thing is drawn is that a person's home is excluded regardless of value. So, if

somebody has some previous earnings and they want to come in and apply and they do have some liquid assets, all they have to do is pay a portion of their mortgage in advance, which most loan agreements permit you to do.

Therefore, they have an asset which isn't counted, the home, and they have brought down the assets that would be counted to a larger extent, the cash or the savings bank. You can say not many people are going to do all this, but you have to have a program that prevents that or the whole program is going to be in disrepute as soon as some smart congressional committee has hearings after the program is in effect and discovers that this kind of thing is possible.

In the same way, in the testimony we had earlier about the lady aged 55 with the home and so forth, when you strip it away down to the facts, it apparently involved an individual with essentially little or no income, but with assets exceeding $22,000. Now, if we overlook that asset we, of course, substantially increase the number of people eligible for benefits and again it comes back to the question Mr. Tucker has raised. Where do you want to focus the benefits?

Do you want to spread them smoothly and include somebody with $22,000 of assets or do you want to focus on the person in greatest need?

It is not an easy question, but I think it is important that we see that question was implicit in the case presented to us before.

Mr. TUCKER. Two other points you raised. One on medicaid. There is no question. I think at least half of the witnesses who have been before the full committee in Washington address the medicaid issue. It is an issue. It is one of those things where the administration has said clearly we have to do something on this score but clearly you can't address medicaid outside the context of what we are going to do on national health insurance in general.

At this point we haven't been able to even pass a hospital cost containment program, so we have the question of medicare, medicaid, how we are going to fund medicare, whether we are going to continue to do it out of the payroll taxes, as with social security taxes, or whether out of general welfare.

Obviously medicare has to be dealt with or the whole package falls apart. Apparently the plan is to deal with it as a separate bill.

Mr. Masten, you and several other people have mentioned the fringe benefit problem on the job.

First, let me say that the Secretary of Labor staunchly maintains there will be no situation where you have a public employee working at a specific job with one of the programs under this program working side by side at a lower scale.

That is what he says. Whether or not that is in fact avoidable remains to be seen.

Let me find out how you define fringe benefits and just what sort of fringe benefits you are saying should be available. For example, when you talk about fringe benefits, do you mean social security?

Mr. MASTEN. Sure.

Mr. TUCKER. I think it is contemplated under the bill social security deductions would be made from the payment. I am not certain of that, but that is my impression. It is certainly something we would certainly want to have done.

I am not so sure about a couple of other things, while staff is checking on that.

Unemployment compensation. Here we have a job that is not a private sector job, very clearly. It is a public service job. Are you suggesting that unemployment insurance should be available for this job, to be a fringe benefit?

Mr. MASTEN. I am suggesting that all fringes that that particular employer is providing to any other employee should be provided with these jobs.

Mr. TUCKER. You are talking about private jobs?

Mr. MASTEN. I am talking about the public too. I don't care where you put them.

Mr. GRADISON. Does CETA do that today?

Mr. MASTEN. The Secretary of Labor is trying not to handle it. The CETA regulations say the employees are to be treated the same as all other employees and that includes retirement benefits. Now, the Secretary of Labor has come down and said, "As of October 1 you shall not pay into that" and that conflicts with another regulation which says you shall treat them the same.

It also raises need with retirement systems who have certain funding setups, and Washington State is one of them, where it will cause a real problem with the funding if you do that with employees. But it seems to me if you are going to encourage people and move them into the regular work force, you should treat them the same as any other employee even though they may be working at the entrance level.

Let me also speak to that side by side bit. We have been down the road on I don't know how many Federal programs. I have lost track of all the different ones, whether CETA, or whatever the title, and every one basically has said they shall not supplant or replace regular employees and the fact is, in the State of Washington, I am sure we are not unique, they have always supplanted, and we have always had them where you pay them a very low wage in some of those earlier programs and they were supposed to do certain unique things that weren't normally done by the other employees and those things just don't exist, so they wind up moving into doing exactly the same thing as everybody else in a specific job class at the entrance level and they get one low benefit and the others get a higher salary.

Mr. TUCKER. Mr. Masten, the older part of this building was built partially by WPA or CCC labor. Do you just reject out of hand any type of comparable work force in the country today?

Mr. MASTEN. Not entirely. I think for example the CCC had some good programs for youth and I think that is something that ought to be considered and would be good. For the purpose of learning work habits and so on. What we are talking about here are adults who are presumably wage earners or should be, and they should be treated differently.

Mr. TUCKER. You are not saying that someone who is 35 ought to be treated differently from someone who is 18 just based on age?

Mr. MASTEN. I am not saying that. I am saying that I would feel, if there is going to be a new CCC, it ought to be for youth under 18. I think youth 18 or older ought to be getting into the regular work force.

Mr. TUCKER. If we had a perfectly healthy economy right now that was providing all the private jobs we would like for it to, I guess I could react somewhat better to your feelings on it. But we have got millions of people unemployed out there. We want them to have a job, and they want to have a job. I know these aren't quibbles in individual cases, but when you look at the forces that exist in inner cities right now and in many of our rural areas, with the crying desperate need for people to have jobs and have income, that when you get into saying it is a lousy program because it doesn't provide unemployment compensation benefits or retirement benefits or something like that, it seems sort of shortsighted.

No one is saying those things should not be there, that these people don't need the security. It is just a question of, do you want a job or do you want the best possible job that the public can provide, which is comparable to private service jobs? It seems to me you are saying the latter, and if that is the case, you are saying the best is going to be the enemy of the good; that we are not going to have any pretty decent job program that pays an adequate wage for people to live on because we want something much, much more than that. That thread seems to run through an awful lot of testimony.

Mr. MASTEN. I said it should be the interest level job and I would not consider that the best job in any shop, but I think it ought to have the other part. I agree with you the need is there for additional jobs in the private sector and I would hope Congress would consider beefing up public works and building perhaps new public facilities, such as penitentiaries, institutions, sanitary facilities, whatever there is a need for out there, and put dollars into that to create jobs in the private sector.

Mr. GRADISON. My understanding is that there would be a figure provided to the employer—this is in public service jobs, as I understand it, for overhead which would cover such fringe benefits as social security and workers' compensation, but would not go for retirement benefits or unemployment compensation.

Mr. TUCKER. At any rate, Mr. Masten, that is something we should provide you with additional information on. I was under the impression they were going to provide social security benefits. I was not under the impression they would attempt to provide unemployment compensation benefits, though that would be helpful and another backdoor way of helping out the unemployment compensation trust fund, which may help it get passed.

That is all.

Your testimony was provocative, and we appreciate it very much.

Our next witnesses will be Deborah Johnson, Wendy Wallace, Cathy Vockrodt, Janice Smith, Bobbi Murray. Is Ernest Cersovski here yet?

[No response.]

Geraldine Ethen?

[No response.]

That will be the last call for Miss Ethen.

Is Mr. Allen here?

[No response.]

STATEMENTS OF TERRY STEWART, PARALEGAL, OREGON LEGAL SERVICES, CLACKAMAS COUNTY, OREG.; DEBORAH JOHNSON, MILWAUKEE, OREG.; WENDY WALLACE, OREGON CITY, OREG.; CATHY VOCKRODT, PORTLAND, OREG.; BOBBI MURRAY, PORTLAND, OREG., AND JANICE SMITH, MOLALLA, OREG.

Mr. TUCKER. Miss Stewart.

STATEMENT OF TERRY STEWART

Ms. STEWART. I am from Clackamas County Legal Aid. The ladies here with me today contacted our office from the Confidence Clinic in Clackamas County and they asked our office to assist them in getting together their written testimony and getting it typed for them. They are also here to give you some oral testimony.

Mr. TUCKER. We will start with Ms. Johnson.

STATEMENT OF DEBORAH JOHNSON

Ms. JOHNSON. My name is Debbie Johnson and I live in Clackamas County, Oreg. I have recently separated from my husband and have custody of my son. My only previous employment was as a waitress and I am now in the process of obtaining my GED. I am a welfare recipient and also receive Federal subsidized housing. If I were working at a minimum wage, I could not afford to support myself and child because I would not qualify for the subsidized housing or medical program.

I am here today to present my opinion as to the effectiveness of H. R. 9030 in meeting the needs of welfare recipients.

H.R. 9030 forces recipients into particular classifications based on the size and structure of the family unit. This categorical treatment of low income people reflects a bureaucratic and shallow approach to welfare reform. I understand that the purpose of this proposal is to make welfare an unattractive alternative to recipients and force them into employment to reduce the number of recipients. By the division of recipients into expected-to-work and not-expected-to-work categories, recipients will probably be treated as a second-class work force. No effort will be made to encourage individuals to seek career planning.

The result will be that recipients will not gain job experience that will suit their particular interests or can be transferred into any long-range career plans.

I do not want to stay on public assistance. Because of my limited education and work experience, I am unable to be self-supporting at this time. I was very depressed when I went on assistance. I lacked self-confidence and self-esteem. It was impossible for me to find employment, especially with the emotional insecurity I felt.

Fortunately a program was started in Clackamas County that focused on providing the emotional support and career planning that I so badly needed. The Confidence Clinc is a nonprofit corporation that provides counseling, testing and training in a 12-week program. Most of the participants are welfare recipients like me who have experienced a rewarding and invaluable service in the form of preemployment support. I believe that many recipients are

in need of this type of support service. They do not need to be thrust upon the employment market and set up to fail. Nobody plans to be on welfare; it is the last alternative for survival to most. H.R. 9030 is unrealistically assuming that recipients will be able to find employment in the private market during the 8-week required job search. I feel it will be impossible for most recipients to find such employment while under the traumatic emotional pressures brought on by their particular situation.

Most expected-to-work recipients would be placed in PSE positions. Very little constructive incentive would result from such employment. More support services should be built into the reform program. I think work experience programs are necessary, but as a part of long range career planning. There is a question raised by the proposal as to whether or not recipients will receive grants during the 8-week work search. People must have money available during this period to offset the extra expenses of gas, child care, and clothing.

Another consideration is whether or not CETA will effectively be able to handle the processing of the recipients expected to work in PSE positions. I believe that the proposal will cause CETA counselors to be paper-pushers and hardened by this proposal. Thus the recipients will be adversely affected by such a simplistic and mechanical treatment under H.R. 9030.

STATEMENT OF WENDY WALLACE

Ms. WALLACE. My name is Wendy Wallace and I am here today to oppose H.R. 9030. I believe those persons who are responsible for making decisions about welfare have never been on welfare themselves and they need to know how a welfare recipient feels. It is hard to live on $264 a month and pay rent, utilities and food and provide some other nice things, like clothes for your children.

I understand that this bill would eliminate all subsidized programs for low-income people and if we are having a hard time making it now, how are we going to survive then?

Forcing people into public service jobs that have no chance for advancement only makes us second-class citizens. With public service jobs being at minimum wage, we would still be at poverty level standards. I think we need self-help programs which will provide job training to encourage self-esteem and independence.

[The prepared statement follows:]

STATEMENT OF WENDY WALLACE, OREGON CITY, OREG.

My name is Wendy Wallace and I presently reside in Oregon City, Oreg. Because of a divorce, my child and I have been receiving public assistance for the past year. I had no marketable skills or experience to obtain employment so welfare was the only available alternative for me. Since those persons responsible for making decisions as to the welfare laws have never been on welfare, I felt it was very important to testify today against a provision of H.R. 9030 concerning expected to work recipients. This provision requires those recipients classified as expected to work to engage in an 8 week job search and, if no private employment is obtained, to work in a public service position (PSE) at minimum wage for a year without any fringe benefits or opportunity for advancement.

Receiving public assistance is embarrassing and humiliating because a recipient is stereotyped as lazy and a liability to the taxpayers. The system is suppose to be designed to encourage a recipient to be self-supporting but not to destroy self-dignity.

Most recipients are untrained and inexperienced so they will be unable to find employment in the private sector. By taking a PSE job at minimum wage and without any opportunity for advancement, a recipient will lose self-confidence and self-esteem. It would be extremely difficult for me to rebuild my self-esteem after such a classification and experience so that I could find meaningful employment after the year. Also it would be very difficult to develop the expertise in a PSE job to find other employment.

This provision is too short-sighted. I feel it is essential for welfare to offer career counseling and planning to recipients. In this long range program recipients may need further education or very specific job placement which would not be available to them under this provision of H.R. 9030. As a single-parent, head-of-household, I am aware of the needs of individuals similarly situated. I sincerely believe that this provision would cause me to be resentful which would affect my ability to parent my child. There is a need for self-help programs sponsored by welfare to assist recipients who are experiencing a transition in their lives. These programs would be eliminated if recipients expected to work are indiscriminately placed in PSE positions.

I am involved in a self-help program at this time. If I was not involved in such a program, I would not be here today to testify on H.R. 9030. This program is called the Clackamas County Confidence Clinic and it is a preemployment counseling and training program for individuals experiencing a transition in their lives.

STATEMENT OF CATHY VOCKRODT

Ms. VOCKRODT. My name is Cathy Vockrodt and I live in Portland. I am the mother of two children. I am a welfare recipient now. There are a lot of things I want to go over, but most of the girls have gone over most of them now.

One of my main concerns is the PSE jobs. I think if there were more programs like the Confidence Clinic we are in now, where it is only a 12-week program setup, but it helps the recipients of it get out and find their own jobs; it helps to give them confidence and self-esteem to go out and find their own jobs.

If there were more programs set up like this for both men and women, it would eliminate the PSE jobs and it would be a lot less cost to the taxpayers for a 12-weeks' program opposed to a 12-month program.

[The prepared statement follows:]

STATEMENT OF CATHY VOCKRODT, CLACKAMAS COUNTY, OREG.

My name is Cathy Vockrodt and I reside in Clackamas County, Oreg. I am a welfare recipient and the mother of two children. I am very concerned about the proposed welfare reform especially the retroactive accounting system. I am testifying because I feel it necessary for this committee to listen to a different perspective and from someone directly affected by H.R. 9030.

Under the current program, eligibility for financial assistance is based on the individual's current needs and income available at that time. H.R. 9030 will base eligibility on income received in the 6 months preceding application by the individual. Based on this analysis I may have been ineligible for assistance at a time that I had no alternative. This provision concerns me because of my past experience. Prior to my application for welfare, I was married and working. Both my husband and I had to work to support ourselves and children. My employer soon went out of business and I lost my job. Within a few months my husband and I separated. Although I had been looking for work, I could not find a job and was forced to go on welfare in order to support my children.

If this proposal had been in effect, I would not have been eligible for several months. Since I had not anticipated the separation or loss of job, I did not have any savings to live on or any other source of income with which to support my family. I feel that my situation is common to many welfare recipients and most of those people do not have any other source of support. The present eligibility determination seems to be a more realistic approach to use than the retroactive accounting approach.

I do not believe that most welfare recipients see public assistance as long term assistance. Most of the recipients that I know as well as myself want to improve their situation so that they no longer need assistance. To place recipients on PSE jobs for the purpose of making it a lower paying and unattractive to people is to discriminate against disadvantaged people. H.R. 9030 needs to offer preemployemnt programs to instill confidence and career planning. Thus recipients can be placed in PSE positions that will be useful for them in the long range.

I am involved in a program that provides this support service. CETA has helped me in this endeavor by providing me a weekly stipend and tuition. After this 12 week program is completed, I will be attending a school for vocational training and then placed in this type of employement through work experience. This personalized approach is what H.R.9030 should provide to recipients. To recognize the specific needs of recipients will cost no more to implement than it will cost to stick a person in a 12-month minimum wage PSE job.

STATEMENT OF BOBBI MURRAY

Ms. MURRAY. My name is Bobbi Murray. I live in Portland, Oreg. I have two children. I am on welfare also. I can't see going on PSE jobs without any benefit or any advancement.

I want a career that I can live on, with advancement, without depending on welfare. I want improvement and respect for myself and family. I need a chance to get there through job training programs, to help start a career. I don't need a 12-month nowhere job. If we accept such jobs, you are limiting our chances for advancement, self-respect and independence.

Mr. TUCKER. Thank you, Ms. Murray.

[The prepared statement follows:]

STATEMENT OF BOBBI MURRAY, PORTLAND, OREG.

My name is Bobbi Murray and I live in Portland, Oreg. I am divorced and have two children. I am on welfare but it was not my choice. I cannot see going on a PSE job without any benefits or advancement.

I want a career that I can live on with a chance for advancement and without depending on welfare. I want improvement and respect for myself and family. I need a chance to get there through job training programs that include career planning. I do not need a 12 month no-where job.

By forcing us to accept the $2.50 an hour dead-end job, you are limiting our chances for advancement, self-respect and independence. I am here to ask you to be aware of what H.R. 9030 really means and what it really can do to welfare recipients.

Please consider that H.R. 9030 could provide job training, counseling, education, and other career planning rather than simply placing people in PSE jobs. Job training will give people experience and knowledge that they can use to improve their chances for meaningful employment in the future. I do not want to be on welfare any longer than absolutely necessary. If I were forced to accept a PSE job I would not be able to get the training that I feel would be necessary to develop a career and get a meaningful job later.

STATEMENT OF JANICE SMITH

Ms. SMITH. I am Janice Smith and I am a welfare recipient. Next year I am going to follow the category of single parent with child, 14 years old or older.

I want some provision considered about the location, where you live, in regard to the 8-week job search program.

When I read the bill, I understood it to mean I am going to get $85 less in a grant or maybe cut even more than that from what I am getting right now, and it would not be an incentive for me to go out and look for work, but it is going to be discouraging to me

because I live so far from Portland or Salem. I live 25 to 30 miles out and I think I am going to have to pay $15 a week for gas.

I have no car insurance and my car doesn't run good, so when I think of all the alternatives that I have, I figure I had better go ahead and take a public service job instead of finding private employment.

[The prepared statement follows:]

STATEMENT OF JANICE SMITH, MOLALLA, OREG.

My name is Janice Smith and I live in Molalla Oreg. I am a single parent and I receive public assistance. Next year I will fall into the catagory in the H.R. 9030 proposal of single parent family with youngest child age 14 or over. I sincerely hope that some provision will be made in consideration to the location of one's residency in regard to the 8-week job search program.

My interpretation of this reform proposal is that my welfare grant will be cut $85 from what I am receiving now and during the 8-week job search possibly I may receive even less. Rather than an incentive to find employment which this program is suppose to promote in my case I would find it very discouraging. I am now living in the logging town of Molalla where job opportunities are very limited or at most times nonexistent. In order to find a job I would have to go to Portland or Salem. Both cities are at least 25 to 30 miles from my home. I could easily spend $15 per week for gas just driving each day. This is a problem I am experiencing right now. With the new proposal, if there is to be less financial aid during the job search period how then will I afford to participate? At least I have a car, many do not. However my car is not in good running condition. I can't afford insurance and would be afraid to drive the car without it and in the condition it is in.

Also bus service is very limited in Molalla. I would need to walk several miles into town to catch a bus and there are only a few runs into Portland each day.

I want to find a job in private employment but it would be extremely inconvenient for me to even look for employment. It would be easier for me to accept whatever position in a public service job that is offered to me. I feel in the long run this will not get me anywhere.

Mr. TUCKER. Thank you.

Ms. Stewart, could you tell us since several of your witnesses have mentioned a Confidence Clinic, would you tell us briefly what that is and how it is funded?

Ms. STEWART. We are in the middle of writing grants for our class. We are in the first 12-week session. We have gotten funding through the community college as a pilot project to see how it will go. The clinic starts out with self-awareness, assertiveness training, but it also has instructors from the college who come in and talk about what kinds of careers are open and what available training there is through the community.

Also, we have the CETA program which sends in a work search activity. They come in and teach the women how to find work. At the same time we are having at least two to three people come in per week and talk about the available resources in the community. These women in the clinic have become aware of what is available and what they can look forward to and instead of being discouraged, these women, almost every woman in the clinic—and there are 10 of them—have looked into something and found something through the testing that they want to go into. We have 5 weeks left in the first session and they are already planning their training.

Mr. TUCKER. How long is the session?

Ms. STEWART. It is 12 weeks.

Mr. TUCKER. A 12-week session.

Is this the first session you have had?

Ms. STEWART. This is the first.

Mr. TUCKER. You are in your first 12 weeks of the program?

Ms. STEWART. Yes.

Mr. TUCKER. So we can't go back beyond your current class to judge its effectiveness yet?

Ms. STEWART. That is right. There is a program that we followed that is doing great. Our clinic is set up a little different than that clinic, the Roseburg Clinic.

Mr. TUCKER. What is the cost of one 12-week session?

Ms. STEWART. We have got the salaries taken care of by CETA under title VI right now and the facilities are provided through the community college. We have cut the cost down quite a bit for the first session, but we have found it has cost us between $105 and $150 per participant—day care provided by CSD, transportation by CETA.

Mr. TUCKER. You have 20?

Ms. STEWART. I believe there are 16 right now. We are heading for 20 per session. It is very personal and individual and there is a lot of emotional support. We have a counselor and coordinator there and every day they start with a rap session. We feel there are as many women in there that have enough knowledge between them that they can help each other and it has worked.

Mr. TUCKER. Mr. Gradison?

Mr. GRADISON. Ms. Stewart, I gather all of the witnesses who are with you appear to have somewhat similar situations in terms of current receipt of assistance?

Ms. STEWART. They are all on welfare.

Mr. GRADISON. I wonder if you could give us something about the level of benefits for a mother with a young child or two, and what other benefits come with it in addition to the cash?

Ms. STEWART. For a mother with two children, the cash from welfare is $302. That is their grant. They receive a medical card and food stamps. They pay for their food stamps.

Mr. GRADISON. What would the bonus level of food stamps be? How much value are they entitled to?

Ms. STEWART. I am not real sure. They pay a substantial amount for their food stamps.

Mr. GRADISON. Have you examined this program that is before us enough to be able to satisfy yourself whether the net effect, if it were operating, would be more or less in the way of grants. Really, I am addressing this to all of you. I was turning to Ms. Stewart figuring she might know the figures for the total group.

Ms. STEWART. For materials I have gotten, which have been scarce, from what we could tell, the grants would be less. Now the materials that we had didn't talk about the State subsidizing the Federal program.

Mr. GRADISON. That assumes no supplementation.

Ms. STEWART. That is right, and also the way I understood it would eventually eliminate a lot of the programs available for welfare recipients. A lot of the women have subsidized housing and depend upon that to be able to live.

Mr. GRADISON. Housing isn't included in this proposal for sure?

Ms. STEWART. That is correct.

Mr. GRADISON. The medicaid program is not included in the program either. We have been informed that the eligibility for medicaid under the President's bill would remain what it is today. Frankly, we were talking about simplification earlier. It would mean there would be one set of tests as to eligibility for the cash or the jobs part and then a separate test of eligibility for medicaid, which is essentially the same eligibility standards that exist today, so there would be two separate rules or procedures for each person to see whether they would qualify.

We have had some witnesses—we had one from the State of Minnesota last week who said that they didn't see any way that they could restrict medicaid eligibility to those who would only qualify today. It is just a matter of fairness. I gather that there might even be a constitutional problem in that State. They indicated in their State alone, as I recall it, providing equivalent medicaid benefits for in a sense the new people who would be entitled to welfare under this bill, plus those who would be entitled to it today, would increase their State's cost $55 million. I believe it was something like that.

I appreciate your giving us these specifics.

Ms. STEWART. I think the main concern we found in talking with the ladies at the clinic was that they have found there is an alternative to being on welfare and it takes a lot of support and a lot of planning and they have to learn how to do it. They feel they are going to be able to have something better. I think the main feeling was they would be getting jobs and would not be any better off——

Mr. TUCKER. I don't see how the public service jobs conflict with what you are doing.

Ms. STEWART. What we are doing is, through the testing that we do in the clinic, the women find the interests they have—they have all decided on something different that they wanted to go into, something that they are motivated to do and that they won't stop in the middle of. They have taken a lot of time to do this. They are planning through training and through college how they are going to achieve the goal and they are afraid that, with the public service jobs that they will be classified into a certain job that maybe they won't be interested in that maybe won't help their long-range goal.

Mr. TUCKER. Under the way you are working, if there is a private job that can be found, presumably you will go take that job and that is a part of the direction in which you want to go?

Ms. STEWART. Right.

Mr. TUCKER. That doesn't conflict with this program, at least to that extent, because there still will be private sector jobs. If you can find a job there, you will get more money out of it for one thing, than you would the public service job, and, second, that is what the program wants you to do. It wants you to have a private job.

Let's say there is no private job you can find right now. That is where the conflict must come, if it comes.

Ms. STEWART. Most of the women in the clinic don't have any training. The next step from the clinic is to go to college or go directly into a training program for a specific area. The way I understand the public service jobs is that they would be allowed the

5 weeks to find the private sector job or would be placed in PSE job. We are concerned that the training programs which are offered through the CETA program, through the community colleges, that those things will be eliminated.

Mr. TUCKER. So the base of your testimony is that you are afraid as you just said, that somehow the public service jobs will conflict with training programs which all of these witnesses would like to take advantage of?

Ms. STEWART. We are looking at more of a long-range goal than a short-term goal of being employed for 1 year.

Mr. TUCKER. So your testimony is not that the public service job is a bad idea, but you want it modified in such a way that you still have the opportunity to have training available for you for other jobs, is that correct?

Ms. VOCKRODT. Mr. Chairman, may I say something?

Mr. TUCKER. Please.

Ms. VOCKRODT. My impression on this whole thing is that a lot of the people who are on welfare now, they are not even aware of any kind of training program that we are in now, that it even exists. If they are on welfare and trying to find a way off, and they are a public service job, if there was no talk of the training program before they are going to take this public service job, if the training programs are provided and made available to the people before the public service job, then the people can have enough work incentive and self-awareness to go out and find their own jobs rather than taking a public service job.

Mr. TUCKER. If there is one available out there.

Ms. VOCKRODT. That is right. If the public service jobs are put first before these kind of programs, then these programs are going to become extinct and they are not going to exist. We want to keep the programs going first before the public service jobs.

Mr. TUCKER. I am sure the administrators of the program do too.

I certainly agree with you personally that the training programs are an absolutely essential item for any type of reform we have in this area. We need a comprehensive training program.

Under the public service job proposal, there would be no work requirement for a single-parent family, whether it is a woman or a man who happens to be the single parent, with children under 7 years of age. There is a part-time work requirement with children between the ages of 7 and 14 and then you can be subject to a full-time work requirement in order to qualify for benefits if you have children over the age of 14.

Now, assuming training programs are not involved, that those are available still and so forth, what is your reaction to that?

No work requirement if you have children under 7, a part-time work requirement between 7 and 14, and a regular work requirement if your child is over 14?

Ms. STEWART. From what I understand, that is not too much different than the mandatory WIN requirements right now. Mandatory WIN is when your child goes over age 6 that you are required tc sign up with WIN and go into some training or job program.

Mr. TUCKER. So your reaction is?

Ms. STEWART. I don't know whether it is any better or any worse.

Mr. TUCKER. How old are your children? One of you mentioned your child was over 14. Do any of you have children under 7?

Ms. VOCKRODT. Both of mine are.

My youngest child is only 2. I can't predict right now that, say in 4 or 6 years' time, that I may not need to be back on welfare again. I just can't predict that far into the future. I am trying to plan my life so that it doesn't happen, but nobody can foresee the future and see what happens.

Mr. TUCKER. And you want training in the event that occurs, that you lose the private sector job that you have available?

Ms. VOCKRODT. That is right.

Mr. TUCKER. I gather that is the thrust of what all of you have to say?

Are there further questions?

Mr. GRADISON. I want to say I think this is extremely helpful testimony.

Mr. TUCKER. Thank you very much.

We really do not get enough testimony from people who are directly affected and, Ms. Stewart, we appreciate all of you going to the trouble to come over this afternoon and give us your personal experiences.

[The following was submitted for the record:]

STATUS REPORT

Clackamas County Confidence Clinic
19241 S. Beavercreek Road
Oregon City, Oregon 97045

November 11, 1977

FUNDING

The daily operation of the Confidence Clinic currently depends on the combined resources of three Clackamas County agencies--Clackamas Community College, Clackamas CETA, and Clackamas County Children's Services Division. The search for additional and/or alternative funding has been slower than originally anticipated due to the demands of setting up a new program.

During the first seven weeks of operation, the energies of the Confidence Clinic personnel have necessarily been focused on the following,

- The legal process of incorporation and of obtaining a tax exempt status with the IRS.
- The writing of a model grant from which other grants may be fashioned with a minimum of additional time and energy.
- Program development, execution, and evaluation.
- The daily demands of running a new program which servies and depends on a wide variety of people and agencies.

With regard to funding, the following has been accomplished:

- The Clackamas County Confidence Clinic has been incorporated as a private non-profit organization, thus making us eligible for tax exempt status.
- Application for tax exempt status has been submitted to the IRS, but at this time there has been no response.
- A model grant has been completed.
- On October 28, 1977, a version of this grant was submitted to the U.S. District Court Probation Officer (White Stage Retribution Fund).
- Staff and board members met with the Branch Manager of CSD to explore the prospects for continued day care funding. Prospects are good.
- The Confidence Clinic and the Home Economics Department of Clackamas Community College have agreed to write a joint grant proposal to be submitted to the screening committee on December 7, 1977.

Plans to explore additional resources are in progress. However, until our tax exempt status comes through we are unable to submit requests for funds to many of the following potential grantors:

. . Local banks which administer the majority of private grants.

. . Local businesses and organizations which often make one time grants for specific purposes.

. . Many government (local, state, and federal) agencies which could provide more stable long term funding.

Efforts to develop a more financially secure future for the Confidence Clinic will continue and intensify in the months to come.

PROGRAM DEVELOPMENT

Membership

The Confidence Clinic began its first session with 16 members. Fourteen of these were CETA-eligible, 12 of whom eventually become CETA-enrolled. It is the 12 CETA-enrolled members who now form the core of the membership and attend classes on a regular basis. One member who is not funded attends irregularly.

Three members have dropped the program. Of these three, one had a critically ill grandchild, one could not find day care for her four children, and one felt the program was not meeting her personal needs. The attrition rate experienced by this program is comparable to that reported by other similar programs.

All present Clinic members are low-income single parents. All remain highly motivated to find meaningful employment which will allow them to become self-supporting.

Program

To date 22 speakers (and the Family Circus Players) representing 15 community agencies have given presentations to the group. A detailed list of speakers and their topics is included in the Appendix of this report. A summary of topics include the following:

- Home management
- Health and contraception
- Nutrition
- Personal Care
- Legal services and information
- Personal awareness and mental health
- Relationship skills
- Parenting
- Job search skills
- The use of community agencies

Staff and member efforts have focused on the following:

- The role of trust and self-disclosure in interpersonal relationships
- Communication skills
- Group decision-making
- Assertiveness
- Value clarification and goal setting
- Liking yourself

Nine speakers representing four new agencies are already scheduled for future weeks. These include a six-nine hour course in car maintenance, a one week "Job Search Workshop, and a workshop in assertiveness.

At the request of the group the "speaker format" was modified midway through the term to allow for more active participation by group members. The new format encourages members to initiate contacts outside the Confidence Clinic which reflect their personal interests and goals.

In response to this plan, all members have made at least one job-related contact in the community. The vast majority of members have initiated several such contacts. At least eight members have experienced considerable clarification with regard to career goals. Four members are still actively searching for direction. Two of these four have physical conditions which limit alternatives.

In the last few weeks, self-initiated activity has been the norm. In the two weeks ending November 11, 59 contacts with persons or agencies outside the Confidence Clinic were reported by the 12 regularly attending members. Contacts included job-exploration interviews, visits to job cites, and contacts relevant to committee and volunteer work.

Testing

In anticipation of the time when Confidence Clinic members will transfer to other CETA training programs, the following tests have been completed by most participants:

- Edwards Personal Preference Inventory
- Strong Vocational Interest Inventory
- Gatby

Member Response

The response of the Confidence Clinic members to their program has been overwhelmingly positive. In both written and oral statements members report new levels of self-awareness, self-confidence, and hope. New friends have been made, new directions explored, and difficult decisions have been made.

The growth of self-confidence in Clinic members is evidenced by the number and variety of their present activities. In addition to the job related contacts already mentioned, the following activities have been incorporated into the routine:

- Five very nervous members drove to Salem to testify to a U.S. Congressional hearing on a bill which concerned them. Both written and oral testimony was given.

. . Six members have become active in a current Welfare Rights program sponsered by Oregon Legal Services.

. . Two members have been participating in the newly formed Battered Women's Program.

. . One member is doing volunteer work at the Family Court Service.

. . One member has been appointed to a municipal board.

. . Three members have had job interviews which resulted in two job offers.

. . Two member have begun classes which will help them to realize their career goals.

. . The members who do not have highschool diplomas (two) have begun taking and passing their GED tests.

In summary, it is the opinion of the Confidence Clinic staff, members, and Executive Board the our efforts have been richly rewarded by a highly successful program. We believe that whether subjective or objective standards are applied, the Confidence Clinic comes out a winner.

APPENDIX

List of Speakers to Date
Clackamas County Confidence Clinic
November 11, 1977

Phyllis Durand
Adult and Family Services (Welfare)
"The Rights and Responsiblities of Public Assistance"

Terry Stewart
Oregon Legal Services
"What Legal Aid is All About"

Lynn Murphy
OSU Extension Service
"Food for Health"

Judy Bible
Clackamas County Health Department
"Women's Health: Choice not Chance"

Elsie Johnson
Clackamas County Health Department
"Children's Health"

Mike Williams
CETA
"Researching the Job Market"

Dick Knuteson
WIN
"The Realities of the Job Market"

Richard Beals
Methodone Program
"Drug Rehabilitation"

Family Circus Players
"Labor Pains"

Jim Phillips
Community Action Agency
"Using Community Action"

Josehpine Kearny
Volunteer, OSU Extension Service
"Wardrobe: Looking your Best"
"Hair Care"
"Using Make-up"

Gay Canaday
Oregon Legal Services
"Domestic Relations: The Legalities of Divorce"

Barbara Brotherton
Mental Health
"Experiencing Relationships"

Susan Shriver
Youth Adventures
"I'm OK, You're OK: Basic TA"

Bernie Nolan
Clackamas Community College Counseling Center
"Survival in Divorce"

Marilyn Lunner
OSU Extension Service
"Your Food Dollar"

Verla Schrader
Washington County CSD
"Presenting Yourself to an Employer"
"Budgeting"

Tom Tison
St. Vincent de Paul Child Development Center
"Single Parent Workshop"

Barbara Lee
Ken Bork
Family Court Service
"Cooperative Parenting in Divorce"

Rob Reiss
CETA
"Questions and Answers About CETA"

Alvin
Men's Resource Center
"Men's Lives"

Speakers scheduled for future weeks include:

Marilyn Lunner
O.S.U. Extension Service
"Consumer Credit--Women"

Vince and Mary Fitgerald
CCC Counseling Center
McLoughlin Mental Health
"Experiencing Positive Relationships"

Ron Ronacher, Ph.D.
Portand State University
"Assertiveness Workshop"

Laura Nelson
Tri-Met
"Using Public Transportation to Stretch Your Budget"

Harry Strain
Consumer Credit Counseling
"Using Credit Wisely"

Joe Hart
Oregon City Fire Department Rescue Squad
"Handling Emergencies"

Ann Alexander
Portland State University
"Human Sexual Response"

Cathy Vaughn
CETA
"Job Search Workshop"

Ray Conklin
Clackamas Community College
"Car Maintenance"

GRANT PROPOSAL SUGGESTION
Submitted by
Home Economics Department
December 7, 1977

The Clackamas County Confidence Clinic, a twelve week pre-employment workshop for unemployed women, has operated for one term in quarters provided by Clackamas Community College. Staff and student fee assistance has been provided by Clackamas County CETA. The purpose of the Confidence Clinic is to provide a supportive group atmosphere which enables participants to develop workable plans for self-improvement. The information presented helps participants to cope more effectively with the dual roles most of them fill.

The CCC Home Economics Department requests grant writing assistance to develop a proposal for further funding of the Confidence Clinic. Funds would be used for program development and enrichment and for staff salaries. Other community resources will be tapped for the additional expenses of student stipends, job search activities, and program evaluation.

It is suggested that the requested funds be received and administered by the college. A contract, such as the one that currently exists between the Department of Human Resources and the Displaced Homemakers Program on the University of Oregon campus, would govern the flow of funds and services between the Confidence Clinic and the college. It is further suggested that Confidence Clinic staff members participate in community education by teaching one or two college classes during the year.

There are three components, or goals, to the Confidence Clinic Program:

(1) Personal awareness, assessment, and improvement
(2) Career exploration and planning
(3) Program evaluation

The first half of the Confidence Clinic program helps participants to develop the awareness and skill to cope with and/or improve their family and personal living situations. Specific information about community resources, and mini-workshops on a variety of daily living problems are offered as a base upon which to develop effective living skills. Personal and group counseling help participants integrate and use this information to their benefit.

The second half of the program focuses on career exploration and the development of training and/or employment goals. Standardized tests, offered through the CCC Testing Department, help members identify their apptitudes, interests, and strengths.

Shadowing workers in different jobs, visits to different local firms and agencies, and contact with CCC programs and personnel help to clarify realistic employment goals. Job search skills are also taught.

Program evaluation is the third component of the Confidence Clinic program. Careful documentation is kept regarding member participation, program development and results, and the use of staff time. When funding becomes available, research which compares control groups to clinic participants will be undertaken to objectively evaluate the effectiveness the project. To our knowledge no such research has yet been published.

The Home Economics Department believes that the Confidence Clinic provides a significant service for an important, though neglected population of the CCC district. Many who would otherwise be unaware of the accessability of the college will be able to utilize college services because of the introduction afforded by the clinic.

For these reasons we sincerely request consideration for funding assistance for this innovative approach to the delivery of human services.

A NOTE OF CONFIDENCE

From the Clackamas County Confidence Clinic

Vol. 1, Issue 1 December, 1977

Discovering the best in yourself

Who we are...

The Confidence Clinic, located in a house bordering the Clackamas Community College campus, opened in September to help unemployed people gain the confidence, independence and self-sufficiency they need to re-enter the job market. A dozen women participated in the first 12-week session, which included a variety of classes, speakers, workshops and field experiences. Financial assistance and day care are provided to qualifying participants through the CETA program.

What we've done...

*One member is serving on the Traffic Safety Commission
*Six of our participants are now active in a Welfare Rights Program
*Two participants are helping plan a workshop on Battered Women that will be offered on May 18 at Clackamas Community College
*Several of our participants have already had job interviews
*All our participants took aptitude tests to help define job skills and interests
*Several women are starting classes to help them realize their new career goals
*Several are undergoing GED tests
*Two women are serving on the Community Action Board
*Two members are serving on the Confidence Clinic Board of Directors

Who we've heard...

Resource speakers from all over Clackamas County spoke during the first Confidence Clinic 12-week session to acquaint members with area resources. Participants learned about Legal Aid, CETA, the Health Department, Welfare, Children's Services Division, Clackamas County Extension, Community Action and resources at Clackamas Community College. Special events included a visit by the Family Circus Players and a week-long Job Search Workshop conducted by Kathy Vaughn from CETA.

Who's heard from us...

Six Confidence Clinic participants traveled to Salem to testify at a Congressional hearing on HR-9030, the welfare reform bill. Our members were among the only welfare recipients to testify, and the legislators were very interested to hear our comments--and to learn about what the Confidence Clinic is accomplishing.

What is shadowing?

Shadowing is becoming a special learning experience for Confidence Clinic members. Shadowing allows clinic members a chance to learn the ins and outs of a particular job. Our members find someone in the work force who is performing a job they're interested in; then we "shadow" the employee to learn how the job works, what skills it takes, the pros and cons of the job. Clinic members have "shadowed" employees at the Legal Aid and CSD office, at a child development center, on a construction site and other spots. Clackamas Community College has offered shadowing experiences in various areas of learning related to college functions.

Things are looking up...

The Clinic headquarters have really been shaping up during the first session. The interior now has a new coat of paint. Couches and other furnishings have been added along with some other special touches for the Clinic headquarters.

The search begins...

The first dozen Clinic participants will "graduate" this month, and prepare to go on to bigger and better things. Their resumes have been written, their interview techniques have been polished and their confidence is at a new peak. Now they're ready to start the search to find a new job, enroll in classes or take whatever steps will be best for them and their futures.

Community resources...

CETA.....636-4591
Community Action.....655-8540
Legal Aid.....655-2518
Housing Division.....655-8593
Family Court.....655-8415
Welfare office.....657-2051
Welfare Hotline.....282-5512
CSD.....657-2098

Are you experiencing changes in your life?
Are you aware of your potential?
You can gain the confidence you need to direct your life!

The Confidence Clinic is now screening applicants for the winter session, which will start in January. For more information about how to apply, call Sherry Pownall or Gail Spitze at the clinic, 656-2091. Or write the Confidence Clinic in care of Clackamas Community College.

YOU CAN JOIN

The Confidence Clinic is planning its first general membership meeting for January 12 at 3 p.m. in Room 117 of the Clackamas Community College Community Center. If you want to learn more about the clinic, or join and lend your support, be sure to attend.

Confidence Clinic
c/o Clackamas Community College
19600 S. Molalla Avenue
Oregon City, OR 97045

Mr. TUCKER. Thank you very much.

STATEMENT OF JAMES W. NASS, REPRESENTING MARION-POLK COUNTY LEGAL AID SERVICE, INC.

Mr. TUCKER. Mr. Nass.

Mr. NASS. My name is James Nass. I am with the Marion-Polk County Legal Aid Service, and have been there for about 3 years.

I wish to speak to a little narrow part of the act and that is the effect of forcing people to take minimum wage jobs.

I would like to speak to what I have seen happen in the Salem City area here. There are two plants that use large numbers of minimum-wage jobs. That is the mushroom plant and the turkey plant. At the mushroom plant the workers must work in virtual darkness because that is the way mushrooms grow best. They also use fertilizer there in large amounts, of the natural type. Also, the mushroom plant boxes are arranged in shelves from virtually the ceiling to the floor and workers have to stoop in and out of the shelves in order to tend to the plants there and they have to do this all day long.

The smell of the job, the stooping, the darkness, makes it a very nasty job.

The turkey plant isn't dark, but they have to pluck feathers from turkeys and chop their heads off all day long. This does require a large number of people to do this. Notwithstanding the fact that the jobs are of a very nasty sort, the management is able to get by with paying minimum wage and the way they do that is because the local welfare offices send a steady stream of unemployed fathers and mothers down to those plants under the threat that they must take the job or they will be cut off.

One of the things this act will do is not only not change that, but to make it even worse than it is now.

[The prepared statement follows:]

STATEMENT OF JAMES W. NASS, OF MARION—POLK COUNTY LEGAL AID SERVICE, INC.

I am testifying as an advocate for current and potential beneficiaries of welfare, food stamp, and other benefits available to low-income residents of Marion and Polk Counties. I think that most of my testimony will be repetitious of other testimony, therefore I will summarize most of my objections to the proposal, and elaborate only on one or two.

In general the proposal seems predicated on the assumption that most welfare recipients do now want to work. Regardless of how politically expedient such false assertions are, the fact is that any proposal based on such falsehoods is doomed to failure, and will not effect true welfare reform. For instance, the harsh negative work incentives penalize those people unemployed for no fault of their own instead of allowing a grace period and then penalizing those who persist in failing to obtain work when it is readily available.

The categorization of beneficiaries taken together with the incredibly complex grant computation formulas are so complex that the risk of error is greatly increased, especially in light of the fact that government benefit programs are administered at the line level by people of moderate education, training and ability. The result: large numbers of underpayments depriving recipients and potential recipients of needed benefits and large numbers of overpayments which add to the cost of the program. It already takes the administrators of the SSI program at least 6 months to determine eligibility.

The benefit levels are ridiculously low, which combined with the reductions by way of negative work incentives, results in most current recipients being worse off than they are now.

Retrospective income accounting is one of the worst features of the proposal. Eligibility should be based on actual, current need, not on some mythical notions that people, poor people, are able to save enough money in our consumption oriented, inflationary society sufficient to tide them over for as long as this proposal contemplates.

The area that I wish to address as some additional length is the focus of the proposal on minimum wage jobs. The proposal appears to not only perpetuate but also reinforce subsidizing private enterprise by keeping wages at an artificially low level. I draw your attention to two concerns in the Salem area, the mushroom plant and the turkey plant. Both of these concerns require large amounts of menial labor. The mushroom plant requires its workers to work in virtual darkness inundated with the stench and discomfort of animal manure, because these conditions foster increased mushroom growth. In addition, the mushrooms are grown in planter boxes arranged in shelves from the floor to above the head. The reaching and stooping involved is horrendous. The management of the mushroom plant gets by with paying minimum wage for such disagreeable employment even though there is an exceptually high turnover rate. Why? Because the local welfare offices refer a steady stream of unemployed fathers to the mushroom plant under threat of cutting the entire family off the welfare and food stamp program if the unemployed fathers refuse such work.

Conditions are very similar at the turkey plant, where workers spend long, monotonous hours defeathering and gutting turkeys so that the rest of us can enjoy Thanksgiving. The irony of it is no laughing matter.

Not only are potential welfare recipients subjected to the low wages, but the other working poor remain poor because there is no incentive to raise the wages at such places as the mushroom plant and turkey plant. There is no incentive because the welfare office furnishes a steady stream of coerced labor.

All in all, the better jobs and income part of the proposal is a joke. In this area at least the CETA program is working well. Under the new program, CETA employees may well lose most if not all of their fringe benefits and higher pay.

My suggestion is to scrap H.R. 9030 and get back to the drawing board. The alternative is to quit talking about welfare reform and leave well enough alone, as bad as it is.

Mr. TUCKER. How long has that plant been in operation?

Mr. NASS. Both plants are old. They have been around a long time.

Mr. TUCKER. They would obtain a corps of workers even before the present welfare program?

Mr. NASS. The corps of workers that they have must labor under minimum wages even though they probably, in light of how long they have been there, should be getting more, but the management doesn't have to pay more. They don't care if they quit because they can always get other people to work at the same low rate of pay.

Mr. TUCKER. If it is an old plant that condition existed long before the inception of the current WIN program.

Mr. NASS. Perhaps it did, but perhaps also the wages they paid then were lower—perhaps they were higher; I don't know.

All I am saying is that at this point in time those wages are being kept at a level that they shouldn't be.

Cannery work, for instance, is probably almost as bad. It is very backbreaking, mind-boggling work. It is just dull. At least people get paid for having to put up with that.

The rate of pay is $3 or $4 or $5 per hour whereas the turkey plant and the mushroom plant is a much lower rate of pay.

Mr. TUCKER. I certainly think the potential problem you point up may be a very real one.

Mr. GRADISON. Are you concerned about this change when the new minimum wage law is in effect? Is there some level of minimum wage that would cause you to change your mind about this?

Mr. NASS. I haven't thought about that aspect of it. I think not. I think the minimum wage is necessary for a few jobs, but I think that if the mushroom plant, for instance, and the turkey plant, were out in an open market, they would have to pay more simply because they could not get the workers to do that kind of work for the level of pay, except that they have a steady stream of people coming in there who are forced to go there.

Mr. GRADISON. Thank you very much.

STATEMENT OF PATRICIA VAUGHAN, PORTLAND, OREG.

Ms. VAUGHAN. I am from Portland and I am a fledgling freelance journalist.

It costs me a couple of hundred dollars to do a story and I get paid about $30 for it. I have also been on ADC. I speak as a single parent of small children who require child care, particularly when I am on a job search.

I haven't read thoroughly the proposals, so I can address my remarks to one specific sentence or paragraph, but it is my understanding just from what I have read in the press that for instance, a person on a job search in this program would be paid half the amount of benefits they would receive were they working. Am I right?

Mr. JENSEN. The benefit is $4,200 without State supplementation in the case of those not required to work; $2,300 a year during the job search period for those who are required to work.

Ms. VAUGHAN. I want to know if the persons who wrote up this proposal really know what it costs a person involved in a full-time activity job search, in terms of cost? Do you really know, any of you?

I would consider myself, I guess, a professional jobseeker, in that in the last 17 years I have held more than 90 jobs in a variety of jobs in a variety of occupations. In the same number of years I have interviewed for more than 400 jobs. In the past 18 months I have interviwed for in excess of 150 jobs in various occupations, most of which I was qualified for.

So I know what the cost is in a full-time job search and I might add that a person who is not searching full time, 8 hours a day, 5 days a week, is not going to get hired very fast.

I had one job offer last year from a leading nonprofit civic organization in Portland, to be the administrative assistant to the executive director, but the stipulation was that I had to register through the WIN program to get that position because they would not have the funds to pay the first month's salary; and I was told further by a person in that organization that WIN would pay the salary of that job portion for up to a year and they could afford—the organization could afford to wait, but why should they pay it if WIN would pay it?

I think you should be aware that a lot of businesses and organizations who utilize the WIN program to get their employees do take advantage in this way. They will extend in writing the time really necessary to have WIN pay either all or part of the wages of that employee when they really can afford to pick up the wages a lot sooner.

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When I went down to the WIN office to apply, I guess I spilled the beans in telling them about this. I was told by WIN I was not eligible to get a job with this organization through WIN because I was qualified for it and could be hired on my own.

Mr. TUCKER. Ms. Vaughan, thank you very much. That is indeed one of the major concerns that have been expressed by some of the people who have testified here today, and it has been of great concern with the CETA job program, where there has been considerable consternation that State and local governments, rather than hiring out of their own funds use CETA funds. They are absolutely terrified at the prospect of losing CETA job slots.

Mr. GRADISON. I think if we were really able to work out a way to prevent substitution of CETA funds for public funds, let's say, in localities the support of the mayors for this program would evaporate. It is a way to replace city taxpayer dollars with Federal job dollars and get the job done, adding additional services to it, but I think a lot of the appeal has been in that first step, especially in CETA. We have been suffering from financial stringencies in local governments, to start with.

My impression is, as Congress has tightened up, as indeed it has on these programs, to try to reduce the amount, or ease of substitution—that is, substituting the Federal dollars for the local—that the enthusiasm for the program isn't what it used to be at the local level.

Ms. VAUGHAN. Could I get you to answer my question about what it costs to go on a job search?

Mr. GRADISON. I thought you were going to tell us that.

Ms. VAUGHAN. I will, but I wondered if you know.

Mr. TUCKER. On a weekly basis?

Ms. VAUGHAN. On a daily basis, for a person whose children need child care.

Mr. TUCKER. It would be relatively easy to run through it. You have to have some fixed amount of cab fare or gas for your car if there is no public transportation available. You have to have your babysitter for the day, at least one meal out for the day.

Ms. VAUGHAN. Parking fees.

Mr. TUCKER. I would assume you are talking about a minimum of $15 to $25 a day.

Ms. VAUGHAN. That is correct. I spent $48 one time going after one job where they strung me along for a week and had me interviewed by nine various people in the company.

Mr. TUCKER. That is a very important point where you expect people to go out and search for jobs. They can't do it if they have no money to take care of the child or pay the bus transportation and so forth.

Ms. VAUGHAN. I think one thing that is overlooked, too, and this was told to me by WIN, if you are hired you are allowed, if you really need it, I think it is $70 or $90, to buy suitable clothes for the job, and you are not beginning to get that kind of a job if you do'nt have those clothes for an interview before you are hired. The impression you make is a visual one, first. Some people really—a woman, for instance, she may have been home with the little ones

on welfare and doesn't have any nylon stockings and can't go barefoot in pumps or high heels.

Mr. TUCKER. Thank you again for your testimony. I appreciate your coming over today.

PANEL CONSISTING OF PEGGY SCOLNICK, CHAIRPERSON, PORTLAND WELFARE RIGHTS ORGANIZATION, PORTLAND, OREG.; C. B. CORDY, CENTRAL POINT, OREG.; SHIRLEY KAPING, JUNCTION CITY, OREG.; AND KATHLEEN P. FARLEY, EUGENE, OREG.

Mr. TUCKER. Thank you for agreeing to testify this afternoon.

STATEMENT OF PEGGY SCOLNICK

Ms. SCOLNICK. I am Peggy Scolnick. I am chairperson of the Portland Welfare Rights Organization, a former welfare recipient and now I am a paralegal on the welfare hotline in Multnomah County. I was not informed of the hearing until Monday as I was out of town and I am ill-prepared.

Almost everything I have to say has been addressed already and I would just like to reenforce it. As with the woman who spoke just before me for the mandatory job search, considerations of the cost are not taken into account. I don't know about spending $48 for one job, but $15 or $20 is reasonable—I myself have been looking for jobs and have spent that much. All the incidental costs go along with that—childcare, lunches, transportation.

I would like to relate an experience to you. I was on welfare and had my own job search experience. I had been on welfare for 4½ years. My child was almost 5. When I first came to Oregon from British Columbia I heard about the WIN program through a friend.

One thing that is not stressed is that most welfare recipients are not made aware of the programs available to them. If they are not mandatory WIN registrants, they have no knowledge of WIN in a lot of instances, or CETA, or anything, educational grants, job training programs, vocational rehabilitation.

I went to the WIN program and was interested in a dental assistant's program. The total cost of the program was $792 and that was for a 6-month course, at which time I would have been certified, and there are quite a few jobs in the Portland area for dental assistants.

I was told by the WIN counselor that the course cost too much, to hang out on welfare until my child is 6 and then they would see if they could get us on-the-job training to be a secretary, which I had been previously. I got totally discouraged. I searched for jobs on my own , continually turned down and did not return to the WIN program.

About 3 years later I talked to a WIN counselor about a job somebody who was working in an agency had told me about. They (the agency) more or less sold me to WIN and I had to sell myself, being very assertive and emphasizing my ability and desire to get ahead. I later talked to my WIN counselor about how their applicants were screened and accepted into the program. They said, "If we think you are going to make it, we will take you. It makes our statistics look good." That's exactly what he said to me.

What's going to happen with this, with the public service employment, is that those who are thought to make it are going to make it, to make the system look good, and those who are hard core poor and unemployable in terms of skills are not going to be taken care of and are going to suffer the most because it will be mandatory for them to search, and they will have no access to any skilled, meaningful work.

Another point I would like to make is about the lack of welfare recipients at these hearings. That is a matter of publicity. They (welfare recipients) are not made aware of things (issues) affecting their daily lives, such as these hearings, or when the State has their budget hearings. I think there is valuable input from recipients and that a lot more effort should e made to get recipients to these types of hearings and make them aware.

Most people don't know what the proposal (H.R. 9030) is about. There should be an educational campaign directed at recipients as well as to the general public and along with that, dispelling the myths of welfare about what the new bill contains.

Mr. TUCKER. Ms. Scolnick, thank you very much.

Mr. Cordy?

STATEMENT OF C. B. CORDY

Mr. CORDY. I am Cliff Cordy, retired. I spent the last 10 years working as a volunteer man of the low-income projects, starting with the community action program on up through the rest of them, so I have a speaking acquaintance with many of the programs.

I would like to make some comments on some statements that I have heard over the past year. Some of them have been repeated today.

For instance, the one about one person in the family taking the welfare check and squandering it and the family then needs supplemental money to get through the month. It seems to me the intent of a welfare check is that each member of the recipient family, whether one, two or four, is entitled to its share of the grant and one person doesn't have the legal or moral right to spend it, and if he does, why, then, some heavy-handed action should be taken with him.

I was intrigued by the young ladies who spoke to school programs. In the community action program we arranged for quite a number of young and less young people to go to college and earn their degrees and really upgrade themselves, but in many cases it failed. I feel there are so many of these programs where we rarely see a cost-effective statement on the program. We don't know whether it is good, bad or indifferent.

We hear of the good ones but we never hear of the bad ones. They just bury them.

Then there are complaints about—they don't want to be demeaned by taking a job that isn't meaningful. Well, in my old fashioned way I think anytime you can get a job at which you can make a living it is a meaningful job and it is not demeaning.

They say people don't want to stay on welfare. Well, I say that some people want to stay on welfare and if they didn't want to stay on welfare we wouldn't have third and fourth and fifth generations on welfare. Some of them know all the angles. You can get them on and get them off and after a while they are right back. This is not a slur on all welfare recipients. Some of them want to get off and there are problems, but we can't ignore the small percentage and those are the ones who gripe us. They get on and they destroy the confidence of the people in the whole program.

Then if you have seven children or more, you don't get an increase in your grant. I would like to say that generally speaking there are effective planned parenthood clinics throughout the State and those of us who are retired and are still paying taxes and the lower levels of income who are paying taxes, every time the taxes are increased it pushes us down closer to welfare.

If a woman wants however many children she has, barring unforeseen circumstances, she should be able to arrange to raise them properly before she conceives. After she has the children it is too late to go to welfare and still fulfill those requirements.

I think that is about all the gripes I have at the moment.

Mr. TUCKER. Thank you very much, Mr. Cordy.

Ms. Shirley Kaping.

STATEMENT OF SHIRLEY KAPING

Mrs. KAPING. My name is Shirley Kaping. I am an AFDC mother. I work as a paralegal for Lane County Legl Aid under CETA title II. I have a lot of things I would like to say and I know the time is limited.

I would first like to bring to the committee's attention that the testimony that you heard this morning from Marna Hohard was not only presented by an AFDC mother from my State but was also prepared by a group of AFDC mothers. She was speaking for a great many mothers from our county. She was representing at least three client groups that I know of.

You showed extreme interest in the Confidence Clinic and I would like to tell you a little bit about the Confidence Clinic and how it originated. It originated in 1969 in Jackson County, which is in the southern part of our State, and it was, believe it or not, the idea of the AFDC mothers to do this. They formed a group and in 1970, in Lane County, we picked the group up and I was director of one of the sessions of the Lane County Confidence Clinic.

I, too, had 20 women I was working with and we did some of the same things that Clackamas County was talking about a few minutes ago. We were financed through a purchase of service contract from the Adult and Family Services. Out of the 20 women given me in the clinic in Lane County in the session I directed, I believe it was 15 of them who not only finished their high school education by way of the GED but also did go on to Lane County Community College, and I would say over 50 percent of those 15 women did finish and either came out with an associate degree or transferred to a university and came out with a degree.

I would like to also call to your attention that in 1972 we sent a group of mothers to Washington, D.C., to testify on H.R. 1. You will find information on Confidence Clinic in the Congressional Record, approximately in October, if my memory serves me right.

There are a couple of things I feel we have touched on today that could have been given in a little more detail. I have heard several people say that we need total social services over and above money, and I think the problem with our society is that people think that people on welfare are only there because they get money and that is not necessarily true.

I heard the gentleman next to me speak of large families. I would at this time like to say I am the mother of five childen. When I conceived those five children I had no idea that I was going to raise them by myself. I figured I had a husband, that we would make it, that everything would be fine. But that is not always true, so I ended up divorced and for the past 10 years I have raised five childen by myself.

The one thing I would like to cover before I bring this to a close is, the multiproblem families that are on welfare. Again, I remind you that we have talked about social services. I would like to read a section of Marna's testimony that had to be deleted because of the time factor.

> Little consideration is given to the multiproblem families to require intensive total social services. The multiproblem family, as we define it, is the family who may experience many or all of the following perplexities: minor health defects, hearing loss, severe dental problems, low educational levels, emotional problems, juvenile delinquency, complications, chronic but not severe fiscal problems, money management problems, social maladjustments, inadequate housing, extreme utility costs, lack of transportation both public and private, no specific training, drug and alcohol abuse, child neglect and abuse, and the complication of living in public housing. The family's progress should be gaged in very small increments.

We want you to know that we have sat here and I have sat here, as you have, all day today, and I have listened to testimony and I have agreed with a lot of the testimony, but we want you to be aware that there are a lot of people out there who really would like to go to work, and they don't care if it is minimum wage, and they would take that work. A lot of them don't have the skills. A lot of them have very little education and if we go on and put these people into a job placement with no training component, I think we are defeating the purpose we are trying to gain.

I have sat here and listened to people say that minimum wage is not enough. Maybe that is true. Maybe it is very true. I would like to explain a little bit of what might happen to me under President Carter's proposal.

We go back to the job placement. I am working on a CETA title II. I am making fairly good money but not enough to take me off the welfare rolls. I am still supplemented by my State, but I must add I am making over minimum wage. I hate to think of what is going to happen to the people who do have CETA positions at the time this bill is passed and goes into effect, where they have positions now and they are making over minimum wage and do have some fringe benefits other than social security and workmen's compensation.

At the time this comes in, what will happen to the people already working in those positions? Are their wages going to be lowered to minimum wage with no fringe benefits?

I will bring this to a close, but I would like you to remember there is information on the Confidence Clinic in the Congressional Record.

Mr. TUCKER. You raise a very good question we will inquire into it in the next few weeks as we move toward completion of the bill.

STATEMENT OF KATHLEEN P. FARLEY

Mrs. FARLEY. I am from Eugene, Oreg., and I am what might be called a loophole person. I was on welfare for about 6 months. My children are 13 and 15. I technically was able to go to work. I am trained as a cashier. The only job I could find was as a bartender. This necessitated my being out every night.

With a child of 14, especially a boy, who has lost his father, I fell into the multiproblem family, not enough money, not enough time and not enough energy to give to him. My son is gone. My daughter is still with me, hopefully forever but at least until she is 18. I have heard a number of people come in to me saying they had to have the kids today. Now, I would fall in the PSC program automatically. I have worked hard to go to school. I am trying hard to stay in school but I would, with the PSC program, the way it is now, I would be out of school as soon as it went into effect, because of the age of my daughter. I have limited physical abilities and I also have children. My sister is in the same boat. She is in Idaho. She stays on welfare, not because she wants to be there. She works hard. She works at a job that gives her less than minimum wage because she needs the medical benefit. Again, she doesn't want to be there.

I don't want to be there, either, but I would like to be able to earn a living for myself and my daughter that didn't mean I have to stay out, go to work at 5 o'clock, be gone until 3 o'clock in the morning and if my car breaks down there I am walking the street.

According to the law in Oregon, at this point, your are required to supervise a child at least up until the age of 16. There are not many children to secure for babysitting services late at night. We have to look at all the aspects, not just one.

Mr. TUCKER. Thank you very much, Mrs. Farley.

Mr. GRADISON. I have no questions, but I do want to thank all of you for giving us your personal views of these things. So often these programs are viewed as statistics or categories or a bunch of initials. We are trying our best to learn and understand. You have made this very real, as have many of the witnesses, very real and very personal. We need that.

Mr. TUCKER. Thank you, Mr. Gradison.

I want to again express my thanks to each of you for your testimony. I don't think any of you had planned on testifying today, but you did sit in the audience and were interested in the subject matter. You were interested in how your State and your country is going to deal with this problem, or not deal with it.

I particularly appreciate your willingness to come and testify.

And to all of you in the audience, I thank you for coming and taking part in this. The testimony that was given here today, both orally and which was submitted for the record in written form, will become a part of the official records of the hearings on the Presi-

dent's welfare reform proposals. Beyond that, all testimony given in these committees is abstracted so that the members of the full committee can read it either in its entirety or in outline form. The staff members who have been here with us throughout the day have been taking notes on the testimony that is given and abstracting particular points and criticisms, questions that we have asked, questions that none of us have known the answer to.

Thus the contribution you make to the welfare reform proposal is just more than a few words for a few minutes to those of us who happen to be sitting here. It is instead directly communicated to all of the members of the full committee and the staff who will be involved in the mechanics of drafting the language, hopefully, of a bill that works and represents a significant improvement in our way of handling this problem in our society.

I offer the very sincere thanks of Al Ullman, of Jim Corman, the chairman of this Welfare Committee, and of the Members of the U.S. Congress and your Government for your participation and efforts here today.

The committee will stand in recess.

[Whereupon, at 4:20 p.m., the task force adjourned.]

[The following was submitted for the record:]

STATEMENT OF GERALDINE ETHEN, PORTLAND, OREG.

My name is Geraldine Ethen and I am appearing before you today as a private citizen although my interest in Carter's welfare reform bill stems mainly from my involvement with the State Advisory Council on Unemployment Compensation.

My comments are going to be limited to that portion of H.R. 9030 which concerns job search for those on welfare who will be eligible for job placement. It is my opinion that this responsibility should be put in the hands of the State employment divisions rather than placed with the CETA prime sponsors.

The points in favor of involvement by the State employment divisions are, in my opinion, many. The employment division has already established relationships with both public and private employers which are reciprocal in nature: employers are aware of the placement services of the division and the division knows the job requirements for placement with the employers. There are also experienced personnel within the division who have had years of working in various aspects of job search and placement, from counselling to statistics. The employment division is set up to handle large numbers of people and process them efficiently. In Oregon we have a computerized job bank which is available on a statewide basis. The division provides tests which enables them to evaluate the level of competency of the applicant. And the employment division serves a broad spectrum of society, from WIN employees to applicants with doctoral degrees (both with their own problems in placement).

From my perspective there are two major problems with job placement being handled by the CETA prime sponsors. First, CETA or whomever they might choose if other than the State employment division, would be competing in the job placement area with another agency, a much larger agency working in the same field. There could potentially be outreach workers both from the State employment division and from the CETA office who might be contacting the same employer for placement of upcoming positions. Second, and my major concern, the CETA job search component will be specialized in serving only one level of applicants: those who come from a background which is deprived by virtue of poverty in elements of work ethic, education, sophistication and feeling of self-worth. If these people whom Carter is hoping to make available to the job market could be placed along with a more varied grouping of people, such as would happen with the State employment division, I feel that potential employers would be more open to interviewing and from there to hiring. In other words I think that people coming from a welfare background would be placed in a job more effectively if they were not processed through an agency that handles just one segment of the unemployed.

You may be wondering why I am taking time off from work to tell you my feelings on this issue. It is because of my interests both in the poor and in the State employment division, but also because of one experience I had in the organization in which I am employed in dealing with placement within our program of applicants for CETA positions. (We currently have 10 CETA II and VI positions both from the city of Portland and Multnomah County.) Several months ago there was a large amount of CETA money opened up through the city. We had two approved positions within our program. Publicity of those positions were twofold: with the CETA office and with the employment division. By regulation, we informed the Employment Division by letter of the openings and background requirements needed to fill the position. All people who were referred by the employment division had been screened by a job counsellor and were eligible for an interview. The problem was with people who went to the CETA office for information. The jobs were posted on a wall only with the name of the program which was granted the slot and the title of the project. Many of the people who came over did not know whether they were eligible for CETA funding. Many of them had not talked with a CETA person but were told instead to refer to the listing on the wall. The CETA office was slow in removing the filled positions, so that applicants came over after a person had been approved for the slot. By the way, there were so many well qualified applicants for CETA positions in our program that people who had a minimal job background faced severe competition for these slots.

The above comments are not meant in any way to reflect total dissatisfaction with CETA. I found in all of my contacts with CETA personnel that they were dedicated, hardworking and conscientious people who are involved in assisting agencies with understanding Federal regulations, record keeping and job satisfaction of participants. However, this one occasion which caused the above comments was the time in which the largest number of jobs with which I have had occasion to be a part of opened up at the same time. In this instance the staff was not prepared to effectively handle the large influx of people in need of job service.

Thus, I hold firm to my personal opinion that (1) two employment services agencies would be counterproductive, and (2) that there could possibly be a stigma placed on people coming from a welfare background if they were assisted in job placement in a separate agency serving only that segment of the unemployed.

STATEMENT OF PAMELA A. FERRAR, GRADUATE STUDENT, DEPARTMENT OF FAMILY RESOURCE MANAGEMENT, SCHOOL OF HOME ECONOMICS, OREGON STATE UNIVERSITY, CORVALLIS, OREG.

The history of welfare programs in the United States is a history of attempts to serve specific groups in our population, the aged, children, and the mentally and physically disabled. This approach is grounded in the notion that all other categories of people are able-bodied and employable, and has yielded the fragmented multiplicity of programs we have today.

It seems important to question the assumption on which this fragmented system is based, that assumption being that only certain categories of people are deserving of public aid. Much attention is given in the literature on the welfare problem to the measurement of the poverty line, whether or not it reflects in-kind income, and so on. The point however is that there are poeple in all categories, single, married, old and young, working and not working, who are poor, by whatever standard one might apply. The important question to ask then, is whether we as a society are willing to move toward the concept of helping the poor per se, rather than giving out piecemeal aid to favored groups.

This question needs to be faced head on, as the answer to it will shape the nature of any welfare reform program. A national minimum income cash assistance program for all poor people, including the single and childless, would be a step toward recognizing the need to help all categories of poor. This kind of program should be the number one priority of the President.

SEATTLE, WASH., *November 21, 1977.*

Mr. JOHN M. MARTIN JR.,
Chief Counsel,
Committee on Ways and Means

DEAR MR. MARTIN: When I was attending the hearings on welfare reform all the testimony I heard were asking for a simple reform package that could be understood by common people. But now that I look at H.R. 9030 it is altogether different from what was being asked for. To a layman like myself it is really a jungle even more complicated than what we already have.

What I am saying is that what we need is a document that can be understood by more people than lawyers only. Even though we realize that lawyers have a part to play in writing these documents there is no reason why they can't put laymen's language into these laws so that we too can be able to understand them, which is not the case with H.R. 9030.

Therefore I will recommend that H.R. 9030 be substituted with a shorter, simpler law such as are contained in public law 89—73, 89th Congress H.R. 3708. (copy enclosed)

I am sure that the Congress of the Unites States has the mechanism already at their disposal to write and enforce a simple reform package on the same order as H.R. 3708.

The 10 objectives contained in this law is the only reform we need if coupled with full employment. In its present form it is addressed to the needs of the elderly. But what I am saying with a document with simple language like that which is contained in title I, Declaration of Objectives; Definitions and applied to the Nation as a whole with full employment would if implemented meet all of our needs, and in so doing would eliminate a huge precentage of the great bureaucracy at a saving that at present would be innumerable. What I mean by that is that the language that is contained in the present and the proposed laws are so complex that it requires thousands of people to administer the program.

Therefore I reiterate my belief that the 10 objectives if applied at least in principle would in itself become the reform package. You see a nation as great as ours should never have to confine our employees to a $2.65 per hour minimum wage. Every person in America has an inherent right to an adequate income—that is to say an income sufficient to meet their needs, along with the full health care. We should be trying through this reform package to create conditions conducive to the elimination of fraud and thereby reducing the need for a police force to enforce the act. You see when people have jobs at an adequate income there is no need for fraud. If there is fraud in such a society then the penalties should be of such severity that it would discourage the participants of the act.

These are general suggestions that I am convinced will work. But I know that the document before us now will not work. To try and make it work will only create more confusion and problems and also a bigger bureaucracy.

Sincerely,

OSCAR HEARDE.

[Public Law 89-73, 89th Congress, H.R. 3708, July 14, 1965]

AN ACT To provide assistance in the development of new or improved programs to help older persons through grants to the States for community planning and services and for training, through research, development, or training project grants, and to establish within the Department of Health, Education, and Welfare and operating agency to be designated as the "Administration on Aging".

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Older Americans Act of 1965."

TITLE I—DECLARATION OF OBJECTIVES: DEFINITIONS

DECLARATION OF OBJECTIVES FOR OLDER AMERICANS

SEC. 101. The Congress hereby finds and declares that, in keeping with the traditional American concept of the inherent dignity of the individual in our democratic society, the older people of our Nation are entitled to, and it is the joint and several duty and responsibility of the governments of the United States and of the several States and their political subdivisions to assist our older people to secure equal opportunity to the full and free enjoyment of the following objectives:

(1) An adequate income in retirement in accordance with the American standard of living.

(2) The best possible physical and mental health which science can make available and without regard to economic status.

(3) Suitable housing, independently selected, designed and located with reference to special needs and available at costs which older citizens can afford.

(4) Full restorative services for those who require institutional care.

(5) Opportunity for employment with no discriminatory personnel practices because of age.

(6) Retirement in health, honor, dignity——after years of contribution to the economy.

(7) Pursuit of meaningful activity whithin the widest range of civic, cultural, and recreational opportunities.

(8) Efficient community services which provide social assistance in a coordinated manner and which are readily available when needed.

(9) Immediate benefit from proven research knowledge which can sustain and improve health and happiness.

(10) Freedom, independence, and the free exercise of individual initiative in planning and managing their own lives.

KING COUNTY COURTHOUSE,
SEATTLE, WASH., *November 22, 1977.*

Congressman JAMES C. CORMAN,
Chairman of the Welfare Reform Subcommittee,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN CORMAN: Thank you for the opportunity to provide comments on the proposed welfare reform legislation. King County concurs in the basic purpose and design of H.R. 9030. The current welfare scheme has not provided many work incentives for those on public assistance, and in fact has often created disincentives. In contrast, the administration's proposed plan not only favors employment over public assistance, but it provides opportunities for work. Yet, as is true with almost any major piece of social legislation, the proposal is just a first step towards a final solution. The following are a few suggested refinements which we believe would add to the proposal's viability.

The summary to H.R. 9030 indicates that 13 major categories of jobs have been identified. However, the summary doesn't indicate whether these job categories are prescriptive or merely suggestive. It is King County's position that the creation of subsidized work should not be constrained by these thirteen categories but instead left solely to local determination. In this manner, the prime sponsor can take full advantage of the employment opportunities existent in an area and create jobs which will readily lead to unsubsidized employment.

One of the primary objectives of the subsidized work/training element of the job opportunities program is to provide meaningful employment which is designed to lead to unsubsidized work. While there are a number of possibilities for the creation of unsubsidized work in the public sector, we feel that a far greater number of these jobs can and should be developed in the private sector. Under the current proposal, unsubsidized jobs are made more attractive than subsidized work by virtue of the gained income tax credit. While this incentive to seek unsubsidized work exists for the propective employee, an equivalent scheme of encouragement has not been enunciated for the private employer. We feel that the proposed legislation should more specifically address job creation in the private sector by means of a comprehensive scheme complete with various incentives to foster private industry involvement.

Section 916 (2) of H.R. 9030 provides that funding be made available to the State for the purpose of providing technical assistance and consultative services to the prime sponsors within its jurisdiction. However, at least in Washington State where there are at most five prime sponsors, the King-Snohomish Manpower Consortium, of which King County is a member, has by reason of its size and the clientele that it serves, been able to develop expertise unmatched by all of the other prime sponsors combined. It would therefore be advantageous for King County to draw upon experiences beyond the state level. It is our recommendation that the responsibility for provision of technical assistance rests with the Department of Labor which is able to draw upon nationwide experience to accommodate the needs of all prime sponsors.

In Section 915 of H.R. 9030 there appears to be an implied veto power reserved to the Governor and the State Manpower Services Council over the proposed employment plan submitted by a prime Sponsor. While we continue to welcome any contribution by these aforementioned parties, we feel that their role should be as defined by section 103(b) of the CETA legislation.

It is our further concern that section 916 (5) of H.R. 9030 should not preempt the local prime sponsor from making arrangements for on-the-job training just because the private employer has more than one establishment throughout the State. Agencies contracting with the King-Snohomish Manpower Consortium have had excellent experience with a number of employers falling within this classification.

With regard to the job search assistance program, it is King County's position that the local prime sponsor should not be coerced into effecting a joint agreement with the State employment security agency. Under the current CETA system, the King-

Snohomish Manpower Consortium, our prime sponsor, has contracted with a number of agencies including employment security for the provision of employment services. Many of these agencies are extremely competent, both in the delivery of services which they provide and the results that they achieve. King County therefore advocates a continuance of this contractual freedom, which promotes healthy competition, for the job search assistance program as well.

Under the proposed legislation, single parents with children under 7 are not required to work part time. Families with children under 14 are not required to work full time. yet a number of these individuals in the no-work or limited work classifications may desire more employment than is required. To encourage this individual initiative, we feel that title XX, child care funds should be made available, preferably through the job opportunities program. While we recognize that the proposal is by design profamily, it is still our feeling that it is inequitable to exclude individuals without children. Such individuals should not be denied the opportunity to develop job skills. It is our feeling that if a person without children otherwise meets the eligibility requirements for subsidized work/training, he should be allowed to participate in the program.

Participants in the subsidized work/training program will surely have need for health and dental care. yet the present legislation only mandates paying FICA and workman's compensation. As a responsible employer, King County would like to provide full fringe benefits for these employees as well. Yet any fringe benefits paid are to come out of the 30 percent administrative costs which also have to cover much needed training and supportive services as well as equipment, materials and supplies, which are often quite costly. It is our recommendation that both wages and benefits be paid from the 7 percent and that employers be allowed and encouraged to offer full benefit packages to employees under this program.

Under the present PSE expansion, the Department of Labor is holding prime sponsors and their program agents to rigid hiring schedules. Hiring is to be done as quickly as possible, subject to weekly and monthly review. While the emphasis on rapid hiring is understandable and appropriate, this kind of hiring scheduling does not allow local governments and other employers under CETA to plan for accompanying expenses such as materials, equipment and supplies in their regular budget cycles. Nor does it allow local governments to coordinate the addition of PSE jobs with applications for other funds such as housing and community development of public works which could provide needed money for nonsalary expenses. The ability of local governments to accommodate and provide meaningful employment for the large numbers of individuals eligible for this program would be greatly enhanced by allowing flexibility in hiring in order to fit in with other funding cycles and opportunities.

Under the present proposed legislation, there seems to be tremendous potential for individuals to be shifted back and forth between jobs and welfare systems, and for there to be extreme confusion in roles and responsibilities of DOL, HEW and the other entities involved. We would therefore stress the obvious need for joint planning between DOL and HEW for service delivery as well as uniformity in the definitions of eligibility and reporting requirements.

As a last point, I would like to make the observation that local governments and other potential employers are ill-prepared for dealing with part-time employment on a regular basis and for large numbers of individuals. The need to accommodate full-time employees with children will also be difficult since school hours vary by district and some schools are out quite early in the day. Arrangements for equitable fringe benefits will also be complicated as well as expensive. While we are eager to meet this challenge we will need as much technical assistance as possible, perhaps in the form of studies or the conducting of experimental programs. However, we would still urge leaving each Prime Sponsor with the flexibility to adapt suggestions to local situations.

Thank you for the interest in the concerns of local governments. Please accept our strong support for your worthy efforts.

Sincerely,

JOHN D. SPELLMAN,
County Executive.

KLAMATH LAKE CHILD CARE COUNCIL,
KLAMATH FALLS, OREG., *November 8, 1977.*

Mr. JOHN M. MARTIN, JR.,
Chief Counsel, Committee on Ways and Means,
Longworth Building, Washington, D.C.

DEAR MR. MARTIN: I would like to make the following comments on the President's welfare reform proposal:

1. I am concerned that the 150,000 jobs providing child care will pay only minumum wage. I suggest that the child care positions pay the same as child care workers not in the welfare program receive. To provide 150,000 minimum wage employees could potentially eliminate jobs for nonwelfare child care workers.

2. The 150,000 employees hired through this welfare program should meet the same job requirements to provide child care as nonwelfare child care providers.

3. A maximum of two children under 14 in child care for single-parent families at a cost of child care up to $150 per month for each child might impose a hardship on families with school-age children. A family limit of $300 per month would allow a parent with three or four children to work if the child care was part-time for two or three of the children. I suggest, therefore, a dollar limit on day care, and not the two children limit.

Sincerely,

LORETTA NORMAN,
Executive Director.

STATEMENT OF THE NATIONAL COUNCIL OF JEWISH WOMEN, INC., PORTLAND, OREGON SECTION

The National Council of Jewish Women is a volunteer organization of 100,000 members in over 200 communities across the country, dedicated in the spirit of Judaism to advancing human welfare and the democratic way of life through a coordinated program of education, service and social action in the Jewish and general communities, locally, nationally and internationally.

At our biennial convention in New York in March 1977, the National Council of Jewish Women adopted the following resolution:

> The National Council of Jewish Women believe that a healthy community, sound family life and individual welfare are interdependent. It believes, therefore, that our democratic society must give priority to programs which meet human needs and that the public and private sectors must cooperate to achieve this end.
>
> We therefore resolve:
>
> 1. To work for a program of income maintenance and supportive services which will provide at least a minimum national standard of living for every individual, while:
>
> (A) Protecting and respecting the rights and dignity of recipients.
>
> (B) Maintaining work incentives.
>
> 2. To work to insure that adequate amounts of wholesome nutritious food are available to all men, women and children.
>
> 3. To support a sound social security system which will:
>
> (A) Provide adequate benefits.
>
> (B) Not penalize recipients who wish to remain in the work force.
>
> (C) Eliminate gender-related inequities regardless of family status.
>
> (D) Provide independent coverage for the homemaker.
>
> 4. To support a comprehensive and universal national health insurance program.
>
> 5. To work for the development, expansion and adequate financing of quality comprehensive child care programs available to all children.
>
> 6. To promote and support programs and services for the care and rehabilitation of families and individuals with special needs.
>
> 7. To work for safe and sanitary housing without discrimination, including support of scatter-site, subsidized, low and middle-income housing.

Our organization is wholly supportive of a consolidation of the various assistance programs and the concept of providing work incentives for recipients of the program. We feel very strongly that this type of program will meet the needs of those it serves but more importantly, will provide human dignity. Current welfare systems are wholly unrewarding and offer no way out for the recipients.

Our organization is very supportive of expanding coverage to childless couples and single persons as well as uniform national standards of eligibility.

The administration's proposal appears to provide the basis for much greater family stability and the protection of and respect for the rights and dignity of recipients.

Although we are generally supportive of the proposal, there are certain portions which cause us some concern, at least as respects Oregon.

The benefit level for certain categories of people is inadequate. For example, under Oregon's current program a woman is considered a family as soon as pregnancy is determined and is eligible for benefit.

Under the administration's proposal, a single pregnant woman is placed in the "single employable" category and is required to work. It is unrealistic to expect pregnant women to work a full 9 months. The Federal benefit should these people not be able to work is a mere $92 a month.

Another such group is persons incapacitated for less than 12 months. Currently, a person incapable of working for up to 12 months receive benefits.

H.R. 9030 reduces the 12 month period to 30 days. After the 30 days an individual is required to work even though he may be incapable of working.

Oregon has the option of supplementing payments for these people for the additional 11 months as well as all people within the "single employable" category. However, the cost to Oregon alone would be $37 million per year.

In addition to the inadequate benefit levels for certain categories of people, we are concerned that 1.4 million jobs are not enough. No person should be penalized for not working if a job is not available.

On a couple of occasions the proposal specifies a formula for determining which of the adults in the home is required to work. We are concerned that this formula will have a discriminatory effect on women inasmuch as women historically do not have equivalent work histories as men.

Lastly, we are concerned about the administration of the program. The estimated lag time in a recipient receiving the first check is 2 months. For the State of Oregon to pick up these payments for the 2 month period would cost approximately $27 million.

Certainly an individual without friends cannot be expected to exist for 2 months without financial support and at the same time, the States are hardly in a position, at least financially, to cover these emergency needs. Perhaps a solution to this problem is to have the States responsible for payment as well as determining eligibility.

In addition to the above-mentioned concerns, we find there are certain services such as foster care and medicaid not covered by the proposal. We think consideration must be given to either covering these services in the program or in some way assuring that they will be continued.

In conclusion, H.R. 9030 provides a consolidated program based on an innovative concept which is a step forward in solving the problems of income maintenance and support services.

LANE COUNTY COMMUNITY COORDINATED CHILD CARE COUNCIL, INC.,
EUGENE, OREG., *November 22, 1977.*

JOHN M. MARTIN, JR.,
Chief Counsel, Committee on Ways and Means,
Longworth Building, Washington, D.C.

DEAR MR. MARTIN: We wish to submit the following remarks as testimony concerning the President's welfare reform proposal.

As part of a local children's advocacy council of parents and professionals the Lane County 4-C's Legislative Committee would like to express its general support of President Carter's welfare reform proposal. We consider some beneficial aspects to be:

1. Recognition of child care as a major job category needing federal attention. This seems to be an honest response to the growing, nationwide child care needs we have been experiencing on a local level. We are pleased to see the minimum wage or better provision for those 150,000 new jobs, and would hope this phraseology stays intact.

2. Centralization and coordination of services while maintaining state and local systems for citizen participation. For too long one of the characteristics of Federal centralization has been movement away from local input/control. With less local control, the chances of fraud and misuse of Federal money are increased. We are pleased to see the provision for Federal, State, and local coordination of resources within both the jobs component and cash assistance component. One of our concerns

is that there be an accountable system established for assuring the proper use of federally earmarked funds when these funds reach the State.

3. A long term, preventative approach in dealing with a presently inadequate welfare system. In the present system, bureaucratic confusion and piecemeal correction efforts have seemed to create more inadequacies and inefficiencies in the welfare program. At first glance one main concern of this proposal is its high cost for implementation. But in further consideration of the amount of change needed to insure efficiency and responsiveness to need, the cost does not seem so significant. Long term costs such as for custodial care and treatment programs are far more expensive in the end than effective welfare and employment programs.

We appreciate this attempt to respond to welfare needs in a positive and meaningful way.

Sincerely,

4-C's LEGISLATIVE COMMITTEE.

OREGON AFL-CIO,
SALEM, OREG., *November 9, 1977.*

Mr. JOHN MARTIN,
House Ways and Means Committee,
Longworth House Office Building, Washington, D.C.

DEAR MR. MARTIN: I am taking this means to get our testimony to the Welfare Reform Subcommittee of the House Committee on Agriculture, Education and Labor. The reason for this is because by the time I was made aware when we should reserve time to testify in person, it was too late. Therefore, I have taken this means to inform you of our position.

We in Oregon are very much concerned about welfare reform and we have good reason to be concerned. In August 1977, Oregon experienced an 8.8 percent unemployement rate as opposed to the national average of 7.1 percent. August is one of our better months for employment so the figure will deteriorate as we move into the winter months.

One of the areas I want to address is social security. We have just been experiencing legislation to raise the premiums. I want you to be aware that we are opposed to self-employed persons being able to pay approximately 4 percent less than persons that work for an employer whereby there are two contributions which amount to approximately 4 percent more but the benefits are the same. We feel that this is grossly unfair. It would also be an area in which you could legitimately raise some funds to make the social security program more financially sound.

We are not sure that H.R. 9030 will do as well for the underemployed, the elderly, the young, and anyone else that is unable to secure a job or are too ill to hold a steady job.

I have tried for quite some time to secure Manpower and CETA funds to subsidize our Oregon apprenticeship and training program to any manner that would subsidized an employer that would hire a first or second term apprentice. This is the time that an employer loses a considerable amount of money in attempting to train. We in Oregon have one of the best apprenticeship and training programs in the nation and a well trained, high quality work force is our best bet for full and continued employment. I cannot help but feel that many of the taxpayers' dollars in the past have been thrown away on many of these dead-end jobs. Be assured that apprenticeship and training cannot take care of all of the unemployed but it will be a step in the right direction to get some well qualified applicants into good paying jobs which in turn open up other jobs to lesser qualified people that these people have held in the past.

The qualifying conditions under CETA have not been conducive to subsidizing an employer that hires apprentices and trainees under the State law plan.

An area that really disturbs me is the attitude that the Federal Government has taken with letting multinational corporations take money, technology and jobs out of the United States. I am sure the American worker can produce as well as any foreign worker. This nation is being weakened by corporate greed and I think that we have to recognize that our national security is being threatened by the activities of multinational corporations. If our jobs were brought back we would have less worry about welfare.

Another point of importance is that we should not get the temporarily unemployed mixed up with welfare recipients.

The illegal alien problem is another area that adds to the unemployment and welfare problems in the State of Oregon. These people originally come to this State as farm workers but they have infiltrated to all types of business and stay the year round. I am sure that this is true in many other parts of the Nation. The illegal aliens that are in Oregon are primarily Mexican.

I am sure that you will have already heard a much detailed proposal with regard to what I have proposed in my former remarks. As I said before, we do not think that H.R. 9030 is the correct way to go. There is a program that comes closer to what we propose and it has been labeled "triple track" in the documents of the Welfare Reform Task Force. We are hoping that you would give this idea your very close scrutiny.

Thanking you in advance for your consideration, I remain

Sincerely,

R.G. "BOB" KENNEDY, *President.*

STATEMENT OF SEATTLE (WASH.) URBAN LEAGUE, KAY THODE, DIRECTOR OF HEALTH AND WELFARE

I am Mrs. Kay Thode, director of health and welfare for the Seattle Urban League, a local affiliate of the National Urban League. Our offices are located at 105 14th Avenue, Seattle, Wash. Our organization has direct contact with recipients of the supplemental security income program, aid to families with dependent children, and general assistance.

Although we applaud the effort to improve the welfare system, a system which satisfies neither the recipients, the staff, nor the public, we are gravely concerned that the proposal set forth in H.R. 9030 does not represent an improvement over the present system. Although it is presented as a unified, simplified system, designed to give adequate support to those who cannot work and incentives to those who can, it fails on almost all counts.

I will not attempt to present a section by section analysis of H.R. 9030 but will outline our major concerns with the bill in the hope that you will take these concerns into consideration in your mark up of the bill.

The most obvious defect is the inadequacy of the proposed level of benefits. Since States are not required to supplement the Federal benefit, it is possible that recipients will be worse off than they presently are in 38 States, if food stamp benefits are counted, and worse off in 23 States if only cash benefits are counted. Children in families whose heads are unable to work are consigned to a level of support at 65 percent of the poverty level. It seems unreasonable for the Department of Health, Education, and Welfare to contract for studies such as that prepared by the National Academy of Sciences, Toward A National Policy For Children and Families, which recommended that no child be deprived of access to a family living standard lower than half the median family income level (after tax) for a substantial period of his or her childhood, and should not fall below the Government defined poverty level of family income even for shorter periods, if HEW intends to develop legislation which guarantees that children will be forced to subsist on far less than a poverty level income. The rhetoric acompanying the introduction of H.R. 9030 emphasized that it is profamily. We contend that any bill which forces people to live on incomes well below the poverty level cannot be characterized as profamily. Worse yet, there is no provision in the bill to update the standards to keep pace with inflation, and a maximum is set, such that children unfortunate to be born into families with more than seven members are expected to live on nothing.

The second glaring deficiency in the bill is its failure to base eligibility for assistance on current need. A child whose parent earned $10,000 in the previous year, an amount less than the Bureau of Labor Statistics' Lower Budget, will be deprived of any assistance for a month under the proposed 6 months accountable period, even if the family is destitute when they apply for assistance. A family with an income of $12,000 in the previous year, less than the median income in Washington State, would be ineligible for two months. Such families will be ineligible for emergency assistance as the would defeat the purpose of having an accounting period. If the family is not to starve, the state will have to provide State funded assistance, thereby undercutting fiscal relief to States.

With respect to the limitation on assets, further inequity is evident in the provision that only the equity of business assets will be counted but the fair market value of nonbusiness assets will be counted, regardless of the size of the equity a person has. In addition, nonbusiness assets over the ceiling will increase incomes by 1.25 percent while business assets will increase it by only 0.83 percent.

Our third concern is that the proposed program discriminates between people equally in need, continuing and further complicating the categorical nature of assistance. Not only are different benefit amounts provided to families of the same composition, according to the ability of the head of household to work, but within the not expected to work group different benefits are provided. The distinction is obviously a political one. Benefits to the aged, blind, and disabled will exceed benefits to families with children, although commonsense would dictate that the needs of a growing child for food and clothing would exceed the needs of an elderly person. Single persons and childless couples are expected to be able to survive on amounts that clearly are insufficient, on the presumption that they could obtain work if they chose to do so. A couple with an aged person and a nonaged spouse, for instance, a man of 67 whose wife is 60, will get less than a couple where both are over 65, although it is highly unlikely in the present labor market that the 60 year old woman would be employable. Such distinctions are arbitrary and capricious.

Further, it seems to be assumed that all single persons and childless couples are able to work. The definition of incapacity is so narrow that it will probably not encompass a number of persons whose incapacity is such that they will not be able to perform on a job because of a combination of limited education, inability to relate to others, etc. Neither the definition of incapacity nor the definition of disability take into account the relation between employability and job availability. Since single persons and childless couples will be ineligible for the public service jobs this poses a problem. States again are likely to have to provide for those who do not meet the federal definition of incapacity but who cannot obtain work.

Another arbitrary aspect of the proposal is the decision to provide benefits for only one head of household if two household units share a residence; and the provision in section 2108 which stipulates that an eligible household unit is deemed, in each of the 5 months preceding the payment month, to have the same composition as it has during such month.

It is unclear into which category an unmarried pregnant woman will fall. If she is treated as a single person and does not get a job, a benefit level of $91.66 a month will virtually guarantee that her child will be born retarded as a result of malnutrition. The status of persons between the ages of 16 and 21 is also unclear. Will a child over 16 who is living alone be treated as a child or an adult? Will an 18 year living with his/her family be treated as an adult?

Although the proposal is intended to simplify the current system, it appears that with the accountable period, retrospective budgeting, imputation of market value of assets, division of applicants into those who can work and those who cannot, differing levels of benefits among those who cannot work, and the requirement that the Secretary of Labor report to the Secretary of HEW whenever a determination has been made of incapacity, refusal of a job offer, the inability of a prime sponsor to place an eligible participant in a subsidized work or training position, that a person has applied for job search assistance, that an eligible participant is concluding a job search, etc., the system will be even more complicated than the present one. Not only that, but there is a grave danger that recipients will get lost between systems and end up waiting for months for benefits to which they are entitled. Our experience with the Supplemental Security Income program no response from Social Security Administration personnel other than that the computer in Baltimore has made a mistake and that there is nothing that local personnel can do.

H.R. 9030 does not address the interface with social services and is based on the assumption that a national health insurance program will have passed. Should that not be the case, we will be faced with an anomalous situation where Medicaid eligibility is frozen and some cash assistance recipients will be eligible for medical care while others will not.

The computerization of information and the provision that the Secretary of HEW may obtain information from Social Security, the Internal Revenue Service, and other systems poses the possibility of invasion of privacy and the misuse of personal information. David F. Linowes, who headed a Federal commission on privacy, recently stated that the Government's plan to ferret out welfare cheats would infringe on the right to privacy. He called the planned computer search an abuse of personal privacy rights. This is of particular concern in light of a recent report that Secretary Califano proposed making computer tapes of welfare rolls available to private employers.

With respect to the jobs program there are many problems. First off, it is difficult to understand the preoccupation with work requirements in light of all the data provided by the numerous studies funded by HEW which demonstrate that the poor

wish to work, and do so even when they receive an income supplement, whenever they are able to do so.

Second, it is someone else's children in a day care center, but is not considered to be work and is not accorded similar value if she stays home to care for her own children. The initial purpose of aid to families with dependent children was to enable women to stay at home with their children if that was considered to be the best choice. We believe that option should be open.

The jobs program is premised on unemployment having fallen to 5 percent. Otherwise far more jobs than the 1.4 million will need to be created. We believe that it will be difficult to create the 1.4 million jobs. We are also very troubled by the prospect that a dual system will be set up whereby public service employees under other titles of CETA will be working along side of employees under title IX of CETA at different wages and benefit levels. Current CETA employees are working for prevailing wages and have fringe benefits. Title IX CETA employees would be required to work for the minimum wage and would be ineligible for promotion, retirement, medical benefits, and unemployment compensation. Such job holders would be ineligible for the earned income tax credit, in essence being punished for the absence of sufficient jobs in the regular economy.

The requirement that special public service employees be terminated after 52 weeks on the job and participate in an eight week job search further punishes such employees for having had to take a public service job because no regular job was available. It is obvious that a family of four will not be able to survive for eight weeks on an income of $191.66 a month. The family head will be more preoccupied with keeping from being evicted and finding food than with finding a job. What will he/she use for bus fare, child care, etc.?

The provision that only one family member can have a subsidized job in essence guarantees the poverty of larger families where two jobs are necessary for an adequate income and where neither adult has marketable skills.

H.R. 9030 makes no provision for jobs being suitable to a person's aptitudes or interests. The kind of public service jobs being suggested are unlikely to lead to regular employment since they are in activities not engaged in by the private sector for the most part.

Parents will have to pay for child care and then have the payment counted as a deduction. Coming up with $150 or $300 a month out of a minimum wage income is virtually impossible.

Last, but not least, according to Secretary Califano, 4 million fewer people will be eligible for jobs and cash benefits under the President's proposal. In essence, we will be helping new categories, the working poor and single persons and childless couples at the expense of some who are currently eligible.

We believe the aim of any new welfare program should be to reduce poverty, not the number of poor people getting help. It should mean improvement in the availability and manner in which benefits are provided, not increased surveillance of recipients to weed out the small number who abuse the program. It should mean not only fiscal relief to hard pressed States and local governments but relief to both the working and nonworking poor to allow them to keep up with the rising cost of living so that they do not have to choose between food and fuel. Surely no person in this affluent nation should have a less than poverty level income.

ADMINISTRATION'S WELFARE REFORM PROPOSAL

MONDAY, NOVEMBER 14, 1977

Oakland, Calif., Task Force

HOUSE OF REPRESENTATIVES,
COMMITTEES ON AGRICULTURE; EDUCATION AND LABOR;
AND WAYS AND MEANS,
SUBCOMMITTEE ON WELFARE REFORM,
Oakland, Calif.

The task force met at 9:05 a.m., pursuant to notice, in room 512, Alameda County Board of Supervisors' Chambers, 1221 Oak Street, Oakland, Calif.

Mr. STARK. If we could bring the meeting together.

In the interest of time, I think it would be a good idea for us to begin.

The Special Subcommittee on Welfare Reform is going to conduct this hearing on the Better Jobs and Income Act of 1977, H.R. 9030. I am going to ask the scheduled witnesses to limit their presentation to 5 minutes. We are going to have to be fairly strict on that in order to accommodate everyone and to hear the many people who have indicated an interest in testifying and also to give the members of the subcommittee a chance to ask questions which will help us very much in our deliberations.

I am pleased that Chairman Corman and the staff have selected Oakland as one of the many cities around the country to hold the hearings. We have a substantial problem here of bringing public assistance to many of the people in our city, and, quite frankly, if we cannot help Oakland with this bill I doubt very much if it will do much good anyplace in the country.

The new administrations, both here in Oakland and Washington, are committed to increasing the lot of the poor and to breaking the all-too-familiar cycle of poverty. We have brought together under the leadership of Congressman Corman from southern California, at the urging of Speaker O'Neill, a good committee. Both sides of the aisle, Republicans and Democrats, are committed to going forward to do as much as we can to change the welfare structure in this country.

I might say, with all deference to my good friend and the ranking member on the minority committee, Congressman Vander Jagt from Michigan, that we have a relatively liberal committee

from both groups, and we have people in the Republican Party who are committed and have a strong determination to help change the plight of the unemployed, the poor, the disabled in this country. Quite frankly, we have almost agreed that if this subcommittee, as liberal as it is on both sides of the aisle, cannot agree on the bill there is very little chance one would carry in the House. In an effort to accommodate somebody perhaps as liberal as I am and somebody like Congressman Ketchum, who is a conservative Republican but has a long record of helping the poor and disabled in the State of California, if we cannot come together it will be difficult for the rest of the Congress to do so.

We approach this in a spirit of optimism. My hope is we will have almost unanimous accord on a bill that will go on past the House and that the country can be proud of. So all of you who are testifying today in your way will help us to provide as much help as we can. I would like to ask Congressman Vander Jagt if he has any comment.

Mr. VANDER JAGT. I appreciate the opportunity, Mr. Chairman, but I have nothing that I could add to the very excellent opening statement that you have made. Thank you.

Mr. STARK. Do any of the other members?

Congressman Clay from Missouri?

Congressman Vander Jagt?

Congressman Nolan from Minnesota?

Congressman Weiss from New York?

Congressman Akaka from Hawaii?

And there will be others coming along.

Our first witness is Mr. Charles Greenfield, Community Legal Services director, from San Jose.

If you would like to proceed, I will try to time you. If you have a prepared statement, we will put that in the record in its entirety and proceed as you will.

STATEMENT OF CHARLES GREENFIELD, COMMUNITY LEGAL SERVICES, SAN JOSE, CALIF.

Mr. GREENFIELD. Thank you, Congressman Stark.

Good morning, members of the subcommittee. I appreciate the opportunity to speak to you this morning on H.R. 9030.

As Congressman Stark mentioned, I work for Community Legal Services, in San Jose, as a legal assistant and a specialist in public assistance programs.

I don't consider myself an expert in many areas of the bill; namely, State supplementation, limitation of State fiscal liability, maintenance of State effort and title IX of CETA. However, I do consider myself an expert in the eligibility factors in terms of these programs which the Better Jobs and Income Act, H.R. 9030 is to take the place of. That is, AFDC general assistance, food stamps and SSI. I think I am pretty knowledgeable as to eligibility criteria, meaning income; who gets it, when and how much; resources, be they liquid or not, and how much can be held while still qualifying for benefits. Our office has made a preanalysis of the bill. There are two basic eligibility criteria we see problems with as they affect our

current and past clients: One deals with section 2108, the distribution of available income over the accountable period.

Based on our office's experience in the past in representing clients over the previous years in Santa Clara, San Jose, and Santa Clara County, we see that as a severe problem. Just to summarize what that is, when a person would apply for aid, payment would be based on the income received in the 5 months prior to that month of application. It would indeed be considered as, and could be considered as available income during that month and possibly in ensuing months.

I think, in our analysis, this bill could be potentially disastrous for certain areas of Santa Clara County, which has four basic labor intensive industries which would be injured by this. One is the canneries. We know approximately 80,000 persons are employed in canneries; agricultural workers, we have a substantial number of those; third, the computer industry and electronic assembly workers; and, fourth, construction workers. All of these industries are more or less based on a seasonal basis. Of course, the computer and electronic workers are more on a contract available basis, but the same situation could happen. A person might work maybe 1 or 2 months and obtain substantial benefits or earnings for that month. But that is to tie them over for as long as they can.

We see this as being very detrimental to many of our clients. The effect of this could be that a person or family household unit applying for aid after the income has been received, because of the seasonal nature of the industries and their resources having been utilized, could be without food and denied of benefits for that month of application and ensuing months, depending on how high the benefits area.

Sections 2011-2017 of the bill, which is assistance to meet emergency needs, which sets forth $600 million to States for administration for a year; and an extra $20 million for special categories of groups that might be injured. Agricultural workers are migrant, as being one group, but my experience has been there are substantial problems with this amount. Several people currently working in welfare administration have told me this amount could, indeed, run out in several months' time in terms of their past experience with these emergency need situations. It seems to me, furthermore, even if the funding was adequate, that what we are doing here, that what H.R. 9030 is doing here, is setting up a separate eligible criteria for people injured by the imposition of this accountability period.

Mr. STARK. I am going to interrupt. If I don't start keeping time at the beginning we will run off schedule. I will ask you to stay a moment because I am sure we will want to develop some of the statements you have raised in your statement. We will ask Mr. Schroeder to testify and Mr. Abascal, then if the first three witnesses would remain, we will question you as a group if that will be satisfactory.

[The prepared statement follows:]

STATEMENT OF CHARLES GREENFIELD, COMMUNITY LEGAL SERVICES

SUMMARY

Eligibility Factors Harmful to our Client's Interests:

1. Sec. 2108 "Distribution of Available Income over Accountable Period."
2. Sec. 2109(a) Assets in excess of $500, 1.25 percent of such counted as income.

STATEMENT

Good morning members of the subcommittee, I appreciate the opportunity to speak before you today on H.R. 9030.

I currently work with Community Legal Services, a legal services corporation funded office, in San Jose, Calif., as a legal assistant and a specialist in local, State, and federally administered public assistance programs.

I do not consider myself an expert on several areas addressed in the bill, such as State supplementation, maintenance of State effort, limitation of State fiscal liability or the jobs program proposed as title IX of CETA. I do feel, however, that I have extensive knowledge of the eligibility factors which qualify an individual or a family for benefits under the existing AFDC, SSI, food stamps, and general assistance (relief) programs. Eligibility factors include: income, who gets it, what type, and when it is received; resources, be they liquid or not, including how much can be held while still qualifying for benefits.

When a proposal is being analyzed, recipient eligibility factors can often be hidden in the confusing webb of local-State-Federal funding formulas, administrative criteria and payment schemes. Based on our office's experience in representing applicants for and recipients of public assistance, there are two basic eligibility proposals in H.R. 9030 which we feel are detrimental to the interests of our past and present clients. Section 2108, "distribution of available income over accountable period," which proposes a system whereby income received in the 5 months preceding the month of application for benefits is considered, with certain deductions, as available in the application month, would be disastrous to the clients we represent in Santa Clara County. The result could mean that an individual or a family who was without any income or food when applying could be refused benefits for that month and possibly ensuing months.

Santa Clara County hosts four major labor intensive industries which would cause the above example to become a frequently occurring stark reality. The labor in these industries include cannery workers (approximately 80,000 employed during season's peak), agricultural workers, computer electronic assembly employees and construction workers. These industries operate to a great extent on a seasonal basis (or, as in the case of computer assembly firms, on a contract available basis) and many employees rely upon public assistnace to tie them over during the off season when no other income is available.

Payments received during the season might appear at first glance to be substantial and in many cases would indeed exceed the proposed "maximum payable amount" for the individual months, yet when the income ceases and savings are utilized, needed public benefits might be denied for several months.

It might be argued that section 102, "assistance to meet emergency needs," would provide the necessary funds in such situations, by allowing $600 million to all the States for "emergency need" grants and another $20 million for special categories of individuals and families whose needs are not met by other sources. Local welfare department officials have informed me that, based on their experience with emergency need situations, this sum is grossly inadequate and in their opinion could be utilized in several months time. Furthermore, assuming funding was adequate, a separate system of emergency funds with separate eligibility criteria is being established to meet the needs of persons as a result of the accountable period. It would appear much simpler, if an applicant's income and assets are within the defined limits, to merely do away with the accountable period altogether.

The Executive Council of the AFL–CIO and Senator Moynihan, in earlier remarks to the subcommittee, have both strongly objected to this method of counting income received in the 5 months previous to an application as available when it actually is not.

The second proposal which we view as harmful to the interests of our clients is section 2109 "assets" specifically, section 2109(a), which provides that 1.25 percent of a household unit's nonbusiness assets in excess of $500 will be counted as available income, half of which will reduce the maximum payable amount. The most injurious aspect of this section appears to apply to applicants or recipients who own and live in their own homes. Section 2109(b)(1) thoughtfully excludes the home, when lived in, from consideration, however no mention is made in the assets section of a special exclusion for savings earmarked for the payment of property taxes on that home. In fact, savings for such purpose would be penalized by the 1.25-percent income counting of amounts in excess of $500.

The effect of the counting of this excess income and thus reducing the proposed low-lying benefits, is that persons who own homes or who are paying mortgages will be treated harsher than persons who do not.

This section will especially affect many persons in Santa Clara County as property taxes have risen dramatically within the last several years and it is not uncommon to see tax bills in excess of $1,200 a year on homes mortgaged years ago. In addition, many aged persons with homes would be adversely affected.

In sum, a special asset exemption for separate indentifiable funds set aside to pay property taxes should be allowed. This change would substantially benefit our clients.

Thank you.

Mr. STARK. Our next witness is Fredric Schroeder, California Federation of the Blind and president of the Student Division of the California Federation. I gather you must leave to go to Arizona to picket somebody on agencies serving the blind and handicapped after you testify here. We are pleased to have you here this morning. I am going to interrupt for a moment and see if the staff at some point could find some chairs to put in front of the circular table here so our witnesses can sit down. I think standing in the dock is demeaning and uncomfortable. I think it will be a lot less formal and much easier. We can wait until Mr. Schroeder has completed his testimony.

If you would like to proceed, you may.

STATEMENT OF FREDRIC SCHROEDER, NATIONAL FEDERATION OF THE BLIND OF CALIFORNIA

Mr. SCHROEDER. Mr. Chairman, my name is Fredric Schroeder. I am here today representing the National Federation of the Blind of California and its student division of which I am currently president. The organization's executive offices are located at 247 North Western Avenue, Suite 214, Los Angeles, Calif.

The National Federation of the Blind of California has 53 chapters with a membership of about 2,500. We are the California affiliate of the National Federation of the Blind and are proud to be counted among its 60,000 members. We are not an organization speaking for the blind. We are the blind speaking for themselves.

Because of the heavy burden of work put upon the members here today, I will confine my comments, in large part, to the manner in which this proposed legislation would affect my life. Further comments are contained in the attached statement.

I am now attending San Francisco State University where I am a graduate student. If the proposed legislation had been law during the time I have been in school, I would not have been able to continue my studies nor would I be able to look forward to a professional career. The financial restrictions imposed by this act would have made it impossible.

I am now working 5 hours a week and I am paid $3.15 an hour which comes to about $63 per month. Under current law, none of this is deductible from my grant. Under the proposed bill, I would be allowed to keep less than $20 a month which would mean that I would be working for about $1 an hour. I have been able to save some funds toward schooling necessary to get a Ph.D. The bill under consideration would require that I use these funds for living expenses before I would be eligible for aid.

If I were to receive a scholarship from a nongovernmental source, and if the amount of tuition and fees were less than the total

received, and if, as proposed in this bill, the excess were prorated over 6 months at the permitted $20 per month, any remaining amounts would be used to reduce my aid grant. In effect, the excess would be paid to the Government rather than be used to further my education, for example, to buy subscriptions to professional journals. Such action would not encourage those who give scholarships to seek me or any other student receiving such aid as a candidate for an award, nor would they be likely to be generous in their giving. If I had been living for the last decade under the new law, there would have been no possibility for me to have made it through school on what would have been allowed for expenses.

While the professions have been one of the few ways out of poverty for the blind, not all blind people want to go into the professions. They have other interests. But what happens to them under the proposed bill. They must be referred to the State departments of rehabilitation. Those agencies insist that it takes more man hours and more money to train and place a blind person in the private sector. As a consequence, all too often this means that the blind are placed in sheltered employment. And all too frequently, most think that this is the proper place for them to be—safe, out of sight and out of mind. Those who drafted the bill now being considered evidently have similar notions, for there is no commitment for training or jobs in the subsidized or nonsubsidized public employment for the blind and other disabled. Rather we are gathered together in a neat, convenient administrative package labeled "not expected to work" and summarily dismissed from further consideration.

The National Federation of the Blind and the students whom I represent find such a backward look into the last century, where the blind were expected to be neither seen nor heard, intolerable. We ask that we be given the opportunity to take our chances in fulfilling the obligations of first-class citizenship as well as being allowed to partake of its privileges.

We appreciate the opportunity to speak before the subcommittee this morning. Thank you.

Mr. STARK. Thank you very much for your testimony. We hope you can wait a few minutes so we might ask questions.

[The prepared statement follows:]

NATIONAL FEDERATION OF THE BLIND OF CALIFORNIA
TESTIMONY
before the
WELFARE REFORM SUBCOMMITTEE
of the
COMMITTEE ON WAYS AND MEANS
COMMITTEE ON EDUCATION AND LABOR
COMMITTEE ON AGRICULTURE
U. S. HOUSE OF REPRESENTATIVES
NOVEMBER 14, 1977

SUPPLEMENTARY STATEMENT

Since its founding in 1940, one of the main goals of the National Federation of the Blind has been the full integration of the blind into the society in which we live. To achieve this goal meant that age-old ideas about the nature of blindness had to be changed. The custodial out-of-sight out-of-mind safekeeping would not longer serve. In its place must come support geared to economic opportunity, social equality, and personal dignity.

The Congress of the United States and the National Federation of the Blind, together, year after year, improved welfare requirements for the blind in the effort to bring the blind out of the shadows of sheltered life, however benevolent and safe, to full participation in society. In 1950, after much effort, the principle of exempt income became part of the law--exempt income of sufficient amount to enable the blind eventually to become self-supporting. The elimination of responsible relatives from rehabilitation programs, doing away with residence requirements, eliminating discrimination against the blind in institutions of higher learning which receive federal monies, were pioneered first by the blind in California and then,

with the help of the Congress became the right of all blind people who sought those benefits. The increasing numbers of blind people who are now becoming taxpayers instead of continuing to be tax consumers proves the wisdom of Congress in encouraging the blind to become self-sustaining. There was hope that the blind were finally on their way to the first-class citizenship which is the birthright of every person born in this country. The regressive legislation proposed in H. R. 9030 would once again defer that hope.

The bill under consideration today, would wipe out forty years of progress toward freedom from custodial care; movement from medieval collective damnation to 20th century recognition of the worth of the individual. How could the same department which proposed and adopted rules on affirmative action for the minorities and the Regulations for Section 504 of the Rehabilitation Act of 1973, which the Department of Health, Education, and Welfare itself called a bill of rights for the disabled, come up with proposals so at adds with these measures is, indeed, a mystery. One is left with the thought that perhaps the department has been less than straightforward in its dealings with the disabled. Now, in its summaries on this bill, there is a separate and special category for "those not expected to work." Is the department guilty of sophistry? The implications of such a category are devastating for the blind. Is any other conclusion reasonable, given the proposed restrictions on retention of earned income and other assets?

Congress has recognized from its first inclusion of the blind in the

Social Security Act of 1936 that the problems of the blind were different from the otherwise poor and disabled. The program for the blind was set out in title X. The Congress also recognized the differences in the needs and requirements of other categories of the poor and set out their programs in different titles--title I for the aged, title IV for families with children, title XIV for the totally and permanently disabled. Even when some of these programs were consolidated in title XVI, there was enough flexibility remaining to deal with the differences in the needs of those it serves. Now, the differences between the aged, the blind, and the otherwise disabled are to be swept away in this new proposal under a rug labeled "those not expected to work." The implications inherent in the term are chilling. Those included in this all-embracing category evidently are beyond all hope of redemption. They are considered to have nothing to contribute to the economy and are beyond salvage. For the individuals who come under this cover, personal dreams of living the full life, of jobs, of home, of families are gone. They "are not expected to work," however much they may desire or strive to do so.

The new proposal does away with the familiar purpose clauses in which the Congress sought "to promote the well-being of the Nation by encouraging the States to place greater emphasis on helping to strengthen family life and helping needy families and individuals attain the maximum economic and personal independence of which they are capable; . . ." Or "For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in each State, to needy individuals

who are blind and to encourage each State . . . to help such individuals attain self-support or self-care . . . ."

These humanitarian goals which relate to the individuals to be extended aid are submerged, if they are there at all, in the new proposals in favor of administrative convenience. Instead of a number of titles giving special attention to the problems of specific groups, we will have two: Those who will not work; and those who should not. And the declaration of purpose makes clear that the groups will be treated in a fashion to insure a proper saving of the public purse. [One cannot help but note that that declaration talks of establishing the "better jobs" program. Better implies that there was work not as good. But a job in which the government is the employer of last resort is not a "better job"; it is only better than no job at all. The whole grand statement is watered down when one realizes that the number of people to be served is only a small fraction of those who need jobs and that those for whom there is no opening will be punished by this lack]

The poor are a large class but to treat them all as similarly situated is to fly in the face of reason. So with the aged, blind, and disabled. The aged infirm have different needs from those who are actively "full of years." The blind have different needs from the deaf, and the otherwise physically handicapped have needs different from either. Those handicapped by disabling diseases are a completely different class from the groups mentioned above. To pretend that the needs of all can be met by one inadequate grant

defies the realities. The National Federation of the Blind and other groups of the disabled have tried to keep these differences clear. But trouble began with classifications back in the 1950's when the lines between those who (1) need care and maintenance (the young, the aged, and the infirm), (2) could be rehabilitated to self-care, (3) could be vocationally rehabilitated were obliterated and services to them confused instead of clarified.

In the proposal under consideration, old medieval poor-law categories are resurrected. It is apparent from the bill and from the statements issued by the Department of Health, Education, and Welfare in summary and explanation, that, if one is in need and does not work, there will be no aid forthcoming. One Department of HEW statement declares: "A wage earner in all families with children on the lower tier will be required to work." "Single persons and childless couples will be required to work. If they refuse a job or training, they will become ineligible for any cash assistance, . . ."

Work requirements are not new. In 1349-50 Edward III of England issued a series of documents designed to control the poor. One said: "Because that many valiant beggars, as long as they may live of begging, do refuse to labour, giving themselves to idleness and vice, and sometime to theft and other abominations; none upon the said pain of imprisonment shall, under the colour of pity or alms , give any thing to such, which may labour, or presume to favour them towards their desires, so that thereby they may be compelled to labour for their necessary living: . . ."

Another section of the English statute provided that "Every person able in body under the age of sixty years, not having to live on, being required, shall be bound to serve him that doth require him, or else committed to the gaol, until he find surety to serve." The HEW statement declares: "The job applicant must accept a private job paying the minimum wage or better if one is offered during the initial five-week search period. The same requirement applies if a private job is offered during or after a year in a subsidized job."

Edward III, in 1349, declared: "He that taketh more wages than is accustomably given, shall pay the surplusage to the town where he dwelleth. . . ." The Department of Health, Education, and Welfare says: [After the basic amount allowed or disregarded] "If only a national basic benefit is received, it is reduced by 50 cents on the dollar. If there is also a state supplement, payment may be reduced by no more than 52 cents on the dollar." It didn't work in 1349 nor has it been much of a success since it was variously introduced since then. What makes anyone think it will work now? Obviously, this is not the magic key to welfare reform some six hundred years later. Of interest may be the fact that Edward III thought that if wages were to be controlled so should the price of food.

And what of the blind and disabled, those not expected to work? In effect, they are told to stay out of the labor market. There is no disregard of income for them. "The benefit reduction rate on the national basic benefit is 50 cents and the benefit reduction rate where there are state

supplements may be no more than 70 cents on the dollar!' If a blind person manages to find some employment in the hope of removing himself from the welfare rolls, he is encouraged by the thought that of each dollar he earns he may keep 30 cents.

The blind are forced willy nilly into the services offered by state rehabilitation departments, by this legislation. The Secretary shall make provision for referral to the rehabilitation agency, says this proposal, "for a review not less often than quarterly of such individual's blindness or disability and his need for and utilization for the services made available to him under such plan." Having "utilized" such services, what happens? The placement agents in rehabilitation agencies have had not much success in finding work for the blind and most blind people with jobs get them on their own with the help of their organizations. But if they are to be barred from training offered the rest of the poor and if, under this proposed bill, a huge new bureaucracy comes into being for the sole purpose of finding makework for the so-called able-bodied, where is the blind person left? In the shadows and in the sheltered employment deemed his lot from time unaccountable.

[It is also passing strange that many of the more restrictive proposals contained in this legislation are almost word for word taken from legislation proposed by former Governor Reagan of California in 1971 for his State.]

There are some good things in this bill, such as aid to the working

poor. Another is the flat grant. That idea is one which the National Federation of the Blind fostered from the beginning. It appeared in H. R. 375 introduced by the Honorable Jerry Voorhis in 1943, along with provision for retention of earned income. But the flat grant will not meet the equitable treatment test unless it cures inequities within each separate classification or category; that is, one flat grant for the blind, another for certain classes of the aged and so on. In testimony before the House Committee on Labor Subcommittee to Investigate Aid to the Physically Handicapped in 1944, the National Federation of the Blind said that it "considered social security, training, and employment of the employable blind as inseparable. Under the present system unless a blind person is able at once to become self-supporting, his earnings are deducted from his aid. This means that no encouragement is given to attain independence unless the recipient of aid can become wholly self-supporting at one bound. Unless the blind are given a floor of security and aid to them is so administered as to enable them to retain a substantial portion of their earnings while still receiving aid, that is to say, until their earnings and their aid are sufficient to make them fully self-supporting, any plan of vocational rehabilitation will largely fail."

In 1946 while testifying before the House Committee on Ways and Means, the National Federation of the Blind stated: "The blind are a special class of aid recipients whose basic needs differ from those of any other group. Unlike the aged and dependent children, many of them are in the productive years of life. Consequently, they should be encouraged to

engage in remunerative work and to live normal, self-respecting lives as useful citizens making a contribution to the activities of their communities. For this reason the National Federation of the Blind is opposed to any system of aid which lumps, confuses, and scrambles the blind with other groups of aid recipients and which fails to require administrative interpretations confined to the blind and meeting their special problems. We therefore recommend that a separate title dealing exclusively with public assistance to the blind be retained." Members of the Committee, today we so plead again.

On the subject of relatives' responsibility, the blind, through long, hard experience know that such requirements do little to improve familial relationships. We ask that the Committee employ those required in the civil law.

In the space-age 20th century the poor, the blind, the disabled, have been encouraged to seek the fullest development of their potential to contribute to their society, and the government has been a full partner in this endeavor to its obvious advantage in both economic and human terms. The proposed welfare reform is a retreat to the faulty age-old assumptions that the poor are lazy and must be put on work to relieve the public purse; that the blind, the lame, and the halt are incompetent and must be taken care of as cheaply as possible and then put comfortably out of sight and out of mind.

One is given to wonder about the brave declarations of consumerism,

participatory government, and the rights of all citizens which we have been subjected to during the last decade. Or have we meant these rights all along for all citizens with the wherewithall to keep themselves? We are thrown back to the realities of a dual system of government out of which we thought we were emerging--one system of government for the economically comfortable and another for the poor.

As Professor tenBroek wrote a number of years ago on this subject: "He who pays the bill can attach conditions, related or unrelated to the purpose of the grant, and almost always does. He will wish to make certain that his payments are needed, and he will insist that the family first use all of its own resources. The whole intricate system of the family law of the poor, the source of its difference from the civil family law, and the basis of its perpetuity proceed from this wish and this insistence."

Mr. STARK. Is Ralph S. Abascal in the room with us?

[No response.]

Mr. STARK. He is not here. I would like at this point to question both Mr. Greenfield and Mr. Schroeder. You can either respond from where you are sitting, if the reporter can hear you, or come up to the table which is a little more comfortable.

Mr. Vander Jagt.

Mr. VANDER JAGT. Mr. Greenfield, we ran out of time before you had an opportunity to talk about your second problem with the proposed bill. Let me direct my question to that. Maybe in the process of answering the question, you can have an opportunity to share your thoughts on that.

You were talking about the 1¼ percent over $500 accountable as income in eligibility. You pointed out you exclude a home, but don't exclude savings set aside for the purpose of paying property taxes on that home.

How would you ever determine if the money was set aside for property taxes or anything else?

Mr. GREENFIELD. The same thing could be done as is in other programs; a separate, identifiable amount set aside similar to that of a burial trust, not commingled with other funds. The effect is that it penalizes people who have a mortgage on their home and not people who are renting. I don't think that is one of the goals of welfare reform.

Mr. VANDER JAGT. Thank you very much.

Thank you, Mr. Chairman.

Mr. STARK. Mr. Akaka.

Mr. AKAKA. I want to thank Mr. Greenfield for his testimony.

According to what you have said, you feel you are very knowledgeable in the eligibility area.

What is your reaction to the criteria on eligibility in this bill?

Mr. GREENFIELD. Besides those I mentioned? I see some substantial benefits. For instance, excluding the home altogether. I think that is a substantial benefit. I think some of the income exclusions are good benefits. Of course, it is hard to read at this point, because in some States, such as in California, you have State supplementation. Maybe additional income will not be disregarded. In other words, be counted for more than the 50 percent included in the bill. In similar areas which may have been mentioned in other parts of the testimony, California has never really been affected in terms of kicking the father out of the home. But there is an incentive for the father to leave the home under the job search provision. They reduce, by $66.67, the total amount paid to the rest of the family. That is detrimental. On the whole, the rest of the eligibility criteria are satisfactory.

Mr. STARK. Mr. Nolan.

Mr. NOLAN. No questions.

Mr. STARK. It seems to me, if we raised that limit, computing it to 22 percent, it would amount to less than two bucks a month. It would seem to me that the accounting and bookkeeping necessary to figure out where to get the $2 a month income would cost the Government more than letting them have that interest. I have looked at that interest. It should be raised to $5,000 or—I hope we

can get the other program or another at $500 and another at $3,000, so the people will have some idea as to what the qualification levels are.

Mr. GREENFIELD. At $2 a month, it would depend on how much they had in a particular month. If they had it during the whole year, it would be $22 a month. When we are talking about recipients of public assistance here in California under SSI, at $296 a month, it is substantial.

Mr. STARK. That is computed as a monthly amount?

Mr. GREENFIELD. Yes.

Mr. STARK. Where can you earn that kind of money on your savings?

Mr. GREENFIELD. That is the other point. Maybe you can obtain it when you are off public assistance, however, it is counted as income when it is received during the accountability period and could affect future benefits.

Mr. STARK. I want to ask Mr. Schroeder, if a person is effectively blind all their lives and resides in California, probably an education may lead them to a California school for the blind such as in Berkeley.

What provisions are there for a dependent child who is blind? When they are 18, what kind of benefits do they receive in California? What do they expect to live on? A person without a high school education who is, in fact, blind, what faces them when they become 18?

Mr. SCHROEDER. They can get SSI and I believe they are eligible at 16 for that.

Mr. STARK. They are eligible as infants.

Mr. SCHROEDER. For the person to receive his own check. The parent receives it for the child earlier. The current amount on that is $334 a month. Also, if you think you are eligible for vocational rehabilitation, that is if you want to go into a central program, however, if it is not a program the agency feels will be beneficial, they won't fund it. You would not be not eligible for food stamps or any other services that I know of. You could get medical assistance.

Mr. STARK. Basically, they are faced with limited vocational opportunities and looking forward to $339 a month?

Mr. SCHROEDER. Three hundred thirty-four dollars, with California supplementing.

Mr. STARK. That has always seemed to me to be a hopeless approach. It is hardly, at least in this area, enough to live on. The opportunities are so minimal. I am sure we have not made provision in the bill, there is no provision in the bill as yet, for people with any kind of handicap to try a job and fail and then come back with some kind of income maintenance.

Some people with handicaps are afraid if they are, so to speak, "caught working," they will lose their ability to be considered for any kind of program in the future. So, there is no way for them to take a chance at trying a job and if they fail, not be excluded.

I notice Ralph Abascal has arrived. I would like to ask him to testify if no one has further questions of both of you.

Ralph Abascal is from the California Rural Assistance. His work is well known to all of us in the room, which includes some of the

landmark decisions which have occurred in California and the Nation.

Mr. Abascal, I am limiting prepared remarks to 5 minutes. During the question period you may be able to expound further.

You may proceed in any manner you wish.

STATEMENT OF RALPH S. ABASCAL, GENERAL COUNSEL, CALIFORNIA RURAL LEGAL ASSISTANCE, ON BEHALF OF THE DISABLED AND BLIND ACTION COMMITTEE OF CALIFORNIA AND THE CALIFORNIA LEGISLATIVE COUNCIL OF OLDER AMERICANS

Mr. ABASCAL. Although it may sound as though I am a representative of the State agency, the fiscal relationship between State and Federal Government has a very substantial effect upon assistance because to one degree or another they encourage or inhibit the ability of the States to supplement the inadequate Federal benefits levels.

In States such as California and many others throughout the Nation, the higher paying States, these provisions are particularly relevant because the people in these States, to one degree or another, have demonstrated a recognition that an income maintenance system must strive to provide income levels at least tending toward adequacy; they have recognized that inadequate benefit levels simply aggravate the social problems that an income maintenance system is ostensibly designed to cushion.

The drafters of H.R. 9030 clearly recognize that the income adequacy can only be approached or achieved by means of State supplementation. Yet, the provisions in the bill on that and related subjects have serious defects which put the interests of present and future recipients in income adequacy in serious jeopardy. I hope that the following comments will make that conclusion clear.

The first of these sections is called maintenance of effort. Enactment of the bill should provide some improvement for some but make none worse off.

MAINTENANCE OF EFFORT

Basically, the maintenance effort provision strives to embody the policy that no recipient should be made worse off because of welfare reform; in other words, where present benefit levels exceed those proposed in the administration's plan, the higher levels should be maintained. In short, if welfare reform will not be a step forward for millions of present recipients, it certainly should not be a step backward. Unfortunately, the maintenance of effort provision in the bill, section 2126, falls woefully short of implementing that policy goal. Such a goal was incorporated in the SSI program in a simple and effective manner in H.R. 1. Under section 2126 in the new bill, a State must satisfy one of two maintenance of effort provisions neither of which assure present recipients that they will not be substantially worse off. The first alternative requires each State to continue to spend 90-percent of its 1977 welfare costs in the first year of the bill. Since inclusion of the working poor into the new program will expand caseloads, the 90-percent requirement

could be satisfied at supplementation levels substantially below present levels in these States. That 90 percent will not assure it could be used up in supplementation. Alternatively, a State could satisfy this requirement by supplementing only certain categories of recipients; for example, the aged, blind, and disabled, and still meet its 90-percent requirement. The ability of States to do that will vary from State to State. In either case, substantial numbers of present recipients could be worse off under the first alternative. That's because it is stated only in terms of expenditure of 90 percent of present expenditure levels. It didn't look to the consequence of each individual recipient.

The provision becomes even less effective in assuring maintenance of the status quo over time since the 90-percent requirement applies only to the first year of the new program. In the second year it drops to 75 percent; in the third year it is only 65 percent; thereafter, it is 0 percent. This 3-year phaseout is based upon studies which show that most AFDC recipients go off the program over a 3-year period. The rationale is, after 3 years, most of the recipients will be gone and no necessity to maintain benefit levels.

It ignores the fact that many AFDC recipients remain in need for more than 3 years and that many, many aged, blind and disabled remain in need far beyond 3 years.

The second alternative does not require a State to maintain expenditures at any particular level. Basically, and simplistically, it is satisfied if a State grandfathers all SSI recipients and 75 percent of all AFDC recipients for a 3-year period. Obviously, this alternative falls short of the goal of at least maintaining the status quo by 25 percent of the AFDC caseload during the first 3 years and falls short completely thereafter. It only applies for a 3-year period; thereafter, no application whatever.

In other words, nearly 3 million poor children and their parents can immediately wind up worse off under welfare reform. After 3 years, all States can cease all supplementation. Some reform.

The second provision that requires close attention is called hold harmless.

HOLD HARMLESS

The maintenance of effort provisions of section 2126 can be said to provide recipients a stick to provide them inadequate protection under the new program. On the other hand, section 2127 provides a carrot in its hold-harmless protections. Hold harmless seeks to protect the States from the fiscal consequences, but it has serious defects in it. Like the stick, the carrot also provides inadequate protection. Basically, section 2127 provides that if a State supplements the Federal benefit levels—within the limits of the Federal-State sharing ratios, that is, no higher than the poverty level—it will not have to spend more than 95 percent of its 1977 welfare costs. The basic problem with this is that this hold-harmless provision only lasts 5 years, after which increased consequences as a result of supplementation are borne by the States.

Obviously, one defect with the 5-year cutoff is that recipients would face the very real possibility of substantial grant reductions 6

years into the program. An additional problem is that the States will have to make the decision to supplement, and decide the amounts of supplementation, in 1979 and predict the effect of these decisions in 1986, the first year of no hold-harmless protection. Not much confidence can be placed on 7-year cost projections under existing welfare program structures. How much less confidence can we have in a 7-year projections under the enormous changes under H.R. 9030? It is difficult to make long-range predictions affecting present programs and more difficult in a totally new program, bringing in hundreds of thousands of new recipients. They don't know what the take-up rates will be. It will be an off-the-wall kind of guess, because, basically, the hold-harmless provisions are the carrot to encourage the States to enlist their own fiscal resources in reaching the goal of income adequacy. Until the Federal reaches an adequate level, hold harmless should exist to insure the State, give them some kind of certainty over time.

It would seem that the loss of hold harmless after 5 years would cause States to initially supplement at lower levels in order to provide future fiscal protection.

The simple conclusion that we urge upon this subcommittee is that hold-harmless protection should be continued at least until the Federal benefits reach a level of adequacy.

COST-OF-LIVING INCREASES

If there is one thing that the economics of the 1970's have taught us, it is that inflation erodes the purchasing power of fixed incomes. The lower incomes are fixed, the greater is the impact of that erosion. Congress has been sensitive in its response by imposing cost-of-living increases on the benefit structures in social security, food stamps, and SSI—it is really erroneous to call cost-of-living changes increases. They are merely bookkeeping entries which keep people at the same place on the treadmill.

Inexplicably, the administration's plan includes no provisions for cost-of-living adjustments. In the face of inevitable inflation, the effect will be the same as if Congress affirmatively imposed grant cutbacks. Three areas of the bill require automatic permanent cost-of-living escalators.

First, and most obvious, the benefit levels of section 2105 should be increased periodically. Second, companion provisions such as the $300 maximum child care deduction and the $5,000 assets limit should be periodically increased. The asset limit in the SSI program provides an example of the failure to provide cost-of-living escalators on these other factors which determine eligibility. The $1,500 SSI asset limit was first established in early 1971, when the Ways and Means Committee reported out H.R. 1. The value of the dollar has declined so much since then that $1,500 today is less than $1,000 in 1971. The effect of Congress' failure to provide for cost-of-living adjustments on the asset limit is precisely the same as if, in a stable economy, Congress voted each year to reduce the asset limit, step by step, from $1,500 to below $1,000 Regardless of the way it is done, by inaction through the absence of a cost-of-living escalator, or by affirmative votes to cut back, the effect is exactly the same:

Each year, those who qualify for SSI must be more and more destitute.

Finally, cost-of-living adjustments should be applied to the formulas governing Federal-State cost sharing in State supplementation. The absence of such provisions will severely inhibit the ability or willingness of the States to increase levels of supplementation to keep pace with inflation. This is particularly true of the higher paying States such as California. This inhibition results from the fact that, first, under the administration's plan, Federal sharing in the costs of supplementation does not extend to supplementation in excess of the poverty level in 1978. Moreover, and even more important, the plan denies hold-harmless protection if a State's supplemental levels exceed the grant levels of its present welfare programs that apply on the month prior to the effective date of H.R. 9030. The impact of these limitations will become clearer by considering their application to California.

California presently supplements the Federal SSI grant level so that a poor aged or disabled individual is eligible for a monthly grant of $296. The administration's plan proposed a Federal grant level of $208 for a single individual. The plan specifies that if California supplements the Federal level, 25 percent of the cost of the supplement will be borne by the Federal Government. However, that promise is good only to the extent that the supplemental level does not exceed 51.2 percent of the $208 Federal benefit; 51.2 percent of $208 is $315; $315 happens to be the projected poverty level for a single individual in 1978. In short, the Federal Government will bear 25 percent of the cost of supplementation between $208 and $315. Above $315, the State will bear 100 percent of the cost. The most significant point to remember is that the $315 limit is not adjusted over time to allow for inflation. It is simply the 1978 poverty level, fixed forever in time.

California's SSI supplement is adjusted each year to provide a full cost-of-living increase. Assuming an inflationary rate of 7 percent, the present $296 will increase to $316 on July 1, 1978. If California chooses to continue its policy of providing full inflation protection to its SSI recipients, it will bear the full brunt of the cost because there is no Federal sharing beyond $315. If we assume a constant inflation rate of 7 percent, in 1984, only 3 years after H.R. 9030 is implemented, California's grant level will have to be $474 just to maintain the purchasing power of today's $296 level. California will have to pay 100 percent of the costs of the $159 difference between $315, the maximum for the 75-to-25-percent sharing ratio, and the 1984 supplementation level. The fiscal impact on the State would be astronomical; consequently, it would be more and more likely that the State would have to abandon its policy of protecting its poor aged, blind, and disabled citizens from the ravages of inflation.

In one sense, the refusal of the Federal Government to share part of the costs of payments in excess of 1978 poverty levels is compensated for by the hold-harmless clause. Generally, hold harmless means that, in the first 5 years of the new program, State costs will never exceed 95 percent of their 1977 welfare costs. However, there is one exception to this protection. Section 2127(c)(1)(B)(ii) provides that hold harmless does not apply to costs resulting from supple-

mental levels in excess of those which applied under present law in the month prior to the effective day of the new program.

The long and the short of this is that California will bear the entire brunt of inflationary protection of its aged, blind, and disabled poor from the inception of the program since it will have neither Federal sharing of the costs of its supplementation nor will it have hold harmless protection over these payments. Without going through the details, these same conclusions will apply to families with children.

These extraordinarily complicated provisions ought to be rejected. It would be very simple to replace them with a policy that encouraged States to supplement up to the poverty level that applies each year. The 1978 poverty level is meaningless in 1983, or 1985. The fundamental purpose of State supplementation is to enlist States in the effort to eliminate poverty in this country. The administrations' plan operates in direct contravention to that goal.

Mr. STARK. So my colleagues don't think I have forgotten to count, your time has expired but you may continue.

Mr. ABASCAL. The most complicated of these three divisions relates to State supplementation and the increase of implementation. I have treated that in my written statement, I think the treatment orally will cause it to lose its effectiveness. It is a very complicated area here.

Mr. STARK. Congressman Weiss, who represents the second largest State, has problems of similar magnitude.

Mr. WEISS. I have just come from hearings in New York. The very real question which has been posed to us by Governors, mayors and local administrators alike, concerning fiscal relief part of this is that although the official intent and numbers would seem to suggest meaning full fiscal relief, by the time you take the implementation and increased caseloads, you have very little, if any, fiscal relief left. Indeed, their computation is that you end up having the program costing infinitely more.

Mr. ABASCAL. I would agree completely with those conclusions. I think the most serious deficiency in the bill is the absence of cost-of-living benefits, not only on the Federal limit, that is the thing that is focused on, that the $4,200 for a family of four is not increased. But even more devastating is the absence of any cost-of-living provisions. That would mean maintenance of the purchasing power would be completely laid upon the States, the sharing levels. It is totally inadequate in the scheme of State supplementation. It will impose very substantial costs over a period of time.

Mr. WEISS. There seems to be a somewhat misleading provision in the bill which suggests cost of living but when you really examine it, what they are saying is that since the program didn't intend to go into effect until 1981, the $4,200 they are talking about is in 1978 dollars. For starters it may end up being more than $4,200 when the initial amount is determined. But no increase is determined as to cause of inflation.

Mr. ABASCAL. That is a one-time adjustment.

Mr. WEISS. One of the problems we have had over the years is that New York, California, and a number of other States, have been of a mecca for people who, for reasons of economics, have been

forced out of their own States or localities; they look to California, for example, because California uses a more realistic allocation or grant provision. People would leave Mississippi, Alabama, Puerto Rico, to go to New York, to California, or to Michigan.

The question is whether having a nonregional definition in the basic plan does anything to discourage that type of migration.

Mr. ABASCAL. From the studies I have seen, the degree of interstate migration attributable to individual grant programs seems to be very minimal. In terms of California, it seems to be minimal because of other natural barriers. The States east of California for thousands of miles, low in population, have a lot of factors that prohibit this.

Mr. WEISS. You are under the impression that your mike works and it doesn't.

Mr. ABASCAL. The studies I have seen have shown very little effect in terms of interstate migration. I think it is believed by large numbers of people that it causes migration, but it doesn't.

Mr. WEISS. It used to, but it may not any more. We had a situation over two decades ago where we were concerned because there were families which, from a survival point of view, felt there was better chance of making it in New York. Therefore, we received more people. It would be my hope it would be balance out. I am not sure whether we have done that.

Mr. ABASCAL. I think that under the new program as presently contemplated there would be differentials, but they would not be as gross as they are under the present system. The differential of gross levels is 6, 7, 8. If that could be reduced very substantially, at most, the differential between the State and the Federal benefit level would be lower. I don't think that is simply because the Federal level would be brought up to $4,200 a year. For example, at the $4,200 level, Mississippi's grant level would be increased.

Mr. WEISS. Thank you very much.

Thank you, Mr. Chairman.

Mr. STARK. Mr. Vander Jagt.

Mr. VANDER JAGT. I would like to compliment the gentleman for a very excellent statement.

Mr. STARK. I think a lot of us believe we would obviously have to deal with the whole question of how we plan ahead for the problems this bill may impact on the States. What new clients the bill creates is one question; and the problem of indexing or taking care of inflation, which is just not in the bill. Now, obviously, the committee will have to deal with that in some manner.

Mr. ABASCAL. Just to throw one last thing to you, Mr. Chairman, the year before the SSI program went into effect, California spent $304 million a year in State funds. This year, $983 million, and it is still not providing for the inflationary impact.

Mr. STARK. Thank you.

Our next witness is Greg Sanders, the coordinator of advocacy services, Center for Independent Living, Berkeley. This organization provides support services to handicapped. Mr. Sanders has been active since the inception of the Center for Independent Living. We welcome you here this morning.

STATEMENT OF GREG SANDERS, COORDINATOR OF ADVOCACY SERVICES, CENTER FOR INDEPENDENT LIVING, BERKELEY, CALIF.

Mr. STARK. Do you have a written statement? If so, we will include it in the record in its entirety. You may read or improvise as you would like. We will limit you to somewhere near 5 minutes, but you may expand during the question period. So, go ahead.

Mr. SANDERS. There are a number of critical issues to be discussed in the process of welfare reform, but I am here to speak specifically on one issue: that is, employment of the disabled recipient. For nearly the last 4 years I have been a counselor working disabled individuals considering employment. From this experience, I have gained a clear perspective on how the statutes and regulations actually affect the recipient.

In 1975, I worked on the California Department of Rehabilitation's Work Disincentive Task Force I, and, in 1976, I worked on California's Health and Welfare Agency's Work Disincentive Task Force II.

Finally, as a severely impaired citizen I have personal experience as a recipient and the technical obstacles which prevent recipients from accepting employment.

Certainly, the concept of employing the disabled recipient is a good one. For the recipient, it means access to the social involvement and respectability of the employee. For the taxpayer, employment of the disabled recipient means reduced dependency on public dollars. Society, in general, also benefits by integrating the disabled citizen into the social mainstream.

Unfortunately, it seems that too often, the issue of employment of the disabled is an issue of work disincentives I want to emphasize that I am not referring to the term disincentive simply as a lack of benefit or incentive for work. By stating that employment disincentives exist, I am suggesting many disabled recipients will be penalized by accepting employment either because of the categorical loss of benefits due to the technical cessation of disability or because there is not consideration for special disability related needs involved in employment.

By far, the overwhelming disincentive is the legal definition of "disabled". First, to be considered disabled an individual must meet a specified medical criteria listed in the Federal regulations. In addition to demonstrating through acceptable medical evidence that he or she has a listed impairment, the individual must also be unable to work. Unlike the definitions for aged or blind which are based entirely on medical condition, the disabled are subjected to the vocational test of ability to work. Thus, the nature of the definition of disabled—being unable to work—forces a categorical loss of benefits if the disabled recipient accepts employment. Even when the earnings from employment are less than the benefits which are lost.

Perhaps the biggest flaw in the concept of being unable to work is that the process of determining what constitutes the ability to engage in substantial, gainful activity is based on income maintenance and the amount necessary to meet the living needs of the

able-bodied individual. This is a program which serves the mentally, visually, and physically impaired person and you cannot relate their needs to the needs of the able-bodied person. More specifically, the criteria based only on the income maintenance grant fails to recognize that the cessation of disability due to performance of substantial gainful activity forces termination of eligibility for medical coverage provided by Medicaid and social services provided by title XX programs.

Perhaps, before I talk to you more, I should talk on how the system can work if you remove the employment disincentive. I think the community served by the Center for Independent Living provides an excellent example. In the Berkeley community, it is common to see the disabled person outside, active on the streets as opposed to being in institutions. More importantly, these individuals are not just idly loitering. They are actively involved in the social mainstream. Many are enrolled as students at the University of California or involved in other vocational rehabilitation plans. Many are also seeking employment or actually employed. Yet, due to the disincentive of performing substantial work, too many are unable to accept work or accept more than nonsubstantial work.

The basic benefits which enable these disabled individuals to enjoy independent lifestyles and pursue vocational rehabilitation are: one, income maintenance for food and shelter; two, medical coverage through medicare and medicaid; and, three, social services provided by title XX funding.

The importance of title XX social services, which are linked to the legal definition of disabled, cannot be underemphasized. For the physically impaired, California's in-home supportive service program provides the personal necessary to enable a person to remain in his or her own home. This program is an essential factor in allowing the recipient to consider employment. Obviously, if I don't have someone to help me get up and get dressed, I am not employable. But with this assistance, and the aid of appliances such as my electric wheelchair, I believe I am perfectly employable. Nonetheless, if I perform, or indicate the ability to perform, substantial gainful activity, I lose my eligibility for income maintenance, medical coverage and social services.

Just so I don't speak only about the physically disabled, I should use another example, that of the retarted citizen. An example would be a retarded person who is able to work because of job supervision provided by a social service organization funded through title XX. When the retarded employee demonstrates the ability to perform substantial gainful activity under the supervised situation, he or she is no longer considered disabled and the supervising program no longer receives title XX funds to enable the individual to continue work. The retarded individual not only loses his or her job; but, loses eligibility for income maintenance (SSI/SSP) and medicaid coverage as well.

Mr. STARK. May I interrupt? What happens if an individual gets into the job market in that situation and he can't perform the job? Does he reapply?

Mr. SANDERS. Two things happen: they lose their eligibility for any benefits or services as a legally disabled person, and they lose

their employment. The services which made you employable are withdrawn. Of course, there is a trial work period before the cessation of disability; but, that only delays the ultimate disincentive it does not remove it. The individual who has demonstrated the ability perform substantial gainful activity and thereafter lost benefits, can't simply reapply when the job is lost because once you have demonstrated you can work you are not legally disabled—regardless of the fact that you are still retarded or otherwise impaired.

Mr. STARK. If I could speak to that. I am planning to offer an amendment to the bill which would deal specifically with that problem. It would seem that if a person wants to attempt to work, he ought not to have the fear that if he fails, for whatever reason, won't have this disability income payment to fall back on. The fear of that would obviously keep people from thinking of even getting into the job market. Otherwise, it is just too comfortable to say, "I am going to hang onto this situation."

I wanted to recognize Congressman George Miller, who has spent so much time in Alameda County. Good morning, Congressman.

I wanted to make that comment.

Congressman Vander Jagt.

Mr. VANDER JAGT. Before Congressman Miller leaves, I would like to say I had the good fortune to serve on the Space Committee of which he was chairman. He was an outstanding chairman and it is nice to see the chairman who broke me into the Congress of the United States.

Let me see if this is the main thrust of what you are telling us: That earnings of the disabled should be taken into account in determining benefit levels but not the definition of disability?

Mr. SANDERS. Certainly, I think all recipients recognize the responsibility to contribute toward their own maintenance. The problem is the categorical loss of eligibility when financial need still exist.

Mr. VANDER JAGT. That doesn't apply in the case of the aged and the blind.

Mr. SANDERS. No, it does not.

Mr. VANDER JAGT. Thank you very much. You have been very helpful.

Mr. SANDERS. On the point of having the ability to fall back or return to the system, you are correct, there is a major difficulty knowing that you may risk your security for the rest of your lifetime once you lose your eligibility because you worked. More than that, the program should not be set up so that if you have a medical breakdown or similar temporary disruption, you are forced to abandon employment in order to receive medicaid coverage to deal with your current medical situation.

You should be able to receive partial benefits while working. If you must temporarily increase. It is exceptionally inappropiate that programs which serve the financially needy disabled should be denied due to the definition of disabled when a demonstrated financial need and a substantial impairment still exist.

In the process of removing work disincentives, there is a dilemma in that how can you remove the disincentive without creating administrative contradictions. For instance, you could remove the disincentive by adjusting the disability determination process to include consideration for State supplementation, for medicaid coverage and for social services. But in the process you would possibly create a different definition of disability for medicaid or title XX than for income maintenance, you would create the problem of increased necessity for individual case evaluation, and problems with interagency communication between the Federal administering agency and State agencies. Even in the current process of disability determination, it takes an overwhelming amount of staff hours to conduct a continuing disability investigation for a recipient who reports work activity. If, for instance, I reported that I was considering a job and wanted to know the potential impact on my eligibility, I would only be told that I could work for 9 trial work months. After that, SSA would conduct a continuing disability investigation. Later on, I would receive a letter saying I am still legally disabled and my benefits will be adjusted by the amount of my income, or that I am no longer legally disabled and my benefits will stop. In fact, the determination may take so long that when I am informed that my disability has ceased, I have received benefits which should have been stopped and I am faced with an overpayment. Again, I have to emphasize, a person not only income maintenance, but medicaid coverage and essential title XX social services if disability is ceased due to performance of substantial gainful activity. As opposed to trying to adjust the vocational test of ability to work, my organization and many other organizations which represent the disabled consumer throughout the country, feel it is not worth the time and energy attempting to modify an inherently poor criteria. There is a more appropiate process to removing the work disincentive and that is to establish a definition of disability which, similar to the aged and blind, in based solely on medical criteria. Thus, when a disabled individual worked, earnings would reduce the level of benefits; but, there would be no categorical loss of eligibility.

It would not be difficult to establish a solely medical definition of disability. In the present process, there are three modes of establishing disability. One, an individual who can demonstrate that she or he has an impairment listed in the Federal regulations and is not employed can be considered legally disabled; two, an individual who does not have a listed disability, but can demonstrate an impairment of equivalent significance and, on the basis of the substantial gainful activity vocational test, indicates that their impairment prevents them from working can be considered legally disabled; and three, an individual who does not have an impairment severe enough to be equivalent to the listed impairments, but cannot work due to the combination of a serious impairment and very limited vocational ability can be considered legally disabled. An example would be the individual who has worked as a farm laborer for 35-40 years, cannot continue farm work due to serious arthritis and has no rehabilitation potential.

The third mode of determining disability appears to involve recipients who are minimally affected by work disincentives. For

this population of recipients perhaps the vocational test is the only realistic way to determine disability. However, other individuals with listed impairments or equivalent impairments should be considered severely impaired and, therefore, legally disabled solely on the basis of their medical condition.

Mr. STARK. Let me see if any of our colleagues have questions.

I am afraid I would go on all morning. My own feeling is we can establish a new right, the right not to work. I cannot believe that many people would voluntarily take advantage of that, but it might simplify our qualifying people to receive assistance when they need it. I appreciate your taking the time to be here. I think we probably will not spend as much time with definitions in writing the law as one of the Federal agencies will when they make the regulations, but the testimony such as yours and the discussions we have when the bill is being created will give us some guidance.

Your complete statement will be part of the record and will be helpful to us, and I appreciate your being here.

Mr. SANDERS. One further comment. Not only the disabled but for all of those recipients not required to work, I think somehow the administration has failed to recognize the disabled, the aged and individuals with families want to work. They want the social involvement and respect that can be obtained through employment.

I was raised under the American work ethic, and my own self-respect depends on my ability to work. These programs seem to be designed to force individuals to work, and there is no consideration for those willing to accept the overwhelming problems they have in overcoming their disability, or the special needs of dependent children or similar major handicap.

You must give them the opportunity to work. It is madness not to do that. Certainly the taxpayer has just as much burden supporting them as the person required to work.

[The prepared statement follows:]

Center for Independent Living, Inc.
2539 TELEGRAPH AVENUE • BERKELEY, CALIFORNIA 94704 • (415) 841-4776

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The Center for Independent Living amoung many other organizations has dramatically demonstrated that severely impaired persons can effectively function in part-time and full-time employment. Surely, if the recipient of Supplemental Security Income or Social Security Disability Insurance is encouraged to seek employment, then s/he benefits from the income and social involvement, the taxpayer benefits in that the sliding scale for countable earned income reduces the recipient's level of assistance, and society, in general, benefits by integrating this person into the social mainstream. Nonetheless, Title II* and Title XVI of the Social Security Act present overwhelming employment disincentives which prevent the transition toward independence and, thereby, create lifetime recipients of public assistance. The following report identifies the primary employment disincentives and suggests necessary changes.

* Although welfare reform is directed at income maintainence, the strong relationship between SSI and SSDI must be considered.

DISABILITY DETERMINATION

Substantial Gainful Activity

Without question, the major disincentive for disabled persons to attempt work is the fact that disability and, therefore, eligibility for Title II, Title XVI and related programs is based on the ability/inability to perform Substantial Gainful Activity (SGA). While a disabled person with a "listed impairment" is presumed to be incapable of performing SGA, actual performance of SGA will cause a disability to cease, by definition. After consideration for a three month adjustment period, the cessation of disability will cause a complete loss of benefits. For Title XVI recipients, the lost benefits include the federal maintaince grant, state supplementation of the maintainence grant, Medicaid coverage, and Title XX social services such as California's In-Home Supportive Service Program. For Title II, the lost benefits include Medicare coverage and maintainence benefits for the disabled worker and eligible dependents. Clearly, the lost benefits may exceed the net value of the income deemed to indicate SGA (currently, $130 - $200/gross monthly earnings indicate SGA). The following discussion attempts to illustrate the primary flaws in the present application of the SGA concept. The discussion will focus on Title XVI.

By definition, SSI is a program which serves aged, blind, and disabled individuals. Yet, the guidelines for determining SGA are based on the level of income necessary to provide a livelihood for the unimpaired person. Certainly, one must

recognize that disabled recipients have extraordinary cost of daily living requirements. The determination of SGA provides some consideration for extraordinary work expenses, but none for extraordinary living expenses.

When Congress granted states the option to supplement the Federal SSI benefit level, it provided a means to measure the minimum dollar amount which could provide a livelihood for recipients in a specific state. California, for example, has established through state supplementation that the minimum level of income needed to meet basic maintainence requirements for a disabled person in this state is $296/month. As the combination fo state and Federal benefits (SSI/SSP) includes consideration for extradinary living needs, the level for determining SGA should be based on the full SSI/SSP benefit level instead of only the Federal amount.

In theory, this could be accomplished. The maximun earning level allowed before a determination of SGA is necessary is $200/month, or approximately 25% above the Federal SSI benefit level. State supplementation could be considered by establishing the SGA level in each state at 25% above the SSI/SSP benefit level. Under this method, the dollar amount for determining SGA would vary amoung states, but the principal would apply equally to all states.

Considering extraordinary living needs in an SGA determination is much more complicated when the process includes Medicaid coverage and Title XX programs. Foe example, a severely impaired SSI recipient may receive in-home supportive services

(IHSS) which provides the personal care necessary to enable the individual to remain in his/her own home. Without this service the recipient could not pursue employment. Since eligibility for this Title XX service is linked to SSI disability determination, IHSS expenses must be considered in the SGA evaluation. However, that would involve interagency communication between the Social Security Administration and the state agency administering IHSS. As Title XIX eligibility is also linked to SSI disabilty determination and medical expenses are not included in the SSI/SSP maintainence benefit, a similar problem exists with Medicaid coverage.

Obviously, including consideration for extradinary living expenses of the disabled in the process of SGA determination involves substantial administrative problems. Accomodating state supplementation of Title XVI maintainence benefit requires a great deal of variance in SGA levels amoung states. Accomodating services provided through Title XIX or Title XX requires either substantial interagency communication for information on individual cases or removing the linkage factor between income maintainence, Medicaid coverage and Title XX social services by creating a different definition of SGA or disability for these services. Surely, increased administrative requirements or increased inconsistancy in closely related programs of the Social Security Act is not constructive welfare reform. In sum, the major inadequacy of the current determination of disability based on the ability/inability to perform SGA is centered in the dilemma of considering state supplementation and linked Title XIX and Title XX services without creating an administrative nightmare.

To understand the inappropriate placement of this policy in the SSI Program, the origin of the SGA concept must be considered. That is, ability to perform SGA was established as the criterion for disability determination in the Retirement, Survivors, and Disability Insurance (RSDI) Program. RSDI is specifically designed to protect the worker and bases eligibility on entitlement due to past work experience.

However, SSI does not contain this relationship to employment. On the contrary, SSI is to be provided to elderly, blind, and disabled persons who do not have the fiscal ability to meet their needs. The fundamental eligibility requirement for SSI is, therefore, financial need as opposed to past work experience in the RSDI Program. As such, performance of work activity should be significant to SSI eligibility only to the degree that it may produce income. It is exceptionally inappropriate to cease SSI eligibility due to SGA even though SSI income treatment provisions establish that a financial need still exists.

Additionally, fundamental differences between SSI and RSDI reflect the inability of SSI to accomodate the SGA concept. While RSDI is entirely federal and consistent throughout the nation, SSI varies significantly amoung the states. For example, California provides a significant State Supplemental Payment and very substnatial social service programs. Nevada, on the other extreme, provides no State Supplemental Payment to disabled individuals and very few supplemental services. Nonetheless, the fiscal basis for determining SGA is identical in all states.

More could be stated on the employment disincentives created by the SGA criteria and the administrative infeasibility of removing the disincentives; yet, the point of this discussion has been presented. In short, the SGA concept is viewed as an inherently poor criteria for disability determination. More importantly, it is favorable to consider other criteria rather than waste expense and time attempting to adjust the SGA concept. Certainly, a criteria can be developed which will free disabled individuals from the existing disincentives and reduce administrative requirements as well.

SUGGESTED CRITERIA: A MEDICAL DEFINITION OF DISABLED

The definitions of Aged and Blind establish a precedent for utilizing a medical definition which disregards the vocational test of ability to perform SGA. If the employment disincentives for the disabled are to be removed the SGA test must be removed. This is particularly true for individuals with severe mental and physical impairments. Any individual who can establish with acceptable medical evidence that s/he has a listed disability as presented in the federal regulations or an impairment creating equivalent functional limitations should be considered severely impaired. Similar to the Aged and Blind, performance of SGA should not terminate eligibility for the severely impaired recipient. (Of course, earned income would affect the level of benefits; but, not the definition of disabled.)

Individuals who do not meet the definition of severely impaired, but are unable to work solely due to physical limitations, could be considered non-severely disabled. For these individuals it is necessary to retain ability to perform SGA as an eligibility factor. Although the disincentives inherent in the SGA concept are not removed, they are less overwhelming than for the severely impaired. Thus, the distinction between severely impaired and non-severely impaired does not entirely remove the problem of disincentives, but does provide consideration for recipients with the greatest need.

Thus far, the discussion has focused on Title XVI. However, the SGA concept creates equally significant disincentives for

Title II recipients. The problem is similar to Title XVI: performance of SGA may cause a loss of benefits substantially greater than the net earned income. Operationally, disability determination should be identical for Title II and Title XVI. There is little justification for supporting two different administrative processes. For discussion purposes only, the 94th Congress introduced legislation (H.R. 15630) which could open the way for increased consistency in Title II and Title XVI, as well as remove the major work disincentives. Specifically, H.R. 15630 suggested adding a sliding scale to reduce benefits as earned income increased. Also, the bill suggested continuing Medicare coverage if eligibility for maintainence benefits ceased due to SGA. Accordingly, the disabled worker who attempted employment (without medical recovery) would reduce Title II benefits to him/herself and eligible dependents as earned income increased. Due to the exceptional medical cost of a severe impairment, Medicare would continue. H.R. 15630 lacks only one provision. That is, the sliding scale for increased earned income is meaningless with the present concept of SGA. For this bill to be effective, a medical criteria for disability determination must replace the SGA principle.

In summary, recipients of TitleII and Title XVI could realize increased self sufficiency and work toward self support if the function of sliding income scale present in Title XVI and proposed for Title II was not undermined by the cessation of disability due to SGA. The necessary action to minimize the employment disincentive is removal of the SGA test for severely impaired recipients.

INCOME TREATMENT

Although less overwhelming than the disincentive created by the SGA criteria for disability determination, the earned income exclusion of 50% presents a major obstacle to employment. Certainly, recipients recognize the responsibility to contribute to their maintainence needs as income is recieved. Yet, recipients must also have the right to retain a respectable portion of their earnings. Limited to a single disregard of 50% on gross earned income many recipients will recieve no fiscal benefit from substantial work. Some recipients will actually recieve less net income by working than by remaining entirely dependent on public assistance.

The problem, with a simple reduction rate is that it offers no exclusion for the work expenses or the exceptional vocational needs of recipients. After considering common expenses such as state and federal income taxes, F.I.C.A. tax, union dues, work clothes and transportation, the 50% of gross earnings retained by the recipient will be reduced to very little, if any, net earnings. Additional expenses necessary to meet exceptional vocational needs may force a negative fiscal impact on the recipient. For example, the physically impaired may require special transportation to accomodate a wheelchair or exceptional secretarial assistance; the visually impaired may require similar assistance for readers or transportation; and, the mentally impaired may also require assistance to and from work, etc.

The administration has stated that a primary objective of welfare reform is to provide incentive to work. Likewise, the administration has stated that any recipient who works will recieve more than if s/he did not work. None the less, if exceptional vocational needs and common work expenses are not excluded from consideration as income prior to the 50% exclusion, a significant number of recipients will suffer a loss of income if they work.

Although this testimony is directed at the needs of the disabled, the necessity to consider exceptional and common work expenses applies to the entire population of recipients categorized as "not expected to work". Ironically, the administration has failed to recognize that the aged, the disabled and parents want to work. As individuals, they are willing to accept the extradinary effort necessary to obtain the community respect, the self-respect and the income which can be obtained through employment. If they are denied the practical oppurtunity to achieve this goal, they are denied the most fundamental rights of American idealism and the taxpayer is certain to carry the burden of a lifetime recipient of public assistance.

To provide a true oppurtunity to work there must be a standard exclusion for common work expense and a individually itemized exclusion of exceptional vocational needs. These exclusions must be applied to gross earned income prior to the proposed 50% exclusion intended to provide the incentive to work. Under this process the taxpayer and the recipient re-

cieve equal shares of the net income.

STATEMENT CONCLUSION

To be sure, there are many serious issues to be resolved in the process of Welfare Reform. This statement addresses only one issue: employment of the disabled recipient. The rehabilitation of the physically and visually impaired and the habilitation of the mentally impaired requires attention to a number of interacting social factors. Although the process may be difficult, it is well within the grasp of thousands of disabled Americans. It is absolute madness to maintain technical barriers that prevent attainment of independence for so many citizens. This report has discussed the primary technical barriers. They are the definition of disability and the absence of income exclusions for common work expenses or exceptional vocational needs. Thes obstacles should be removed.

Disabled citizens citizens are subject to the same social values as the able bodied citizen. Personal idenity and community respect focus on participation in employment for the disabled as much (or more) than for the unimpaired. In a simple, sincere statement: "We want to work. For God's sake, let us work!"

Mr. STARK. I could not agree with you more. You say so eloquently what is very difficult for me to describe, but we have to dispel the myth that people who receive any kind of assistance are somehow cheating those who are working and paying taxes. The concept, as you say so eloquently, of work is more than just grinding out your share of parts of the stamping machine; it is participating in the whole American way of life. Everybody can watch television and see the whole fabric of our society seems to center around what you do, and I think you are quite right. I hope we can convince our colleagues and get your message through loudly and clearly. There are very few people who choose voluntarily to stay out of the work system if a job is available.

If we cannot convince the public of that, we may have trouble in reforming the welfare system.

I am sure my associates and I will make every attempt to get back word to Washington and help you.

Mr. ABASCAL. Thank you for this opportunity.

Mr. STARK. Net we have the National Welfare Reform Coalition, Moiece Palladino, Ursula McGuire, Penny Mitchell, and Lorna Cleek.

STATEMENTS OF MOIECE PALLADINO, URSULA McGUIRE, PENNEY MITCHELL, AND LORNA CLEEK, ON BEHALF OF NATIONAL WELFARE REFORM COALITION

Mr. STARK. Do each of you have separate prepared stratements?

Ms. PALLADINO. Right. I was going to speak and make introductions.

Mr. STARK. It probably would be helpful to the reporter and to us if you could identify yourselves and your organization. To the extent you can summarize, allowing us more time for questioning, it would be helpful. Obviously I am not going to get all of this testimony in 5 minutes. So why don't you proceed.

STATEMENT OF MOIECE PALLADINO

Ms. PALLADINO. My name is Moiece Palladino and I am coordinating with the National Welfare Reform Coalition in Northern California.

We have a sister organization in southern California. I am an SSI recipient. I would like to introduce members of our coalition: Lorna Cleek, she is a CETA worker; Penny Mitchell, who is a former AFDC mother and is now working at the Child Care Switchboard, also a CETA employee; Ursula McGuire, an SSI recipient. They all have something to give you this morning of their lives.

STATEMENT OF LORNA CLEEK

Ms. CLEEK. My name is Lorna Cleek. I am presently employed through a CETA slot in a training program at Sonoma County People For Economic Opportunity (SCPEO).

The reason I am here is to let you know what is happening to me and others in my situation. I was sent to CETA by my eligibility worker. They sent me to an adult training class for 3 months to see

what my qualifications were job-wise. When I completed my training I was given an application for a job at Sonoma County People for Economic Opportunity (SCPEO) as a crisis counsel for the energy food program. The requirements for this job was to have a car. I told them that I could not take the job because I do not have a car. CETA told me that if I turned it down I would no longer be able to receive any services from them.

Then I purchased a car and insurance, which put me in debt. I was also told by CETA that AFDC would keep me on a grant, food stamps and MediCal for a period of 4 months as a work incentive. After 1 month all my AFDC benefits were dropped. My two children left home because I could not support them, one child still remains at home, and I cannot even afford medical coverage for her.

I feel that if the welfare system wants to give people the incentive to go to work they should carry them for 6 months until they get on their feet.

Furthermore, my self-respect would not let me go back and be manipulated by the welfare system. The only reason I am still working is that I have the guts to stick it out. I know that there are other people that would not be able to take it.

Under the new bill I would be better off getting my other children back home and going back on welfare. I would be getting more than I am getting now but I just won't let this happen.

STATEMENT OF PENNEY MITCHELL

Ms. MITCHELL. My name is Penney Mitchell and I work at the Childcare Switchboard in San Francisco. I am also a member of the National Welfare Reform Coalition of Northern California.

The Childcare Switchboard is a nonprofit agency providing free comprehensive information and referral to parents seeking child care and information about child-related services. I am coordinator of the information and referral unit and do welfare counseling.

Our agency would like to address itself to some of the areas in which the Better Jobs and Income Act negatively impacts on parents, child care workers and especially on children.

We receive between 40 and 80 calls a day. Many of our callers are single mothers on AFDC. This act assumes that people need to be made to work. Contrary to that assumption, we hear daily from AFDC recipients who need child care so that they can seek employment or training. Their problem lies not in their lack of desire to work, but in the lack of availability of meaningful work at decent wages and low-cost quality child care.

Under President Carter's proposal, women with children over 14 years of age who are receiving AFDC will receive a lower grant for a given period of time while they look for a job, first in the private sector, and if not successful, then in the public sector. We feel that this lower tier provides a severe disservice to the members of that family. Those children will be forced to live on less income while their mother searches for a probably nonexistent job. Another inequity concerns those AFDC recipients not required to work because their children are under a certain age. If these women voluntarily work, they will be given a smaller incentive than those women required to work.

We are pleased to note that under this act the amount AFDC recipients will be allowed to claim for work-related child care expenses—that is, income disregard—is greater than that currently allowed in many States. However, we feel that no set schedule should be used to limit child care expenses. Working parents should be able to claim and get the amount reasonable and necessary for adequate child care.

We strongly protest taking CETA title VI money from the already existing CETA jobs to create new jobs at the minimum wage. While CETA jobs are still somewhat below the prevailing wage, they represent a positive trend in the direction of decent wages. I was an AFDC recipient before getting my job which is funded under CETA title II. At the Childcare Switchboard we have recently hired seven new CETA title VI employees, three of whom are AFDC recipients. We have worked long and hard to maintain decent salaries with our our agency and would not like to be replaced by workers receiving lower salaries.

We agree with the AFL-CIO position that 1.4 million jobs at the minimum wage will undercut the current wage standards won after much struggle from organized labor.

We are exceedingly concerned about the 150,000 child care jobs planned under this act. We question how this figure was arrived at and whether it is actually adequate to provide sufficient child care for those who will have to seek work. We are particularly concerned that people, because they will be forced to work, many choose child care above other available work because they find it most appealing. This does not mean that they will be the best people to work with children. We feel strongly that child care work requires specific skills, extreme patience as well as interest. Forcing people into child care work when they might be better suited to do other forms of work impacts not only on the worker but on the children as well. We must remember that our children, whatever their economic situation, deserve the best.

We would also like to know where these child care workers will be placed. Are new child care centers being planned? If so, what moneys have been allocated for these centers? If no new centers have been planned, are these 150,000 people going to replace already existing child care workers? We need answers to these questions.

We want to thank you for your attention today and hope that you will take our concerns back to Washington and return to us with a more comprehensive plan that will truly benefit poor people.

STATEMENT OF URSULA McGUIRE

Ms. McGUIRE. Obviously, part of my disability is a speech impediment, so hold on to your papers.

One of the biggest shortcomings of the welfare system as it exists now is that it is set up to serve its own ends rather than to meet the needs of people. The natural result of this structure is that there is no provision for meeting the immediate situation of a person or family with absolutely no resources.

Poverty tends to stem from crises in people's lives. Since these crises are by definition unplanned, they do not fit neatly into convenient categories that may be carved out of a welfare program.

H.R. 9030 speaks of meeting emergency needs, but it makes a program of emergency assistance optional with States and sets no standards at all that must be adhered to by States that do choose to participate.

What is needed is an emergency assistance program that is flexible enough to encompass all the various situtions in which destitute people might find themslves, and that also imposes a clear requirement that people in an emergency situation, who are destitute today, can have their needs met today. And such a program must be mandatory in every State.

Disabled people in particular are faced with crisis situations. In my own case, I was in a hospital where I was offered absolutely no assistance in getting out and establishing a reasonably independent life for myself. It is my experience that hospital social workers focus only on assisting patients in being accepted as medicaid recipients—so that the hospital will get paid—and that is as far as their help goes. Patients often have no alternative but to stay in a hospital or to be put into a nursing home—both these choices being tremendously expense in terms of tax dollars as well as psychological well-being—or to go into the street with no means or surviving. Survival is difficult enough for disabled people who have a place to live and some minimal income.

A program that would really meet the emergency needs of disabled people would have to begin in the hospital. Rather than creating obstacles, an adequate welfare program would assist people in establishing themselves in living situations where they would be as independent as possible. Living accommodations must be found that are accessible and appropriate to each person's particular needs—public housing, for example, is often not accessible and thus of no benefit to disabled people.

Social workers should be knowledgeable about and assist people in qualifying for rent subsidy programs while the patient is still in the hospital. The disabled person should be able to leave the hospital and move into the community, being guaranteed that he or she will not have to fight a bureaucracy to obtain a subsistence-level income. In short, an emergency needs program should be designed to meet not only the general needs of food, clothing, and shelter, but the particular needs of the individual, disabled or not. Although the cost of this type of program might seem exorbitant at first glance, it is minimal when compared to the costs of institutional care.

When the State of a person's health is weakened for any period of time, regardless of what kind of training or skills the person has, his or her ability to engage in income-producing work also disappears. People should not be punished for becoming disabled, yet the way the present welfare system deals with disabled people is extremely punitive. Being disabled in itself is punishment enough.

Mr. STARK. Thank you very much.

Ms. PALLADINO. I will just wrap it up.

You have just heard from two women who obviously are part of an army of women on welfare who do not want to be on welfare, who want jobs. The real question is whether a jobs program through the PSE jobs component, the new bureaucracy that is being proposed by the Carter plan, is going to be able to effect the kind of jobs we are talking about. They talk about 44 percent of those jobs going to AFDC families, but they do not say that it is only 28 percent of the total AFDC caseload, yet all AFDC families will be penalized 2 months out of the year in an 8-week period where the money to the family will be reduced regardless of whether there is a job.

There was an article in yesterday's paper that there were 58 jobs in Oklahoma City, and 2,000 people applied for them. U.S. Steel put a thing in, they just had to put 125,000 people out of work. Where do those people go? When extended unemployment runs out, they go to welfare. If the jobs cannot be provided—and there is some question you are hearing now on whether the local governments can actually generate these jobs—what kind of jobs will come up? Would we take city employees' jobs away from them? What kinds of things are they going to put us in at the minimum wage? What effect are we going to have upon a local economy when there are tens of thousands of people in urban areas actively searching for employment at a minimum wage? What will that do to the prevailing wage in any given area, especially the metropolitan bay area?

We suspect working people today will take a cut in salary as a result of ths program.

A couple of other things. One, Mr. Abascal mentioned the maintenance of effort. It is unlikely that SSI recipients are going to go away after 3 years and people like yourself and myself, if we are not able to complete a self-support plan, are going to be subject to a lower Federal benefit after that 3-year period of time. We certainly have a longer lifespan than a 65-year-old person, and we would be likely to have to live at that lower grant level. Grandfathering at that point is just a stop-gap for us. It is unlikely California is going to be able to pick up the 300,000 SSI recipients.

We are asking for opportunities that have to be coupled with quality child care, an issue Penney brought up. Some people cannot take care of children, they do not know how, they will abuse those children. Unfortunately, if you allow the Federal child care standards to be eroded away by PSC, what effect will this have long-range on our children and their growth?

We are talking about decent jobs, not taking away from other people's employment. The blind and disabled are going to be mandatorily referred to rehabilitation for services. If it is not coupled with section 504 of the Rehabilitation Act of 1973 being implemented, what good is it going to do? You can mandatorily require somebody to a rehabilitation but if they cannot get in the building to take the job, you have a problem. Where do we go from there?

Fair administration—we are talking about an administrative program that they are saying is now complex, with only a trilevel—Federal, State, and local. Under the Carter program we will have States with options, States without options, and they will be able to

run their own AFDC, but the Feds will still run the SSI program. You will have additional mandatory programs or the jobs programs, also the rehab programs. These are real problems in terms of talking about more complex administration. That will be a more complex administration than is currently now being put out on us.

We have included for your reading pleasure hopefully our position paper on the Carter welfare reform proposal, and unless this program meets some real basic kind of concepts in terms of adequate income for families, the social problems you will experience in the streets will certainly cost more in the long run than providing some minimal amount of money for the disabled and families to bring up their children right now.

[The position paper follows:]

national welfare reform coalition of northern california

POSITION STATEMENT ON CARTER WELFARE REFORM

The welfare system is a mess. Everyone agrees on that, and Jimmy Carter made good use of that universal feeling in getting himself elected President. The National Welfare Reform Coalition of Northern California is composed of welfare recipients and other people with first-hand knowledge of the way the welfare system works and the effect it has on people. The Coalition is concerned about the nature of the welfare reform program that has been proposed by the Carter Administration. As a result of our collective experiences, we are convinced that any plan that claims it will reform the existing welfare system must be measured against the following criteria:

I. ADEQUATE GRANT LEVELS

Government statistics show that the minimum income necessary for a family of four is $6,440 per year. This figure, the poverty level as set by the U.S. Department of Labor, represents no fun, no frills -- merely a survival level of existence. No person or family should be forced to subsist at less than the poverty level, and no welfare "reform" plan can be called that unless grants are at least at this level.

II. DECENT JOBS FOR THOSE WHO CAN AND WANT TO WORK

Poor people want to work and they want good jobs -- every study ever conducted and every jobs program ever created has verified this. Opportunities for work outside the home should be provided to everyone who desires such employment and should not be restricted to those who have traditionally been regarded as breadwinners. The doors of job opportunity should be opened to women with small children, disabled people and senior citizens who want these options. (1) Opportunities to work must be coupled with increased availability of quality child care. (2) Where decent jobs are not available that will serve to break the "welfare cycle," opportunities and incentives for adequate training and educational programs must accomplish this purpose. (3) Where blind and disabled people are unable to obtain implementation of regulations for equal access to buildings, job sites and services, mandatory rehabilitation referral must be suspended.

There is much useful, socially productive work that needs to be done throughout this country. It is clear, given the consistently high unemployment rates of the past several years, that the private sector of the economy is unable or unwilling to hire all

those who want to work or to create the jobs that need to be done. Therefore, the responsibility falls on the government to bring about a full employment economy -- real, meaningful jobs with decent pay at the prevailing or union rate, not second-rate, substandard jobs.

III. UNIVERSAL COVERAGE

People without any income are equally in need, whether they are married or single, childless or with children, able or unable to work, regardless of age. Everyone who is in need should be eligible for assistance. Welfare programs that categorize people create artificial divisions among people with common interests.

IV. FAIR ADMINISTRATION

Whenever a government bureaucracy has the power to control the very means by which people survive, i.e., their subsistence level incomes, there is tremendous potential for abuse of that power. Procedural rights that have been won by struggles of welfare recipients under the present system, such as the right not to have aid cut off until a hearing is held, must be protected and expanded.

V. REALISTIC FUNDING

Any attempted "reform" of the welfare system must be accompanied by a commitment to devote an adequate portion of the resources of this country to the needs of its citizens who are unable to work at income-producing jobs, unable to find employment, or are not paid a living wage. To speak of welfare reform in the absence of this commitment is a fraud on everyone, and above all on recipients.

CRITIQUE OF THE PROPOSED LEGISLATION

Some parts of Carter's welfare reform bill, H.R. 9030, move in the direction of these principles. But overall, the program, which has been given the name "Better Jobs and Income Act," will not result in either better jobs or better income for poor and working people. A critique of the bill must focus on three major areas:

I. The JOBS PROGRAM does nothing to deal with the nonexistence of adequate jobs in the economy. Moreover, the program would be detrimental to all working people.

Employment opportunities in the private sector of the economy are simply not to be found in any significant numbers -- certainly not to the extent necessary to deal seriously with the rampant unemployment in this country. The bill does contain substantial work incentives for those deemed "expected to work" by the Administration -- which would be of benefit to those people if they were able to find jobs. But other people who may want to work outside their

homes -- senior citizens and disabled people -- are relegated to a societal scrap heap, being told essentially that they should not even bother to try to find jobs and having their grants immediately reduced if they manage to earn a few dollars in spite of this message. Single parents, almost all of whom are women, with children under seven are also discouraged from looking for outside employment by being denied work incentives equal to those allowed for single parents with older children and primary wage earners (usually men) in two-parent families.

Rather than promoting the development of decent, meaningful jobs at adequate pay, the only move toward any kind of job development contained in the Carter bill is the creation of 1.4 million public service jobs. No single individual or childless couple would be eligible for these jobs, which would pay only minimum wage with no fringe benefits -- an annual rate of less that $4800. But even these figures are deceiving.

First, included in the 1.4 million "new" jobs would be the already existing 725,000 CETA jobs. The average pay for CETA jobs now is $7,800 per year plus fringe benefits, and these jobs often approach pay at the prevailing rate. But these would become minimum-wage jobs under the "Better Jobs and Income Act."

Second, 300,000, or nearly half, of the remainder of the proposed "new" jobs would be only part-time. The way the figures add up, the government will not be investing any more for the 1.4 million "new" jobs than it is now spending on CETA.

Not only is this "jobs program" a cruel hoax on poor people who are desparate for decent employment; it is also a threat to the job security of all working people. The public service jobs component of Carter's program would create an army of 1.4 million people working at the minimum wage, thus undercutting prevailing and union wages everywhere and offering no assurances that workers currently employed at wages they struggled for would not be replaced by this army.

But the public service jobs component is not the only mechanism by which H.R. 9030 threatens the existing wage structure. Anyone expected to work under the terms of this program must take any job paying minimum wage or else lost all his/her assistance, regardless of the prevailing wage for that job and regardless of the individual's training or experience. This requirement clearly undercuts unions and the prevailing wage scale. It also contains much potential for abuse by employers, who might use the spectre of mandatory minimum-wage jobs as a means of keeping their employees in line.

In sum, rather than providing better jobs, this bill would treat the unemployed as second-class citizens, forcing them into a secondary labor market offering only minimum wage jobs and using them to maintain control over workers with better-paying jobs.

II. The GRANT LEVELS do not provide even a subsistence level income.

The government's own statistics show that the minimum amount necessary for a family of four just to live is $6,440 per year. Yet, President Carter proposes to "reform" the welfare system by providing that family with less than two-thirds of this minimal amount, or $4,200. In 38 states, under this bill, families would be in worse straits financially than they are under the present system with AFDC and food stamps.

States are only encouraged to add to the $4,200 for three years and there is no requirement for them to do so at all. There is not even any guarantee that the very same people who now receive assistance won't have their grants reduced under the new program. And in this era of double-digit inflation, Carter is silent on the issue of cost-of-living increases.

But $4,200 for a family of four is not even the lowest grant level set by the bill. If one member of that family is in the "expected to work" category, the family is expected to exist for eight weeks at an annual income level of $2,300 while that member looks for a job -- approximately one-third of the poverty level!

This punishment for being unemployed, which is labelled a "work incentive," only serves to reinforce a common myth about poor people -- that they don't want to work. Every study ever conducted has disproved this myth, as have stories often seen in the press about thousands of poeple standing in line all night in hopes of obtaining one of a few available jobs.

HEW's own report on welfare reform shows that fully 90% of the people now receiving public assistance are children, senior citizens, disable people, or mothers with children under six. Another 8% are women with children between six and seventeen. That leaves only 2% who are childless individuals or couples or adults in two-parent families. Yet, the myth persists, and welfare programs are designed to punish people who are not engaged in income-producing work.

This type of punitive measure represents political pandering to those whose own interests are served by their perpetration of the "lazy welfare recipient myth" and is a cruel slap at the unemployed victims of our economy.

III. The bureaucracy that would be created by this program is INFINITELY MORE COMPLICATED than the present system and would be DISRUPTIVE TO FAMILY LIFE.

H.R. 9030 divides people into more categories than the present system does. Families of the same size could receive widely varying grants depending on whether anyone was disabled, whether anyone was expected to work, whether one or two adults were present, the ages of children, and whether an "expected-to-work" family member was engaged in a job search or had completed that eight-

week period.

The bill requires all disabled people to report four times each year for a determination of whether they are still disabled regardless of whether the disability has existed from birth or is otherwise permanent. Not only is this requirement a hardship on disabled people; it also makes another federal bureaucracy that much larger and involves a totally unnecessary, but substantial, expenditure of government money.

The complexity of the system for determining the initial grant to a destitute family when it first applies for assistance almost defies belief. The income of the household unit over the previous six months will be calculated (just the verification problems will be monumental) and considered to have been spread out evenly over that time period, so that the family may be "deemed" to have some money available when it applies for assistance, even it in fact it has absolutely nothing. Reality is no barrier to the operation of this program!

Finally, despite the rhetoric of the Carter Administration about the need to keep families together, this bill, with its job search requirement imposed on primary wage earners (usually fathers), would have the opposite effect. A two-parent family where the father is out of work will receive a higher grant if the father leaves than if he stays; both because income he earned over the past six months will no longer be attributed to the family and because with no expected-to-work member present the family will not be subject to the eight-week job search penalty period.

CONCLUSION

Unless the welfare reform legislation proposed by the Carter Administration is changed so that it complies with the criteria previously stated -- ADEQUATE GRANT LEVELS, A DECENT JOBS PROGRAM, UNIVERSAL COVERAGE, FAIR ADMINISTRATION, and REALISTIC FUNDING -- it is not deserving of support.

Mr. STARK. Thank you very much.

Mr. Vander Jagt.

Mr. VANDER JAGT. Thank you, Mr. Chairman.

I have no questions but I would like to thank each of you for your testimony.

Mr. CLAY. No questions, Mr. Chairman.

Mr. WEISS. Yes, Mr. Chairman, thank you.

First let me compliment you and all the witnesses we have heard today because I think the kind of testimony we have heard, which is from people who are going to be directly affected by the programs that are embodied in this legislation, is the most valuable we can get. The administration can tell us how in theory it will work; only you can tell us in fact how it does work in your lives.

Let me ask a question of you, Ms. Palladino. Some of the very problems you have raised have been raised in hearings we have had in Washington and other places around the country. Suppose in fact your suggestions are not met by the time we finish working this legislation through. Could you give us an decision as to which you would prefer, the current melange of complicated system or the proposal in the Carter recommendation?

Ms. PALLADINO. We think that the Carter recommendation in some ways is infinitely more complex and creates more bureaucracies and for that reason, and for the lack of income levels, it would be totally unacceptable. Even though some States have been cutting back grant levels, it would be a real problem to institute this incredible reform, which in fact would not be a reform at all but just a coupling of new programs with old and would not be a reform in terms of our lives.

Here in California we are certainly better off with SSI, and I would suspect our AFDC families as well. As much as HEW may say they are not going to cut grant levels in AFDC, the way we figure out $100 to $200 a month for a family of four, we are really not sure, because we get a double-speak from the administration. They say positive things, but they do negative—they give you a week to make a mandatory job referral, but they do not say whether it is 7 days from the time it is received by the client, and in fact it is typed up at the office on the 5th and they do not get it in the mail until the 10th; do they still have to be there by the 12th?

All the agencies have 30, 60, 90 days, yet a recipient only has 1 week to comply. There is a whole lot of things in this bill that are just real problems.

Mr. WEISS. There are as many problems for us as there are for you. We are just as confused by the administration's proposals as you are.

Thank you very much.

Mr. STARK. Mr. Nolan.

Mr. NOLAN. I just want to thank the witnesses for their candor and their intelligent testimony and the human dimension you have added to this whole important question of welfare reform which is very valuable to the committee in its deliberations on welfare reform.

Mr. STARK. I would like to ask one further thing of the witnesses. It is with a great deal of effort and, I am sure, some invasion of your privacy, but it is helpful to us.

I am going to say, without identifying any of you individually, it would be helpful to me if any of you would care to send any anonymous replies or with the understanding I would delete your names, those who have given testimony who are on a CETA job—a choice between AFDC and going to work is a Hobson's choice at best—if you would care to submit to us some indication of what your income experience has been and what difference it has made, to make that part of our record would be helpful to some of our colleagues to show actual examples.

We will keep it confidential and if you would like to submit it in writing later it would be very useful to us. We hear about this, and I believe you, and very often the choice of giving up AFDC and taking a minimally paying job when you deduct for child care, you would be better off, but we do not have enough examples who have given that particular testimony, and it would be helpful to us if you could submit that later and we will make it part of our record.

Thank you very much for being here this morning. It has been helpful.

Our next witness is the Hon. George Moscone, mayor of our sister city of San Francisco.

It is a pleasure, Mr. Mayor, to welcome you this morning. Thank you for being with us. Proceed. We will make your written statement part of the record.

STATEMENT OF HON. GEORGE MOSCONE, MAYOR, CITY OF SAN FRANCISCO

Mayor MOSCONE. Thank you very much for inviting me to participate in some small way in your laudable efforts to correct the rather great inequities and inefficiencies of our existing welfare system.

As the mayor of a major American city—and I think you will stipulate it is major for the record, Mr. Chairman——

Mr. STARK. Indeed.

Mayor MOSCONE [continuing]. I am well aware of the failings of our current system: we need look no further than the ranks of unemployed men and women in our cities, whose lives are plagued by continuing frustration and desperation; we need look no further than the obvious failures of our billion dollar welfare bureaucracy and the anger which these failures provoke in recipients and taxpayers alike.

Clearly the time is ripe for an aggressive new direction in American welfare policy, and I am pleased that the President's reform package recognizes so clearly that the fundamental antidote to continuing welfare dependency is the provision of jobs. I am heartened that the President's plan envisions the Federal Government as the initiator of these changes—that it views the Government as the starting point for the delivery of private and public jobs to all Americans who want to work and support themselves and their families.

But I would be less than candid with this committee if I did not discuss some major concerns I have with this welfare reform pack-

age in its current condition. And it is to these concerns that I would like to address the bulk of my remarks this morning.

Amidst recent discussion of the President's welfare proposals and the vast number of jobs which this program seeks to create, one significant plan seems to have been overlooked—and that involves the gradual phasing out of CETA programs across this Nation, and the subsequent transfer of CETA funds into new job-creating programs. There is no question that the President is wise to call for the termination of those programs which are judged to be inefficient and, where appropriate, to channel their funds into the ambitious new welfare reform program that is efficient. But as the mayor of a city which employs over 1,500 individuals in its CETA public jobs programs, I am greatly disturbed that current provisions of the welfare reform package do not appear to provide adequate guarantees—either to local government or to CETA employees—that massive unemployment and a severe cutback in municipal services will not result from the proposed elimination of CETA funding.

In San Francisco, almost 95 percent of our neighborhood arts program is manned by CETA employees; almost half of the individuals employed by our jail medical services effort are CETA workers—and the list of important services provided here by CETA workers goes on and on.

Were this city to wake up one day and discover that its approxiately $15 million CETA payroll was being phased out by the Federal Government in order to create jobs for welfare recipients, the irony could not be more pronounced. For while jobs of one variety might be produced with this action, our city would quickly experience a diminution of vital services that would be serious indeed. And it is clear that many of the professional and highly skilled citizens currently employed by the CETA program would not meet the guidelines of welfare eligibility. Faced with rather severe limitations on our ability to increase ad valorem tax rates, there is no question that San Francisco and many other cities would be faced with an obligatory slashing of city services, and a major rise in unemployment as well.

I do not believe this is what President Carter envisions with his new welfare reform proposals, so I would argue strongly that some financial provision be made to local governments that enables them to maintain CETA-funded services and employment, if the projected phaseout of this effort does in fact begin.

That is one of my major conerns about the welfare reform package before your committee today.

An equally important concern is that, under this proposal, there is no funding reserved for a comprehensive array of social services which can be provided to welfare recipients and jobholders. The basic goal of the President's welfare proposal is to provide jobs to unemployed Americans—and that is critically important. But we are being dangerously simplistic if we think that the mere provision of a job is going to singlehandedly resolve the complex social problems associated with unemployment in America today.

What good does it do us to provide a family breadwinner with a job, for example, if he or she has children desperately in need of day care, or specialized medical attention, and the service is not pro-

vided? We must never design a welfare system that overlooks the needs of individual recipients. That, Mr. Chairman and members, I think goes to the basic heart of the problem of our system today. We cannot sanction a welfare program which is so rigid that it ignores the peculiar needs and problems of each family.

That is why I would urge this committee to consider the provision of a comprehensive array of social services for the participants in this new reform program. Undoubtedly we are talking about increased costs when dealing with such effort, but I do not think any one of us wants to take responsibility for a welfare reform package which is so rigid and insensitive to individual needs that it fails just as miserably as its billion-dollar predecessor.

Finally, I would point out that any welfare reform package which requires each city to place its unemployed citizens in jobs solely within its city limits is surely doomed to failure. I do not believe the parochialism I have to believe was the impetus for this incentive is going to work. In fact, it is going to be counterproductive. In fact, with all due respect to those who proposed it, they have not come out into the cities. They do not know what is happening in the cities if they think—and I suspect they wanted to think—they were being beneficial with such a provision. Presently it is not at all clear whether the President's proposal makes this a requirement or not.

I would urge you very seriously to look around the cities. Mr. Chairman, you do not have to do that. You know what is happening in the central city and the suburbs that abound it.

As the mayor of a major American city, it is clear to me that we must be able to aggressively pursue private sector jobs for our unemployed citizens, and that means going where the jobs really are—rather than being limited by arbitrary geographical boundaries. They are indeed arbitrary. If a city like San Francisco cannot sit down with representatives of private industry and place its unemployed citizens in positions which are outside the city limits, then all of our reform efforts will be doomed to failure.

Lastly, I would point out that the proposals before you should include strong incentives for private industry to cooperate with the cities in providing real jobs for unemployed citizens. Without a series of visible, meaningful incentives for the private sector, our efforts to translate the President's desire for full national employment into a lasting reality will not succeed.

These are the major concerns which I must bring before your committee. I am hopeful that you will be able to address these issues today and in the coming months as well. For no one in our Nation needs to be told that the American welfare system is at best an abysmal failure. That much is certain.

What we need to do now is prepare the groundwork for a new welfare system—one which quickly becomes an enduring employment system. Your committee will play a major role in this significant national undertaking.

I have to believe the future of San Francisco and most major American cities is so intricately tied up in the wisdom you will bring out of your series of hearings. It is the most complex issue, next to educational finance, that we deal with. It has been really a failure. I hope it has been a failure because government has tried to

do too much and, having done too much, has done it all rather poorly. I hope that was the incentive behind it. Whatever it is, I think we have to build upon the errors of the past. It is this Congress I think that is probably more sensitive than any of its predecessors in listening to the recipients, in listening to the people who distribute their services, as you were earlier this morning, and taking what you hear and placing it in a system to eliminate the factors of poor delivery training which have plagued the system too long.

I would like to cooperate with you the best I know how, Mr. Chairman.

Mr. STARK. Thank you very much, Mr. Mayor. I think our reach is not beyond our grasp, and we may be able to accomplish what you suggest.

Mr. VANDER JAGT. No questions, but I do want to thank you for a thoughtful analysis.

Mr. CLAY. Mr. Chairman, I totally agree with you that the jobs component of this bill is, on the one hand, not providing the 1.4 million jobs and then takes away with the other by eliminating the 725,000 CETA jobs.

What, in your opinion, would be the impact in your city of putting those young people who are not providing public jobs under this bill on unemployment?

Mayor MOSCONE. First of all, the kindest thing I could say, it would be overlooking what I think is probably the most significant sector of our communities in central cities today, communities that really have within them individuals who wander aimlessly, who have no capability of knowing whether or not tomorrow is going to come. I know that sounds overly dramatic. It happens to be a brutal fact of life.

Now we are even seeing national periodicals talk about it, and they are putting it on the front page of their prestigious magazines. We hear the President talking about it. The problem is, the cynicism that is so deep in the marrow of their bones is a problem in and of itself. I think the job is so important that if it does not happen you are going to still hear about soaring crime rates, you are still going to see some of the most devastating antisocial behavior as is possible.

For those people who are not concerned about the human element, who are only concerned about protection and security, that ought to be enough to give you, I think, in the House of Representatives, the kind of support that you need. I would like to add one thing if I may.

I do not think the American people—and I should not presume to speak for them but I will speak for that microcosm of America that I am privileged to represent—I don't think they translate fiscal responsibility into the underfunding of programs so that all the money spent is in fact wasted. If the incentive of the Congress will be to spend no more money but just to do some shifting, period, and nothing more, it has to fail. You are going to have to spend some money, but it does not have to be spent the way it has been spent before.

I mentioned at the very end of my remarks—and I am not speaking for the chamber of commerce, and never do—that we have to give some financial incentives to the private sector in return for which we get some of these jobs that have to be provided. I am a great believer in government employment so long as it is not a padding. But I believe you should not cut back on your public employees if the result is going to be poorer delivery of services. But there comes a point where you simply cannot go any further. There comes a point—that is why I talked about CETA so much—where we need to have the private sector deeply involved, and if we have to tickle their fancy by picking up total cost of an employee during a 6-month or 1-year training period in return for which, after careful monitoring, everybody who is properly trained has a full-time job with all of the fringe benefits that go with it—just like everybody else in our society—then we are missing a very big point.

That is a long answer to your question. I think we are in deep trouble if that happens.

Mr. CLAY. You made one other statement, looking at some of the shortcomings of this would indicate those who prepare the legislation have not been out in the cities to see what the reality actually is. The first couple days of these hearings, administration witnesses told us that this bill was a result of hundreds of meetings out in the field, with hundreds of people who are affected by this bill. I would like to know what input, if any, you had in terms of making recommendations or reviewing what it was they finally submitted to the Congress.

Mayor MOSCONE. I have not been called upon, Mr. Clay, to participate in this except through the device of the public hearing, and I do not mean to be impetuous in my remarks. I mean to say only, even if you go into the community and all you do is set up a formal hearing where the self-appointed leaders tell you what they want—and I do not mean to disparage them either—but if you stop there, you have not gotten the person kicking around the corner, and you never will.

I am not sure it is within the capability of the government to be able to do it to that finite degree. All I am saying is that some of these recommendations, if you will, obviously at least to me, reflect an inability to understand why we have an underclass. That is my view of it.

Mr. CLAY. Thank you, Mr. Chairman.

Mr. STARK. Mr. Nolan.

Mr. NOLAN. Thank you for your testimony, Mr. Mayor. I was not aware myself of the provision in the bill that prohibits the creation of jobs outside of the community. What kinds of jobs would you envision outside the city limits?

Mayor MOSCONE. Let's just take the one that comes quickest to mind. You have people that move their industry to the industrial park just 5 miles outside of San Francisco, by way of example, for the simple reason that congested San Francisco cannot accommodate their expansion needs. If, for example, they believe they are part of San Francisco—that is not quite relevant, but they believe that. They happen to go 5 miles beyond this arbitrary county line, and one day I hope the Congress eliminates counties, they do not

make any sense except to the county supervisors. You understand what I mean.

But here are people that go back and forth. If I were to say, for example, that I could not take some people and work with somebody in Daly City, which happens to be adjacent to San Francisco, indeed Oakland, anywhere, and be able to say here is a job, to me it is arbitrary. It does not make sense. A person needs a job wherever he goes. If I were to propose a counter effort, for example, and say we would have a commuter tax because we are not going to let people come from out of our county into it, if I were to be parochial in that respect without being able to provide equivalent services, then I would be in trouble too. I think it is arbitrary. I think it is only a recommendation, as I read it. I hope it is not a mandate. If it is, I think you ought to think seriously about repealing it.

Mr. NOLAN. I can see where a lot of people in San Francisco, if the transportation were available, could work in forest management programs, but they would be under the supervision of perhaps the National Forest Service. I am trying to, in my own mind, think of what kind of jobs outside the city you as a mayor would be responsible for administering, and I just cannot think of any offhand. I am giving you the option to send a lot of crews out to work in a particular forest program or programs outside the city.

Mayor MOSCONE. I see your problem. The point is I am not talking about a jobs program that I would administer. I am talking about being able, as the mayor of the city, to negotiate with industry that happens to be outside the city. I do not want to administer it at all. Frankly, I am hopeful that it will call for less administration. I do not mean a government job or a job which calls for my leadership or any San Francisco government official.

Mr. NOLAN. Thank you very much.

Mr. STARK. Mr. Weiss.

Mr. WEISS. Thank you, Mr. Chairman.

Mr. STARK. Mr. Weiss also happens to represent a part of the country that we will allow to be called a major city.

Mr. WEISS. I would like to ask you some specific questions on the factual situation that you face. In New York, because of the peculiarity of the Federal law the city of New York has to pick up roughly 25 percent of all the costs of welfare and medicaid programs. Does that prevail in your jurisdiction or does the State or county pick up that contribution?

Mayor MOSCONE. It so happens in San Francisco it is peculiarly a city and county show. As a consequence we pick up general assistance costs, otherwise we have assistance from both the State and Federal Government, the precise percentage of which I do not know at this moment.

Mr. WEISS. For example, in AFDC programs, does the city make the contribution, do you know?

Mayor MOSCONE. It is a program paid in part by the State and Federal Government.

Mr. WEISS. In New York, with all the fiscal problems you hear about, our tax levy funds to the extent of half a billion dollars a year, go to our portion of welfare and medicaid programs. That is the reason why we have a fiscal crisis. I was just wondering if you are faced with the same kind of situation.

Mayor MOSCONE. Yes. That is probably the reason that I and some other mayors of major cities or big cities have been saying for a long time now that the cost and administration ought to be administered by the National Government.

Mr. WEISS. I hope, too. One of the problems I see in this legislation is that it seems to promise a goodly portion of that. But as you examine the legislation, the promise does not seem to be fulfilled.

Mayor MOSCONE. If I can offer this, I know this is in days where everybody measures your capability about how much money you do not want to spend. I want to repeat what I said to Mr. Clay a few moments ago. If you start out with the reform of a system with the idea that you will not spend any more money, you have to lose.

I think you have to be open-ended on the questions and consider as part of the cost savings, if you will, the kind of human despair that you intend to eradicate. Because if you want to put on top of the charted costs of our present system the uncharted costs of the flooding of the court system, which is never attributed directly to the cost of welfare, and all the other social expenditures that fall outside of that, we could not spend that much money inefficiently if we had a decent system.

So my fear is too much time will be spent upon keeping within expenditure limits that we presently have because it is politically popular to do so, but down the line it will fail, and that is never politically or socially popular to do.

Mr. WEISS. I think you are quite right. The question, as you indicated earlier, is who is in the position to pick up those costs? It is obvious from my vantage point that the cities are not. New York City is not. The Federal Government, which is ultimately responsible for national problems is; I do not think, however, it is really fiscally possible for the National Government to say that we are not setting a limitation on how much we are going to spend; therefore you have to keep on picking up the burden you have been carrying.

Mayor MOSCONE. That's right. Again, I don't want to overstate, but you see, the question of property taxes, that is the only way—at least in this State—that you fund local services. In large part, it was always intended to fund local needs, fire, police, recreation, library, and so forth. As the problems grew, somehow or other, no one has reformed the way in which we pay for these services. We ought not to ask the Federal Government to pick up the costs of our libraries, police; these are local. But poverty and despair is national. Furthermore, the major cities, if you will, we all glory in the fact they attract tourists and look at the money they spend here but you know, they attract poor people, too, because poor people hope they have a better chance in the city than in the rural community.

The people in the city really have a right to a cryout, I think, for a pickup of the costs and certainly there should not be a limitation of the subvention or moneys that would be coming from the national administration. That is a problem no President wants to bite, I understand that; but the fact is, if you are going to be a progressive President to solve problems in a progressive administration, as I think this President wants to be, that is a bullet which has to be bitten and it has to be bitten by this Congress which I think is pretty sensitive.

Mr. WEISS. Mr. Mayor, you had indicated your concern about the CETA program and how, in fact, that may be subverted if the present plan goes through.

I want to ask you a series of factual questions: One, would you be able to tell us how many CETA positions San Francisco has currently?

Do you know how many of those positions are, in fact, held by municipal employees providing municipal services?

How many jobs do you project will be coming under the current proposal that we are discussing?

Mayor MOSCONE. I believe we have some 1,500 employees who are presently funded by the CETA program. The great majority are municipal in the sense they provide a service the municipal government would like to deliver. Some go into nonprofit entities which provide services that would otherwise be provided by the municipal government. I can't tell you how many jobs would be provided under the program which is presently before you in lieu of those, but I can tell you this, that it is a bad policy to begin with, that you are going to cut the underpinnings from a group of people who can't otherwise get jobs. No, the rule is I believe that you have to be unemployed for a total of some 15 weeks before you are even eligible to be a CETA employee. Many of these people, while they don't fit within the welfare guidelines in terms of how much money they would otherwise make or what their family income would be, are still poor. As a consequence, they would be continually unemployed poor; and, furthermore, wouldn't be eligible under traditional welfare guidelines to receive sustenance at all. It would be a major step backward and I don't think that is what you are aiming to do.

[Attachments to the statement follow:]

[Press Release of Nov. 14, 1977, from the Office of the Mayor, San Francisco]

San Francisco Mayor George R. Moscone today (Monday, November 14, 1977) expressed great concern over "the gradual phasing out of CETA (Comprehensive Employment Training Act) programs in our cities, and the subsequent transfer of CETA funds into new job-creating programs," which is mandated by President Carter's new welfare reform proposals.

The Mayor made his remarks before the Special House Committee on Welfare Reforms at 10:30 a.m. this morning, in Oakland, at the County Supervisors building, 1221 Oak Street, Rm. 512.

"As the Mayor of a City which employs over 1500 individuals in its CETA public jobs program," said Mayor Moscone, "I am greatly disturbed that current provisions of the welfare reform package do not appear to provide adequate guarantees—either to local government or to CETA employees—that massive unemployment and a severe cutback in municipal services will not result from the proposed elimination of CETA funidng."

"I don't believe this is what President Carter envisioned with his welfare reform proposals, and so I would argue strongly that some financial provision be made to local governments that enable them to maintain CETA-funded services and employment—if the CETA phase-out does in fact begin," said the Mayor.

Mayor Moscone expressed concern that there is no funding reserved for a comprehensive array of social services which can be provided to welfare recipients under the President's current proposals. He also urged the Committee to provide stronger incentives to private industry for the creation of new jobs under the welfare reform program. The Mayor said that, in their efforts to place unemployed citizens in private jobs, cities should not be limited to their own city limits.

"We are being dangerously simplistic if we think that the mere provision of a job is going to single-handedly resolve the complex social problems associated with unem-

ployment in America today," said Mayor Moscone. "What good does it do us to provide a job to an individual if he or she has children desperately in need of day care of specialized medical attention, and those services are not provided?"

The Mayor recommended the provision of a greater array of social services for welfare recipients and job-holders, and while he conceded that this might require increased costs in the new welfare system, he said that "no public official wants to take responsibility for a welfare reform package which is so rigid and insensitive to individual needs that it fails just as miserably as its billion-dollar predecessor."

[Received from Sue Scarpulla, program specialist, Office of the Mayor, 203 City Hall, San Francisco, Calif.]

Representative Stark and Members of the Committee:

Mayor Moscone asked that I relate a few factual issues:

1. SF has a total of 4,000 CETA related employments of which 1,500 are municipal jobs. Loss of these jobs represents $10-15 million burden on our tax base.

The remaining 2,500 jobs are with private non-profit providers as well as training slots.

2. SF has 16,000 AFDC, cases of which 10,000 are "employables" according to Talmadge amendments. Additionally, 4,000 GA recipients brings the total upwards of 14,000 individual who would have claims on jobs, private or public.

3. There is no requirement as such in the bill to provide employment within the City boundaries. However, it is unclear how the private sector will be brought in to negotiate jobs commitments Mayors have no incentives provided in this package which would result in solid cooperation or bargaining. If anything private employers outside the inner cities will be resistant unless they are rewarded specifically for deadlines with inner cities.

I hope that this clarifies the information on our situation in SF.

SUSAN SCARPULLA,
Mayor's Office.

Mr. WEISS. Thank you.

Thank you, Mr. Chairman.

Mr. STARK. The next witness will be the mayor of an adjacent city, Mayor Ilene Weinreb of the city of Hayward.

STATEMENT OF HON. ILENE WEINREB, MAYOR, HAYWARD, CALIF.

Mayor WEINREB. Thank you.

Let me just say, Hayward is a medium-size city of 96,000 and all the problems which are national are found in the suburbs such as mine.

I want to go on record as strongly supporting H.R. 9030, the Welfare Reform Act, recently proposed by President Carter. I believe that people capable of working should work—and those who cannot find work after an honest effort, should get a decent money allowance to allow them to live in a dignified way. I appreciate the emphasis on working as I believe—and the studies of the American people, including those on welfare, bear this out—that people derive a considerable sense of their self-worth from working. I believe that as a humane society, we owe them that opportunity. On the other hand, the economy is sometimes bad or circumstances are such that some people cannot work. For the first time the Federal Government is recognizing this and taking some responsibility for it. That is highly commendable. Having indicated my overall support, I shall have to be critical of some sections of H.R. 9030. That should not be interpreted as anything but an attempt to explain what I feel are some serious flaws that need correcting to make this effort a landmark in the intelligent handling of two of our most very serious problems—income maintenance and jobs.

PROBLEMS WITH THE PROVISION FOR DISABLED, PARTICULARLY THE MENTALLY DISABLED

Interim assistance for destitute persons, until the disability determination is completed: There is apparently no mechanism in the new law to provide financial assistance to destitute persons while their applications are being processed. Current SSI legislation, recognizing that medical determinations of disability can take considerably more time than the determination of financial need, provides for a finding of presumptive disability. This allows the immediate granting of cash assistance for up to 3 months, while the final decision on eligibility is being made. It can still take 4 to 6 months, under SSI, to make that final decision; and unless presumptive disability is granted, no money will be given during that period.

The new law does have a provision, and an allocation to the States of $600 million, for assistance to meet emergency needs. Title XX, part B, sections 2011-2017. There are two problems with this approach. Emergency needs are defined broadly, with no specific reference to interim assistance while applications are processed. Interim assistance appears under a separate title of the Social Security Act, under a separate program which is administered by a different agency than the one which operates the cash assistance program.

Recommendation: A provision should be added to assure financial assistance to destitute persons while their applications are processed. Ideally, any category of persons without funds for food and shelter, should receive immediate help, including receipt of a check within 24 hours upon signing an affidavit testifying to their financial need. At the least, the new law should clearly provide the same provision for presumptive disability available now under SSI to people who will be aided by other programs.

Interim assistance should be available to the individual until the agency makes its final decision on eligibility, no matter how long that takes. The burden, if delays occur, should be on the agency and not on the applicant. I recommend an additional mandate: That all eligibility determinations be made within 45 days.

Furthermore, the agency that operate the cash assistance program should be responsible for both providing interim assistance and be responsible for the final decision on eligibility for the upper tier benefits.

INCLUSION OF SINGLE INDIVIDUALS AND COUPLES WITHOUT CHILDREN

For the first time, Federal legislation includes these two categories. Currently, needy single persons and childless couples can turn only to county general assistance or other local assistance programs, and the amount of benefits varies greatly from county to county and State to State. This provision is important to provide some support for the person who is mentally ill and cannot work but who somehow does not fall under the legislative definition of disability. It is often the case that a psychiatrist does not want to certify that he believes a specific patient is not expected to be able

to take care of himself for at least a year. Even though the person may be gravely disabled, the psychiatrist often feels there is a reasonable possibility the person, particularly a young person, might become self-sufficient in 4 to 8 months. The person needs financial help for that time, however. It is also important to a significant number of individuals who have been through the mental health system and want nothing to do with it; and who, in fact, refuse, for whatever reason, to label themselves as mentally ill. Although the benefit is lower, it at least provides them with money for basic subsistence. Many people do not consider themselves mentally ill. They feel that society "just doesn't treat them right. That's all." They can't hold down a job, either, because of their bizarre behavior. Again, "they are okay, people just don't understand them". Should we let these people starve?

Recommendation: Support inclusion of single individuals and couples without children.

As presently proposed in the new legislation, maintenance of present levels of combined Federal-State benefits, and of cost of living increases.

Apparently, the legislation does not require that State supplement of the Federal benefits stay at a level to assure that every category of recipient gets a total benefit at least equal to what is now being granted. Nor is there provision for regular adjustments in benefits to reflect increases in the cost of living.

Recommendation: The legislation should mandate States to maintain, at the least, current benefit levels for all categories of persons. It should also mandate automatic cost-of-living increases.

AVAILABILITY ON A VOLUNTARY BASIS TO THE DISABLED, OF EQUAL INCENTIVES TO WORK AND OF ASSISTANCE IN GETTING JOBS AS PROVIDED TO OTHER ADULTS

Disabled persons are not expected to search for and accept work, in the proposed law. In their testimony before Congress on October 14, a panel of persons representing national organizations for the disabled, urged recognition of the range of functioning abilities which is found among disabled and blind persons. Some cannot work at all, but some can work on a part-time basis or in sheltered workshops; and some persons could become employable and ultimately eliminate the need for cash assistance.

Recommendation: The disabled should have, on a voluntary basis, the same incentives to work and the assistance in training for, and in getting jobs, which are mandated for other categories of persons.

Incidentally, there should be availability of training and jobs for all single adults or childless couples, even these who are not disabled. They should receive the higher benefit level if a suitable job cannot be found. It is perverse to help a mother of small children train for and provide her with child care services in order to allow her to work and not give that same help to people who do not have the responsibility of caring for children.

The next thing I want to talk about is income disregard.

Presently, under SSI, there is a complete disregard of $65 a month. The current H.R. 9030 eliminates this and recommends an

even larger disregard of $158 a month for the nondisabled. Why should the disabled be treated differently? The reality is that the condition that would be a total disability for most people, can for some people with dogged determination be merely an obstacle to be overcome. Shouldn't we encourage those people?

Examples: The Mental Health Association of Alameda County has working for us a woman named Ethel. Ethel has been with us 8-10 years. When she first came to work for us, she heard voices, hardly communicated, and so forth. She still only works part time but she does simple tasks well, rarely or never hears voices, mothers all of us and is proud of her work for the association. She may never earn over $65 a month, but that $65 marks her in her own eyes as a productive member of society—as indeed she is, within her abilities.

Recommendation: Provide the same disregard as a work incentive for those disabled who want to work as is provided for the nondisabled adult.

Next is the trial work period:

The present maximum of an absolute total of 9 months for a trial work period should be eliminated. Many of the mentally ill, over a period of years, will have to be rehospitalized several times and begin the recovery effort, including a trial work period, more than once.

Example: Recently Emily has come to work for the Mental Health Association. She is also disabled because of mental illness. She also started working just a few hours a week and earned $65 a month. She is now working 20 hours per week and is beginning to feel capable of working 30 hours per week. However, she is afraid a 40-hour work week would be too much pressure and once her trial period of 9 months is over, she will never be allowed it again. Shouldn't society encourage her to try to function as a fully capable adult instead of discouraging her effort?

Recommendation: Allow up to 1 year per trial work period. Allow multiple work periods, separated by at least 6 months.

PROBLEMS IN THE DEFINITION OF MENTAL DISABILITY

The definition of disability remains the same as that used in SSI. It requires that a prognosis be made that the person is expected to be unable to work for at least 12 months. This has proven to be a particularly difficult barrier for the mentally ill. Psychiatrists are understandably reluctant to make such a long-term prognosis, and so a person may be denied eligibility. Ironically, this then deprives him or her of the funds for the very care, such as that given in supervised residential facilities, which can, in fact, be instrumental in improvement and reduction of impairment.

Recommendation: The definition of disability should be changed to allow eligibility for those not able to work for a period of 6 months. Other groups have also recommended this change, for additional reasons.

REDUCTION OF BENEFITS FOR ADULT DISABLED PERSONS WHO LIVE WITH THEIR FAMILIES

H.R. 9030 continues the present policy of reducing benefits for a disabled adult living in the household of another. There is thus no

incentive and often even a hardship for a family to keep a mentally ill member at home. Yet the law offers incentives for maintaining other kinds of extended family relationships; namely, an adult daughter with a child who lives with her parents; and a child who lives with grandparents or relatives other than the parents.

FUNDS FOR ATTENDANT CARE AND SOCIAL SUPERVISION

You have heard previously from the group of national organizations for the disabled, mentioned before, who recommend an additional monthly sum of $100 for blind and disabled persons who require regular aid and attendance or social supervision in a home environment, in order to prevent institutionalization. Again, where States have paid more than $100 per month, they should be required to maintain that effort—this would be an amendment to section 2105—we, too, are aware of how important this kind of help can be in keeping mentally ill persons at home and out of institutions.

Two aspects of this type of funding need to be pointed out. (A) Attendant care for social supervision is as important to the deinstitutionalization of mentally ill and mentally retarded people as attendant care for physical needs is to the crippled and paralyzed; and (B) attendant care/social supervision funds should be attached to the financial grant as under the old aid to totally disabled (ATD) program. Because it now must be funded out of title XX funds and in most States, title XX funds are squeezed already, it is often difficult for people in great need of attendant care/social supervision to receive money for these services.

Provision should be eliminated which requires constant rechecking of persons who are unable to work. For example, section 2103 requires that all blind and disabled recipients be referred for vocational rehabilitation services and that every 3 months there be a review of the person's blindness or disability, to prove the need for and use of these services. For a person who is not work-ready, and unlikely to be for some time, if at all, this becomes a form of harassment—yearly should be sufficient.

Example: Elizabeth has been an active member of our association for many years. She is in Washington right now at the National Association of Mental Health annual meeting to receive a national award, the Catherine Hamilton Award, for outstanding volunteer of the year—and it is richly deserved. Elizabeth's daughter, Suzie, is now over 40. She has been mentally ill since she was a young child. I suppose her diagnosis today would be autism. For many years she was in a State hospital. Elizabeth felt she could do a better job for Suzie at home and for the last 10-15 years she has lived with Elizabeth. Suzie needs constant supervision. Elizabeth is a widow. She is close to 70 years of age and living on a pension. Elizabeth, over the years, has trained college students to care for Suzie. She receives attendant care funds to do this. Without the respite these students provide, Elizabeth, in fact, no one person, would have the stamina to care for Suzie 24 hours per day and 7 days a week. Yet Elizabeth constantly faces cut-off of these funds whenever the State is afaid it has overexpended its title XX grant. On a previous point

to require a rechecking of Suzie's condition every 3 months is absurd. To reduce her disability payments because she is living in her mother's home is very unfair. It is a help to society that Elizabeth chooses to assume this responsibility. H.R. 9030 offers incentives for maintaining extended family relationships for the nondisabled. Why should the disabled be treated differently?

Lastly, if attendant care funds are eliminated, we shall be mandating institutionalization for people like Suzie who could, with attendant care, live in the community. Is that what we want to do?

Recommendation for 6, 7 and 8: (A) Eliminate the reduction in benefits for a disabled adult living with a family member. (B) Include funds for attendant care and social supervision in the monetary grant. (C) Maintain the present system of a yearly review of a person's disability. Exceptions could be noted in a person's record and would generally be where there appears to be a possibility that the person will be work-ready in less than 1 year.

EXTENSION OF FULL PAYMENTS FOR 3 MONTHS WHILE A PERSON IS IN AN INSTITUTION

The Mental Health Association has been working to amend current law to provide such an extension. It becomes very important to maintain continuity of benefits as more and more chronically or seriously impaired mentally ill persons go to State hospitals and stay there for brief periods of time. At present, the median time it takes in Alameda County to qualify for SSI is 6 months. To repeat this process after each episode of hospitalization seems both costly and absurd.

Recommendation: Allow extension of full payments for up to 3 months while a person is in an institution.

RECOMMENDATION

There should be regional differences in the monetary grants to reflect the difference cost of living in different sections of the country. For example, $100 buys about one-third less food, clothing and shelter in the bay area as in parts of the South.

Now to the job provisions in H.R. 9030.

Here I wear my hat as mayor of a medium-sized city. Hayward's population is approximately 96,000. The city has employed people since EEA days of 6 to 8 years ago. We have directly, or through 71 subagents, which include both public and community-based agencies, employed 614 people in public service employment slots in the last 3½ years under CETA. Of the 268 people who have been terminated, 83 percent have been positively transitioned into a private or nonfederally funded job, returned to school or transferred to another program. The CETA slots have enabled us to hire minorities in CETA slots and then transition them into regular city employment as regular employees retire or leave city employment. In addition to the benefit these people have received because they now have a permanent job, the city has been able to work toward our affirmative action goals as well as do things we didn't have the money for before. We have started needed programs such as an

animal shelter, almost totally with CETA staff. We have been able to maintain the landscaping in median strips, caught up on street patching, beefed up our counseling unit in the family disturbance section of our police department, and so forth. However, if the present slots at a maximum of $10,000 are eliminated and all slots have a maximum wage level of $5,000, Hayward will have to eliminate its CETA program. We have public employee unions and their contracts with us require that we must pay equal wages for equal work—and they are right. As it is, following the first step increase after a few months of work, we often have to supplement the $10,000 CETA slot amounts. As an example, we now have 71 CETA employees working for the city of Hayward. The salaries of 16 are under $833 per month—$10,000 year. They are 4 fire trainees averaging $800 per month and 12 clericals averaging $789 per month. The salaries of 55 are over $833 per month. They are 8 police assistants, averaging $981 per month, 4 administrative aides averaging $940 per month and 43 laborers averaging $1,015 per month.

The total additional cost to Hayward including fringe benefits for the wages over the $10,000 figure is $137,138 per year or over 2.6 cents on our tax rate. If the present CETA program is eliminated, and only the minimum wage is paid, the city would have to phase out our slots completely. To subsidize the $5,000 per slot to our prevailing wage would be beyond our fiscal capacity. United Way agencies, according to the Bay Area United Way office, have similar problems. They must pay prevailing wages. Although their level is usually not so high as in cities, it is usually above minimum wage and the nonprofit agencies are even less able than Hayward and other cities to subsidize the difference. A whole new system of employment would have to be created for the new minimum wage CETA slots.

Furthermore, the administrative experience of local government in training and utilizing CETA employees would be completely wasted. I particularly wonder about the realism of the job section of the Welfare Reform Act when I note the kinds of jobs cited—200,000 jobs building and repairing local recreation facilities and 150,000 jobs improving public safety, for example. Essentially, these are public service jobs. Our public service unions, at a minimum would insist on maintenance of effort which I would imagine would include the work presently performed by CETA employees much of which is in precisely these categories. I simply do not see now local government could eliminate these CETA jobs at up to $5 per hour and replace them or even have another in-situation to replace them with new employees doing the same work at $2.50 per hour. The unions would really scream and personally I would be sympathetic. As a minimum, it seems to me that H.R. 9030 would have to blanket in the existing slots at the present wages and create a new system for minimum wage jobs. Whether the unions would allow local government to supervise these lower tiered jobs in an effort to greatly reduce unemployment is an open question. Ray Marshall, Secretary of Labor, in a recent speech at the National Conference of the National Alliance of Business said:

Maximum feasible use should be made of existing institutions in providing public services. These institutions include private businesses, labor organizations, schools, police forces, fire departments, State and local governments, Federal agencies, the Armed Forces, etc. These institutions would provide professional guidance to the employment and training programs.

His comments assume a major role for existing CETA sponsors. I repeat, if local government which does seem most capable of administering the job effort, is given the task, the kinds of problems I have just outlined will have to be carefully worked out.

Other questions arise. How can the employment service, the department of social welfare and the prime sponsor integrate their services to these clients? Will local operating procedures and projects be determined by the Federal or State governments or will the prime sponsor be able to determine appropriate local programs and basic procedures as in the current CETA program?

I know that I have opened a Pandora's box of problems. In closing I want to reiterate my support for the concepts in H.R. 9030 and my pledge to work with both the State and the Federal Government to make it succeed.

Mr. STARK. You offered to respond to a question Congressman Weiss asked of Mayor Moscone.

Mayor WEINREB. We do have similar problems here in California as you in New York City. It is the county part of our tax bill rather than the city part which bears the brunt.

Mr. WEISS. Thank you very much. I really appreciate the length with which you dealt with the jobs provision aspect because it tends to sometimes get lost in the shuffle in New York. We are going to be faced with not only having a displacement of present prevailing wage jobs but of the double track kind of jobs. Your projection is probably quite sound. I don't see how we can have two people doing the same kind of work, one getting $10,000 a year and one $5,000 without some kind of agreement between the unions and the individuals involved.

Mayor WEINREB. That is why we are paying over $10,000 for jobs similar or the same as jobs performed by a regular work force.

Mr. WEISS. Thank you.

Mr. STARK. Mr. Vander Jagt.

Mr. VANDER JAGT. I thank you for your analysis of certain problems specifically with specific recommendations as to certain problems.

Mr. STARK. I will call the witnesses now who are constituents of mine and involved in the welfare system in a way that probably none of us has experienced.

Leola Wade and Maxine Hinds. We will hear from Ms. Wade first, then Ms. Hinds.

STATEMENT OF LEOLA WADE, OAKLAND, CALIF.

Mr. STARK. Do you have a prepared statement?

Ms. WADE. Yes, I do.

Mr. STARK. It will be included in the record in its entirety.

Ms. WADE. My name is Leola H. Wade, 3868 Delmont Avenue in Oakland. I am an AFDC recipient. I started receiving assistance

from welfare in August of this year. For 5 months prior to August, I refused assistance because I felt I was above seeking support and I wouldn't stoop so low.

I have been unable to get a job through the various companies and corporations in Alameda, San Francisco, and Contra Costa County. I was forced to turn to welfare.

I am here today to tell you about the personal encounters I have had with welfare. My first encounter was with the emergency food program. I applied for food stamps and was told that I had to wait at least 2 weeks before my application could be approved. In the meantime, however, I was eligible for emergency food. In the emergency package I picked up were the following food items: Two packages of skim milk, 1 pound of pinto beans, 1 pound of Crisco, 2 pounds of flour, one can of diced carrots, one can of green beans, one loaf of bread, 1 pound of rice, one jar of peanut butter, and one can of spam. This was to last me and my son for 4 days. Every 4 days I would again have to report to welfare to pick up another slip for the same food items.

I enrolled in the WIN program with EDD, State of California, and in the CETA program with the Urban League. I thought surely I would be guaranteed a job through one of the programs. I was on welfare and that in itself was a requirement. Instead of meeting hope in the programs I met apathy. Apathy was evident in all the interviews of programs I went through. Here I am a person on welfare who wants to get off and I am told day after day, "call us, come back, keep trying, something will surely turn up." I did not want to hear that, I want to work. I need to work. In desperation one of the employees of the State told me to write my Congressman. The programs of WIN and CETA are not meeting the needs of poor people who want to work. My impression with these programs is that the people who are employed by these programs only have a job. It is their job to see as many recipients as possible and do the necessary work required by the State.

The programs are not set up or geared to alleviating very much of the unemployment in the State of California. I now see why people are born, raised and die on welfare. People on welfare are treated like fifth-class citizens. As far as people are concerned we have no right. I quote J. G. Holland: "Every man who can be a first-rate something * * * has no right to be a fifth-rate something. For a fifth-rate something is no better than a first-rate nothing." I don't want your programs, turn me into a first-rate nothing.

People are human beings. Most people want to work. What happens if the system is designed to keep people from working?

Now, let us take a look at the jobs that came through WIN and CETA. Clerk jobs, low paying, part time, unskilled jobs, that only want people in their twenties, jobs that require only 1 to 3 years' experience at the most.

When I was interviewed by the job interviewers they were aware of my experience and my capabilities. They knew my experience far exceeded the job requirements and were kind enough to tell me so. Now, with other obvious strikes against me, I now had one more strike—overqualification. I am unable to get a job in the private sector through WIN or CETA. What's next? I have asked myself

this question over and over. I am in good health and I have many working years left and I cannot find a job. What am I going to do? Am I going to remain on welfare for the rest of my life? Must I take a job that is far below my experience? That is, if I can secure such a job. What am I going to do?

As an AFDC recipient with one child I am entitled to $287 a month. My son and I cannot exist on $287 a month. My rent is $260 a month; $15 a month for $94 worth of food stamps. From my grant I have left $12. This does not provide for utilities and other necessary items that cannot be bought with food stamps.

I have been told to move to cheaper housing. How? With what? Where? In slum neighborhoods? City housing? I am not used to living in a neighborhood where I am afraid to walk the streets after dark or answer the door bell when dark falls. I haven't had to live where I must keep bars on my windows and my doors. Now I am faced with the thought of having to live in such areas because now I am a welfare recipient. Is this to be my punishment for being on welfare?

Mr. Chairman, and members of the committee, I am not on welfare because I want to be. I am on welfare because I am black, 40, divorced, and the mother of a 7-year-old son.

[The prepared statement follows:]

STATEMENT OF LEOLA H. WADE, ALAMEDA COUNTY, CALIF.

My name is Leola H. Wade. I am a resident of Alameda County and I am an AFDC recipient. I am a recipient because I have not been able to find employment. I started receiving assistance from the welfare in August of this year. I am here today to tell you about the personal encounters I have had with welfare. In August 1977, when I found that I could no longer go on without any kind of assistance I finally in desperation turned to welfare. My first encounter was with the emergency food program. I applied for food stamps but was told that I had to wait at least 2 weeks before my application would be approved.

In the meantime I could and was eligible for emergency food. In the emergency package I picked up were the following food items. Two packages of skim milk (not boxes but packages taken from the box), 1 pound of pinto beans, 1 pound of crisco, 2 pounds of flour, 1 can of diced carrots, 1 can of green beans, 1 loaf of bread, 1 pound of low grade rice, 1 jar of peanut butter and 1 can of spam. This was to last me and my son for 4 days. I would have to report to the welfare office every 24 days to pick up a slip for the same food items. Five months prior to August, I refused to go to welfare to seek help. I felt that I was above seeking such help and felt that I would not stoop so low. After I was unable to get a job through the various companies and corporations throughout Alameda County. I enrolled in the WIN program with the department of EDD, State of California and in the CETA program with the Urban League. I thought surely I would be guaranteed a job through one of these programs. I was on welfare and that in itself was a requirement. Instead of meeting hope in these programs, I met apathy. Apathy was evident in all the interviewers of all the programs I went through. Here I am a person on welfare, who wants to get off and I am told day after day call us. Come back, keep trying something will surely turn up. I did not want to hear that I wanted to work. I need to work. My son and I cannot exist on $287 a month. In desperation one of the employees of the State told me to write my Congressman. The programs of WIN and CETA are not meeting the needs of poor peole who want to work. In my experience with these programs that the people employed by these programs only have a job. It is their job to see as many as possible and do the necessary work required by the State. I am appalled to find that it costs in the State of California $66,000 to find one person on welfare a job. I am appalled also to find out that the State of California will lose $2.5 million because of ineffective management. The programs are not set up or geared to alleviating unemployment in the State of California. I now see why people are born, raised and die on welfare. To me it seems that this is done so that people employed by the State and county may have jobs. People on welfare are treated like fifth class citizens. As far as other people are concerned we have no rights.

People are human beings. Most people want to work. What happens if you have a system that is designed to keep people from working. Now let us take a look at the jobs that come through WIN and CETA. Clerk jobs, low paying, part, unskilled, jobs that want people in their twenties, jobs that require only 1 or 2 years experience. When I was interviewed by the job interviewers they were aware of my experience and my capabilities. They knew that my experience far exceeded the job requirements and they were kind enough to tell me. Now because of this strike against me I find I am unable to get a job through WIN or CETA. What's next? I have asked myself this question over and over. I am in good health and I have many working years left and I cannot find a job. What am I going to do? Am I going to remain on welfare for the rest of my life? Must I take a job that is far below my experience? That is if I can secure such a job. What am I going to do?

$287 a month how am I going to exist? My rent is $260 a month. I pay $15 for $94 worth of food stamps a month. I have left $12 a month to do with what ever I want. Just think a big $12.

Now you could say move to cheaper housing. Where? In slum neighborhoods? Into housing in the city of Oakland? I have never lived in the slums. I am not use to seeing drunks standing on street corners. I am not use to living in a neighborhood where I am afraid to walk the streets after dark or answer the door bell when dark falls. I have never had to live where I must keep bars on my windows and my doors. Now I am faced with the thought of having to live in such an area because I am a welfare recipient. Is this my punishment for being on welfare?

Mr. Congressman I am not on welfare because I want to be. I am on welfare because I am black, 40, divorced and the mother of a 7 year old son.

Mr. STARK. Ms. Wade, thank you. I have heard parts of your story before, and I appreciate your making the effort to come here and share your personel experience with us, because it is only through understanding personal experiences that we will be able to see this bill be of some help.

Mr. Vander Jagt.

Mr. VANDER JAGT. Thank you very much for being here this morning.

Mr. STARK. Mr. Clay.

Mr. CLAY. No questions, Mr. Chairman.

Mr. WEISS. Thank you for being here.

Mr. AKAKA. No questions.

Mr. STARK. Thank you very much, Ms. Wade.

Is Judy Goff in the audience?

If Ron Washington is here, please come forward.

Ms. Goff is the president of the Statewide Local 535, Social Services Union, and has been doing social work for 12 years.

You can read your testimony or summarize it as you wish. We will then ask Mr. Washington to testify after you have completed; then we will try to question you both together.

If you would like, you may proceed.

STATEMENT OF JUDY GOFF, PRESIDENT, SOCIAL SERVICES UNION, LOCAL 535, AFL-CIO

Ms. GOFF. I have done a summary, but I just want to hit the highlights of the concerns of Local 535, here in California, and of SEIU, Service Employees International Union.

Service employees have taken a position in opposition to welfare reform in its present form and until it addresses some of the following major problems. In regard to the cash assistance component of welfare reform, we feel the Federal minimum wage should be no less than the Federal poverty level. It has always been our

position, that no one should be living below the Federal poverty level. We also feel there is no guarantee of maintenance of benefits once State supplementation is phased out. The Federal Government offers high incentives in the beginning. Current recipients will not be disadvantaged, but after the 3-year phaseout period, the legislation doesn't speak to what will happen then. We are very concerned about that.

We also feel the determination of the grant should be based on current income rather than a retroactive system. People have current needs now, they can't anticipate what will happen 6 months into the future and they can't expect to save their money for possible emergencies.

We feel current monthly evaluation of income needs is sufficient. SEIU represents a lot of employees throughout California. One of our major concerns is that the 725,000 CETA employees will be reduced to the minimum wage. This is a poor start on attempting to meet the employment needs of the country. We also feel that forcing individuals to take the minimum wage or minimum wage jobs, regardless of what the prevailing rate is, is not an equitable way to deal with the program nor is it an equitable way for a job program to be developed when there are a number of workers working at the prevailing wages and who fought very hard to gain those wages. We feel, again, this is not within the spirit of better jobs and income.

Another thing about the public sector jobs is that they are mainly deadend jobs. In other words, the types of jobs where people placed in the public sector will gain experience through those jobs, are not readily transferable over to the private sector. Every 12 months, as I read the legislation, people in public sector jobs will be required to go into an intensive job search. The kind of training for public sector jobs does not make the people able to compete in the private sector labor market. The legislation is very weak when it speaks of training. We believe training is a necessary component. There are a number of people who must rely on public assistance who have been disadvantaged educationally. In order to make our citizens able to compete in the labor market, training is a very valuable component. But the legislation didn't speak to how it will be implemented. I understand it will be left to the States. It is not clear where the funding will come from and whether or not the people will be eligible for cash assistance and at what tier, while going through the training component. We also feel people in public sector jobs should not be excluded from the earned income tax credit. We are in favor of expanding the earned income tax credit and making more people eligible and providing higher levels, but we don't feel the people in the public sector jobs should be excluded from this.

Finally, the other major area of concern is for the administration of the program. Now, we administer locally. The employees our union represents administer welfare here in California on the county level. We feel the States should be provided with the option of total local administration. It doesn't make much sense to have part of the administration responsibilities Federal and part State, especially if the State is in the position of doing the application process, but has no ability to have any impact on when the payment

is issued or the amount of the benefit to be computed. We feel it should be either totally State or federally administered with the State having the option, because it varies throughout the United States as to how it is done currently. Some of the reasons we feel this is the proper approach is because the conversion costs we feel would be astronomical. There are local computers which could be converted in each level to the Federal program. It seems almost inconceivable that there is a computer on a national basis which could handle SSI and AFDC throughout the Nation. Maybe technology will create one. On the local level we are used to dealing with social security and its problems, especially with SSI for those having to come into the office for emergency loans. On a nationwide basis giving responsibility for administration of all cash assistance given to the Federal Government, we feel, would be untenable. We don't feel the emergency loan block grants, especially in California, would be adequate to meet the delay time needed for communication between the local government and Federal Government offices.

Also, keeping administration on a local level will assure minimum disruption to the clients currently being serviced. It will also assure more timely processing of applications. It currently takes 3 to 6 months to get on SSI. On the county level we are able to administer the AFDC program in 45 days. In Alameda County alone, approximately 938 county employees would be displaced by welfare reform and we feel this is not in the spirit of the Better Jobs and Income Act.

Thank you.

[The prepared statement follows:]

STATEMENT OF THE SOCIAL SERVICES UNION

SUMMARY

Social Services Union, Local 535, opposes the "Better Jobs and Income Act" in its current form for the following reasons:

1. The Federal minimum benefit level should be no less than the Federal poverty level.
2. There is no guarantee of maintenance of the grant level once State supplementation is phased out.
3. Determination of the grant amount should be based on current monthly income and need rather than income for the previous 6 months.
4. The number of jobs to be created is inadequate.
5. The 725,000 current CETA jobs averaging $7,800 a year plus fringe benefits should not be reduced to minimum wage jobs.
6. Forcing individuals to take minimum wage jobs regardless of the prevailing wage exploits the poor and jeopardizes the hard won wage standards of regular workers.
7. The proposed categories of public sector jobs are dead end jobs that will not provide individuals with the skill or experience needed to successfully compete for private sector employment.
8. It is unclear who will be eligible for training, how the training will be funded, or what, if any, benefits the individual will be eligible to receive while in training.
9. Individuals in public sector jobs should not be excluded from claiming the earned income tax credit.
10. The option of total State and local administration is urged in order to:
    (a) save conversion costs by utilizing local computer systems;
    (b) insure minimum disruption of services to recipients;
    (c) insure timely processing of applications, changes in benefit computation, and changes in status;
    (d) protect the job rights of current State and local public assistance employees.

STATEMENT

Social Services Union Local 535 represents an overwhelming majority of eligibilty and social workers who administer the State-supervised welfare system in California counties. Our day-to-day involvement with the system and its recipients gives us an intimate knowledge of the need for change, as well as the ability to recognize the weakness of many elements of Presidents Carter's proposed welfare reform.

The major goals of the Better Jobs and Income Act are to insure jobs for those who are able to work, and to establish uniform cash benefits for those who are not expected to work. A secondary goal is to abolish a number of existing public assistance programs and to replace them with a simplified program. Welfare reform, with all its components, does not appear to Local 535 to be a simple program. Due to the complexities of the proposal, our testimony will be confined to three major areas of concern:

Those who are not expected to work

The establishment of a uniform Federal minimum benefit level in all States will reduce the current inequity from State to State. The inclusion of single adults and childless couples is also a positive factor. However, the benefit level proposed is inadequate. The annual benefit of $4,200 for a family of four is less than two-thirds of the poverty level, and less than families receive in 38 States under existing welfare and food stamp programs. This would represent a 17-percent reduction in benefit to an AFDC family of four in California. The Federal Government offers fiscal incentives to encourage State supplementation during the transition period. These incentives, however, will be phased out over a period of years leaving California to fully supplement the Federal benefit level or allow the living standard of its recipients to be reduced.

Eligibility for the income support program will be based on income over the previous 6 months rather than immediate need as with existing programs. This would make families ineligible for assistance despite their inability to meet minimum needs, including families of needy strikers, seasonal workers, and others deprived of previous income. As all other forms of assistance except for a small and inadequate immediate need program will be eliminated, there needs to be some guarantee that those without income are not forced to wait for from 1 to 5 months before they are eligible for payments. Eligibility requirements and payment levels should reflect current needs and realistically take into account family resources.

Under welfare reform, applicants who are employable are to be treated differently from those who are not employable. It takes a minimum of 3 months for most individuals to begin receiving SSI/SSP benefits. For those who must meet social security's definition of "permanently disabled," the process can take much longer. According to social security, approximately 50 percent of their disability denials are overturned at the appeal level. However, it can take an applicant as long as 12 months to receive an appeal hearing. Many individuals who are not "permanently disabled" may not be able to work due to temporary incapacity or long-term illness. There is no provision in the proposal to deal with individuals these situations.

Those expected to work

While the concept of creating jobs is commendable, the current proposal is totally inadequate. In its present form, the program would create a pool of millions of second-class citizens who would be forced to take public or private jobs at the minimum wage regardless of how much the minimum wage job is below the actual prevailing rate for the particular work. Moreover, the proposed 1.4 million part-time and full-time public service jobs financed by the Federal Government, most of which would pay only the minimum wage, include 725,000 CETA jobs now paying an average of $7,800 a year plus fringe benefits. The only additional jobs would be 375,000 full-time and 300,000 part-time jobs, added over a 3-year period. The number of jobs expected to be developed is clearly inadequate if the program expects to become the major source of publicly financed jobs for virtually all the unemployed. Every individual required to work would be forced, under pain of losing all assistnace, to accept a job paying the minimum wage, regardless of that individual's level of skill or experience. This would permit unscrupulous employers to exploit both the poor who would be forced to take substandard jobs and regular workers whose wage standards would be jeopardized. What America clearly needs is a full employment policy leading to a massive national effort to provide jobs at decent wages in both the public and private sector for all Americans.

The proposed categories of public sector jobs are dead end jobs. They will not substantially provide individuals with skill or experience that will allow them to successfully compete for private sector employment.

It is unclear who will be eligible for training, how the training will be funded, or what, if any, benefits the individual will be elilgible to receive while in training.

While expansion of the IRS earned income tax credit is good, individuals in public sector jobs should not be excluded from claiming the credit.

Federal versus local administration

The current proposal will give the States the option of performing the intake function for applicants of the cash assistance program. However, the Federal Government will make the final eligibility determination, compute the benefit, and issue payment. If California opts to retain administration of the application process, counties will have to deal with clients who are anxious to be paid, but without the authority or means to issue payment or resolve recipient problems. Dividing up administrative responsibility does not make sense. The program should be totally administered by either the Federal Government or the State at the State's option. Local 535 urges the option of local administration for the following reasons:

It is doubtful than an adequate computer network system is marketed which can handle the volume of the SSI/SSP, AFDC and general assistance programs on reprogramed to accommodate the new Federal system.

Local offices currently exist to administer the Federal program. These offices are familiar to recipients and, thus, will minimize disruption of service during the implementation of welfare reform.

New applicants, under a federally administered program, will experience considerable delay in receiving benefits as evidenced with the current 3-to-8 month processing period for SSI/SSP applicants. Locally, AFDC applicants are processed in 45 days or less. Local administration will insure timely processing of applications, changes in benefit computation based on fluctuating income, and changes in status between the employable and unemployable categories. This timeliness will reduce expenditures of the emergency need program.

Current legislation provides no "grandfathering in" clause or protection of the job rights of current State and local employees in the event of Federal takeover. Alameda County alone estimates that 938 line workers and support staff would be laid off if Federal administration occurs. Nationally, this would leave an estimated 180,000 currently employed workers jobless. Clearly, such action totally undermines the intent of welfare reform!

Thank you for soliciting our views. Local 535 welcomes the opportunity for continuing input toward a meaningful reform of the welfare system.

Mr. CLAY. Thank you.

Mr. Washington.

STATEMENT OF RON WASHINGTON, OAKLAND CALIF.

Mr. WASHINGTON. My name is Ronny Washington, I am a resident of Oakland.

H.R. 9030 requires quarterly review of all disabilities by the State vocational rehabilitation agency. This means that I, as a severly disabled person, would have to report to a huge bureaucracy once every 3 months to be told whether or not I was still disabled. This review process does not serve any purpose at all or provide any assistance to the disabled. In fact, it will cause tremendous hardship. What it does do is provide unnecessary work to keep social workers busy and create a means whereby disabled people can be harassed, humiliated and intimidated. In addition to that, the requirement would create a very large tax burden.

The SSI program, as it exists now, requires annual review of disabilities. My recent experience with my annual review provides an excellent example of the problems that would constantly arise under H.R. 9030. Three weeks ago I filled out the forms and talked to the social security counselor. I had fulfilled all the requirements for having my SSI check continued uninterrupted. The counselor said he would put the new information on the computer and that I

would receive my check as usual. On November 10, I received a letter from the social security office requesting additional information. I called the social security office and talked to the same claims representative. He said he didn't know why I had received this letter, despite the fact that it came from him. He checked the computer and discovered that there was no change in my situation 2 weeks prior to this letter. In other words, my check was still being held. He explained that he had put the information I had given him into the computer and that it should have been cleared to allow my check to continue uninterrupted. But he went on to say that many times if the date isn't put in right, then the check doesn't clear the computer. I still don't have my check.

This experience has caused me to really begin to think and worry about the proposed welfare reform bill and requirement of quarterly review. Generally you never have the same claims representative. And even if you did, with the large caseloads and the number of forms that have to be filled out, the workers are not aware of individual cases and would have to track down the information needed. The SSI check that I depend on to pay my rent, to buy my food, and to take care of all my personal needs is being delayed. And just as the claims representative is telling me in this instance that it could be an incorrect date that is causing the delay in clearing the computer, it was apparent that he himself did not know what was causing the delay. With quarterly reviews this intolerable situation would be repeated four times a year, causing me to have a bad relationship with my landlord since I can't pay my rent, and creating a situation where I should never know whether my check would arrive or not.

To accomplish real welfare reform that would meet the needs of the disabled this bill would have to be changed in a number of ways.

First, and most fundamental, the grant levels proposed by H.R. 9030 are absurd. Sixty-five percent of the poverty level, which is what the grant levels amount to, is just not an amount on which a person can even survive. And for disabled people especially, costs of simple day-to-day maintenance can be exorbitant.

In addition, this bill, which calls itself a "Better Jobs and Income Act," makes arbitrary decisions about who should and shouldn't work. The bureaucrats who wrote the bill have decided that disabled people should not be included in the job market. For those disabled people who feel they are unable to work, that decision should be left up to them. But, by the same token, disabled people who do want to work outside their homes should not be shunted aside as they would be under H.R. 9030 and told, essentially, not to bother, that they have nothing to contribute. A decent jobs program would create work situations that were flexible enough to accommodate the needs of disabled people, allowing for part-time work, for example.

Disabled people who do have the opportunity to work at private sector jobs should not have to face the choice of taking a job and foregoing all MediCal coverage despite tremendously high medical expenses or continued to be covered by MediCal while staying at home and not using their talents.

My experience with disabled people, as with able-bodied people on welfare, is that we would rather work than sit home and vegetate. Give us jobs.

Mr. CLAY. Thank you.

Mr. Vander Jagt.

Mr. VANDER JAGT. Thank you very much for your testimony. No questions, Mr. Chairman.

Mr. CLAY. Mr. Weiss.

Mr. WEISS. Ms. Goff, I happen to agree with most of the points that you raise. I hope you understand when I raise the following questions.

When you talk about dead end jobs, I can understand the concern that you have that certain of the jobs would not have training components built in so people could, in fact, be trained for other positions to which they aspire beyond the one job they have just been given.

I wonder if you could more broadly define what you mean by a "dead end job"?

Ms. GOFF. I can give you an idea of the kinds of jobs proposed or given as models to be incorporated in public sector jobs. Those include caring for the elderly. Most of those are not readily transferable into the labor market. They wouldn't provide enough experience to work in a convalescent hospital but would be more for practical nursing employment.

Another would be weatherizing houses. That might transfer into the private sector, although I am not that familiar with it. I think a person would have difficulty, given the unionization of the construction industry, in coming from a public sector job into the building trades.

Mr. WEISS. Is it your concern that people have to make an effort to get off the public sector jobs and go to a job search program and try to get a job in the private sector?

Ms. GOFF. Right.

Mr. WEISS. Or is it your concern that the job which you call a dead end job is, itself, dead end and doesn't provide for upward mobility and further increases in both capacity and remuneration?

What is the real concern you have?

Ms. GOFF. It is actually both of those. The purpose of the act, as I understand it, is to help people who are currently recipients of assistance and those who may need assistance to upgrade their standard of living. It does provide exemption of a large amount of the income earned as an incentive for people to work. They work in a public sector job for 12 months. They then lose that job.

Mr. WEISS. Suppose that were eliminated and people would be allowed to stay on public service and would not have to go looking for private sector jobs which are nonexistent to begin with. Suppose you were able to create 50,000 jobs running elevators? There are 3 million unemployed, basically 7½ million young people not employed. Is it your position that if those elevator jobs were created they would be bad because they were dead end?

Ms. GOFF. No.

Mr. WEISS. Or if they were service-contracted jobs, are dead end?

Ms. GOFF. As it is written, these people will have to go from a public sector job which is being disrupted after 12 months to look

for employment in private industry. I don't think given the kind of jobs which are being developed, they will be able to compete in private industry. I don't think there are enough of those kinds of jobs available. Certainly, if there were 50,000 elevator jobs, there is nothing inherently wrong in an elevator job. It doesn't provide much upward mobility for increasing your income. There are only certain places you can work as an elevator operator and after a period of time the market would be glutted.

Mr. WEISS. If the choice is between not having a job at all or having a dead end job, I would say it would be better to have a dead end job, because once people are paid for doing the work, the individual, himself, may find encouragement and inducement in finding different kinds of jobs.

Ms. GOFF. Right. But they won't have any background or qualification or training behind them in order to get those jobs.

Mr. NOLAN. Would the gentleman yield?

The lady's point is as long as they are only temporary, then once you have completed that assignment what has that given you to help secure your job? Would you agree those jobs would be very good jobs if they could remain permanent, such as a job caring for the elderly, public service type job?

Ms. GOFF. Yes.

Mr. NOLAN. But the assignment in itself is not dead end but if you are looking at it as a means of training and preparing someone to move into the private sector, yes, it may turn out to be dead end.

Ms. GOFF. Especially if there is no possibility of advancement in the public sector job. There should be inherent in the job, the ability to upgrade your skills and your qualifications and some kind of mobility rather than to just stay at a $2.50 mnimum wage for the rest of your life because you happen to secure a public sector job.

Mr. STARK. You were objecting also to a provision, citing the complexities of the bill, that you have to take off how many weeks——

Ms. GOFF. Eight.

Mr. STARK [continuing]. To go job-hunting?

Mr. WEISS. That is right. I predicated my question on eliminating the requirement for having to go into the search and into private sector jobs, which does not exist. What I am really questioning is the labeling of certain types of jobs as being dead end. It seems to me almost any kind of job is preferable to not having any job at all and once you get paid for doing work that society needs done no matter what somebody may think of it, it gives the opportunity to further his capacities, further search on his or her own for other jobs. I just get bothered by the idea of labeling jobs as dead end jobs and saying nobody should do that.

Mr. CLAY. Would you describe weed-cutting as a dead end job?

Ms. GOFF. If it cannot be translated into the private sector, yes.

Mr. CLAY. What you are really trying to say, you would rather see them build houses on vacant lots so weeds cannot grow on vacant lots?

Ms. GOFF. Yes.

Mr. CLAY. Do you get the same feeling I get from this piece of legislation, that is, when I see the administration talking about 1.4

million jobs and we find 725,000 are already taken under CETA, then we find in the papers the administration is going to give tremendous help to the cities and we see the 1.4 million jobs coming up—do you know what three-card monte is?

Ms. GOFF. No.

Mr. CLAY. It is a con game, now you see it, now you don't. Do you get the feeling now you see some jobs, now you don't?

Mr. WEISS. It is the old shell game.

Ms. GOFF. That I understand. I am limited because of time constraints from going into a more full discussion of our objections to this piece of legislation. I highlighted the key ones. I do not believe there is currently the capability to develop and expand on these jobs, provide the training, and everything else that the Better Jobs and Income Act says it would like to do. I do not believe there are enough provisions in the legislation to say how this is all going to magically come together. My feeling about these jobs is that they are just so much veneer; I don't feel that the jobs being proposed are meaningful jobs essentially, and certainly not all people who are going to have to rely on public assistance are going to be able to do particular kinds of jobs. Some people cannot deal with the elderly. They simply cannot handle those problems. They may have no choice but to accept that type of public sector job or lose all benefits. Some people, myself included, would not be able to do rodent or vector control. That is one of the jobs suggested. I would have to lose all public assistance for myself and my family if I were given the option of only being able to have that type of job because that is all that is available. Also, once I have done my 12 months in vector control in a targeted poverty area or neighborhood that needed it, I do not believe that I could then turn around and translate that work experience into private industry. These are some of the kinds of concerns we see with the job component.

Mr. WEISS. Thank you very much.

Mr. STARK. I want to thank you both. Thank you very much.

I would like to suggest to those who are here the intention of the committee is to proceed during the lunch hour. Some of the members may come and go or munch a sandwich here at the desk, if that would not offend anyone, but it will perhaps cut down the waiting time of some of you who have been here for so long. If you will bear with us, we will try to continue right on through the noon hour.

I wonder if Mr. Hustace is in the audience?

Elizabeth Faragoh?

Then I will skip over to Mr. McClain, who I believe is here.

We have your prepared statement and we will make that part of the record.

STATEMENT OF RALPH McCLAIN, AD HOC SOCIAL SERVICES ADVISORY COMMITTEE

Mr. MCCLAIN. There is a question the bill attempts to make uniform throughout the Nation a certain level of payment that is to address the problem of low payments in certain States. I would think one remedy that can be easily addressed now, where there are

Federal payments being made to those States, there be mandated by Federal law an increase in the grants in those States to meet the persons named comparable to the cost of living in those States. That would reach some of the needs that this program attempts to deal with without seriously affecting other States that are paying a higher level at the present time.

Another portion, of course, is administration of the program. We have all had experience with the SSI program and know what problems it has caused, and we can in no way support such a concept without some serious outlined system for administration of the program. We do not relish the idea of having to have 12 million persons having to go through the experience of SSI recipients, particularly through the Social Security Administration, which we know can in no way meet the needs of its present clientele not only in the payment of assistance but also in providing other social services that those recipients need.

So one of the things that we would request that this committee and the Congress consider is, what does it want to do, one, with regard to meeting the needs of individuals throughout the country through employment, and two, for those individuals who cannot work, and there are those that we represent also, to provide them with a standard of living comparable to the cost of living in the area they are living in, not based upon some magical figure established by some analyst.

We would ask this committee to, one, take a serious look at the Humphrrey-Hawkins bill and see if that will address the question that is before us regarding employment. If not, then to specifically take on a trial basis—there are a number of statements made every day there are a number of employment areas that go wanting in the daily newspapers. If that is so, then groups of persons can be trained and put into those jobs, if that is the question. If it is a question there are not enough jobs, I would think this committee would seriously look at the lifestyles in the country now, what is the potential for jobs in the future, immediate and long range, what is the likelihood of having those jobs filled, and thereby developing programs in which recipients an be trained for those jobs. This is in the private area.

Then we have the whole area of public employment. This bill does not sufficiently address the question of what will happen to all those employees who now are involved in public assistance programs, not only on a Federal level but also on a State and country level. What will happen to those individuals? Will they be replaced by Federal employees, and then they get ito the job market, which puts the recipient down on a lower scale because their having greater abilities, and two, if those persons will be put into a Federal system, what will be the costs not only to the Federal Government but also to the taxpayers, which welfare recipients make up the same portion as they make up the public assistance programs because they do pay taxes as everyone else.

Then will recipients be trained if this will be a major area of employment to fill some of those jobs?

[The prepared statement follows:]

Statement of Ralph McClain

FISCAL AND ADMINISTRATIVE IMPACT

Statistical studies have proven that the poor are not the primary advocates of welfare. They are not even the greatest beneficiaries of public assistance programs. The majority of recipients of welfare are persons unable to work or children. Businesses are the primary recipients of welfare dollars (recipients have very little, if any, means of saving any portion of their welfare checks as these money are spent for daily living expenses, shelter, food, clothing, etc.).

Secondly, the vast majority of the poor would rather have jobs at which they can be productive and support their families. Without serious initiatives (Federal and State) and a strong commitment to provide everyone capable of working productive employment, all efforts to reform public assistance programs are but make shift rearrangements.

Carter's welfare reform bill is in fact a transfer of payment process. We need to go further by insuring good training skill development and employment to every able-bodied youth and adult. It has been estimated that only a nominal increase in expenditures will result from implementing this program. Projecting an average yearly increase in caseload level and expenditures (equal to California's present rate of caseload and fiscal expenditures). It would be safe to say that this nominal increase would be reached by 1981 without this reshuffling of public assistance programs, by the mere fact of population growth.

We all have experienced the federalization of adult aid programs (supplemental security income). This was undertaken to provide increase benefits (in lower paying States), provide uniformity and more efficient administration. The Social Security Administration was ill prepared to meet even a small percentage of the needs of these individuals. There are some serious concerns about accessibility to remedies for recipients under a federally administered program. We would only support such a concept/practice if the State retained the authority to determine eligibility and provide administrative remedies

Theme: Assuming that welfare reform is needed to break the poverty cycle and improve the economic recession, the Carter proposal should be opposed, because the proposed changes in the system are not designed to accomplish this, and because the articles in the bill do not actualize the reform that is intended.

I. THE PROPOSAL DOES NOT ACHIEVE ITS GOALS

According to the press release issued by Jimmy Carter to the Congress on 8/6/77:

"The program I propose will provide job opportunities for those who need to work."

The bill authorizes local employment offices to create CETA positions, to be paid at minimum wage totaling 1.4 million jobs. There is no reason that this should be limited, since more than this amount will be needed to eliminate unemployemnt. This bill assures that there will still be millions unemployed.

1. The benefits offered for people unable to work mandate that these people be poor. Their benefits should at least reflect the average percapita income in this country, even though their needs are more than average.

2. Failure to keep the job (a reason why many are on aid) will result in reduced aid or discontinuance. This is a method for keeping poor people poorer.

3. Increase in population will increase rolls.

"Insure that work will always be more profitable than welfare * * *."

1. If a recipient's earnings increase from just below the maximum to just above the maximum, they will be discontiuned, thus reversing the work incentive.

2. The only absolute way to assure that working is always better than not working, is to give everyone the right to needed benefits (food stamps, MediCal).

"Provide increase benefits and more sensitive treatment to those most in need."

1. The proposed benefits will be less than the current amounts, unless States decide to supplement them.

2. The consolidation of the individual aid categories will produce a more mass production-like atmosphere. There is nothing in the bill which refers to the treatment of clients.

3. There are no provisions for social work allocations.

"Reduce complexity by consolidating * * *, providing * * * a uniform minimum Federal payment for the poor."

1. This bill does not reduce complexity; it rearranges complexity.

2. The Federal Government will be buying local offices, equipment, etc., and hiring their employees.

3. Intake and emergency will be the responsibility of local governments.
4. Funding procedure will be changed.
5. Because States will have to supplement the Federal payment, each State will have different benefits.

"Provide strong incentives to keep families together * * * by ending rules which prohibit assistance when the father of a family remains within the household."

1. In the present system, in certain cases (unemployed fathers, stepfathers) the regulations do not prohibit assistance when the father is in the household.
2. In the proposed system, in certain cases (father's income increases over the maximum) the regulations do prohibit assistance when the father is in the home.

"Reduce fraud and error and accelerate efforts to assure that deserting fathers meet their obligations to their families."

1. The proposed bill calls for the present system of family support to continue.
2. There is nothing in the bill designed to reduce fraud and error.
3. Statistically, any basic organizational change will incease fraud and error.

"Give significant financial relief to hard pressed State and local governments."

1. The complicated funding arrangements proposed are designed for a 3-year phasing out of Federal payments to States.

II. THE NEED FOR REFORM—DEFECTS IN THE CURRENT SYSTEM

"It treats people with similar needs in different fashion with separate eligibility requirements fo reach program."

1. Recipients include disabled, blind, deaf, unemployed students needing food stamps, working people who need MediCal, parentless children, etc., do not have similar needs.

III. PROPOSED PROGRAMS CAN BE APPLIED TO THE PRESENT SYSTEM

"Strengthened sevices through the employment and training system for placement in the private sector jobs.

1. The proposal is for the present programs run by State employment departments to continue.
2. There is no provision for placement in the private sector.

"Creation of 1.4 million jobs * * * at Fed. minimum wage * * * "

1. The proposed plan descriminates against U.S. citizens from Puerto Rico, Virgin Islands, Guam, Marianna, and Native American Indians by restriction funding for jobs from these areas (see page 137 sec. 931)
2. The Federal minimum wage is also not applicable to the above areas (page 145 sec. 918)

"Expansion if the Earned Income Tax Credit"

1. This need only be added to the current legislation regarding this.

"Strong work requirements * * * "

1. The regulations presently require certain recipients to register for employment, while others are exempt. This will remain the same, except that CETA jobs will be offered and required.

"Work benefits * * * "

1. Modification of grants from earnings already benefit the client. This change is only slightly financially better in certain cases.

IV. COSTS

1. The present cost for all aid, $19.1 billion.
2. The proposed cost for all aid, $21.9 billion.
3. The present cost for training, $5.9 billion.
4. The proposed cost for training, $8.8 billion.
5. These changes can be implemented under the present system.
6. These changes are not sufficient to meet the rise in the cost of living.

V. A NEW BILL SHOULD BE PROPOSED FOR THE FOLLOWING CHANGES

1. Guaranteed income for a family of 4 at $10,000.
2. If a family earns less than this, they should be supplemented by negative income tax.
3. The number of jobs created should equal the number of unemployed.
4. CETA jobs should not necessarily be minimum wage, but should reflect the similar scale as private sector jobs.

5. Since the employer benefits by having the employee paid a salary by CETA, the business is actually receiving public assistance. It is important that this be publicized in order to offset the stigma that recipients face.
6. Currently, CETA positions are for designated time periods, and then terminated. The employer should be required to offer the CETA worker a regular salaries position (after just learning the job at reduced wages).
7. The proposal requires job search, but does not improve the effectiveness of the search. This should either be eliminated, or made voluntary, with such programs as regular group meetings with counselors, other job searchers, and successful job finders.
8. Specific industries should be isolated to determine what jobs are going unfilled. Train people specifically for these jobs and place them in it.
9. Business will be required to go along with tax incentives (i.e., a continuation of present tax writeoffs.
10. Administrative costs should be reduced by eliminating positions from the top, and reducing salaries of high level bureaucrats.
11. Funding for public assistance should be 90 percent Federal and 10 percent State.
12. Changes should be done in a one step pilot project on optional State approval, not a 3-year phase of changes.
13. Federal Government should provide regulations and procedures, while State governments should be responsible for the administering of them (not limited to intake and emergency).
14. Greater involvement with community organizations by placing eligibility workers in the community and out of the alienating office place.
15. Eligibility should be based on the client's present circumstances (as in the present system), not a 6-month retroactive period, which leaves no room for emergencies.
16. Recipients employed in newly created jobs should have a viable part in the development of these jobs, so that more than bottom line positions be available.
17. Any welfare reform should be implemented before the election of 1980, not afterwards.
18. The implementation of a new program should immediately benefit the clients, not be designed on a several year timetable, leaving clients 3 years behind, as this proposal has it.

Mr. CLAY. Thank you.
Mr. WEISS. I have no questions.
Mr. CLAY. Thank you very much for your testimony.
Dixie Garrett.

STATEMENT OF DIXIE GARRETT, PEOPLE FOR PROGRESS, SACRAMENTO, CALIF., ON BEHALF OF HUMBOLDT WELFARE RIGHTS ORGANIZATION, ARCATA, CALIF.

Mr. CLAY. Your entire statement will be included in the record and you may proceed as you like.

Ms. GARRETT. Gentlepeople, my name is Dixie Garrett. After 12 years on welfare and hating it, and trying several unsuccessful means of getting off, I was fortunate last year to get a job as the food stamp outreach coordinator for the five far northern interior counties of California. This program is contracted through next June.

When first I heard how the new welfare reform would operate, I was stunned. What woeful tidings, these. I had a veritable rush of responses. I did not know whether to laugh, cry, throw up, or reach for the Kaopectate.

No one wants to be on welfare—and it is terribly, terribly important for you, gentlepeople, not only to remember this, but to keep it uppermost in your minds throughout your work on such an important undertaking.

No one wants to be on welfare—please, repeat it to yourself and to each other often enough that as you proceed, it will be reflected in the outcome of this most serious of situations. In all the time I was on welfare, I never met anyone that would rather be on welfare than have a good, reasonable job within the scope of their capabilities—and one for which they would not only receive a living wage, but one with potential for advancement and security.

No one wants to be on welfare. If you work on this plan, but fail to comprehend this, then we are all in trouble—and we will rue the day this reform becomes reality.

I am not about to tell you that the current welfare system is good or even anywhere nearly adequate. It does, in fact, cry out for change. I live in dread of the day my job comes to an end. Work is scarce in northern California. Our major industries of logging, cattle ranching, trucking, and agriculture offer few opportunities for women and are at best seasonal, whether or not we are plagued by drought or forest fires.

Whatever solution we find, it must contain, as a primary element, hope—hope for a chance to better oneself according to one's abilities and one's ambitions; not false hopes or hollow promises or punitive threats. There must be some relationship between a person's training, talents, aptitudes, et cetera, and the job they go to, no matter what their pay, but it is absolutely indecent to force people to take jobs for which they are entirely unprepared and for which they are to receive purely minimum wage.

We hear so much about human rights—oh, sure, let's go tell everybody else in the world just what stinks in their country in regards to human rights, and then turn around and mess over our own poor with a plan that will have the impact of mass rape, psychological, sociological and economic rape. Is it the government's connubial right to do this to their own people, already locked in unholy embrace with poverty? The most likely issue of such coupling is outrage.

Welfare mothers are already grossly underpaid. A good mother's attention to her children saves taxpayers' money in the long run, if you think in terms of such things as hospitals, and both mental and penal institutions, but the welfare mother receives far less money for each child than would be allotted for that child if it were in a foster home.

IN SUMMARY

1. The Carter administration's stated intent of fairer and more uniform cash benefits is essentially good; in fact, wonderful. However, in the harsh light of reality the program would result in a reduction of benefits to at least 90 percent of those people already existing within the current welfare framework.

2. The stated intent of the Carter administration's plan to promote family stability is good, in fact, wonderful, but the proponents of this plan's only assurance of family stability insure that the family who stays together starves together for the 90 percent of the people who would receive reduced benefits under this plan.

3. The stated intent of the Carter administration that less damage will be done to the self-respect of welfare recipients is good, but less than wonderful; I would prefer that the administration intend no damage at all. If the jobs and training programs intended to enable many to become self-supporting results in their being trapped in the flipped up, flipped out, flipped off rhetoric of the lower tier, upper tier, ultimately inadequate tier, then I would suggest, with all due respect, that, if you have tiers, prepare to shed them now—or to carry it a step further—this welfare reform eliminates the stigma of food stamps, essentially replacing them with nothing. We would not have the embarrassment of stocking our larders through the boon of funny money; we would instead not be stocking our larders at all.

4. The Carter administration's stated intent that the central focus is on work is good, in fact, truly wonderful. However, if the central focus is on work, this plan does not insure that people in rural areas like mine will have the following—and this applies to cities too.

A. Adequate child care to seek, accept, or continue employment.

B. Adequate transportation to seek, accept, or continue employment.

C. Adequate health care to enable us to have access to doctors, dentists, hospitals (providers) in a timely manner in order that:

I. We get healthy; our children get healthy.

II. We remain healthy; our children remain healthy.

III. We, as parents, are physically and emotionally free to seek, accept, or continue employment.

D. Adequate training to seek, accept, and continue employment.

E. Acknowledgement of the fact that many, many people who find themselves on the welfare rolls are both educated and skilled and therefore are entitled to the prevailing wage and should not be forced by this plan to accept less.

F. Adequate incentive/work expense allowances to enable us to seek, accept, and continue employment, and

G. Adequate and appropriate jobs for us to seek, accept/or continue.

And by the way, in northern California there is little opportunity for upward mobility for elevator operators because the tallest building in Shasta is three stories.

Gentlepeople, I earnestly hope that the war on poverty will not come to mean the annihilation of the poor through this reform. I entreat you to give the very most grave attention to this matter. There must not be even one among you who cannot look at the needy and know in your heart that "There, but for the grace of God, go I."

Mr. STARK. Thank you, Ms. Garrett. There is some good humor and cynicism that rightfully should be directed at the present program and indeed at some of the provisions in the administration bill. I want to assure you that as we discussed back in Washington with the full committee, there have been no deals cut either among us who are Democrats or on the Republican side. There is a genuine attempt being made to bring together a variety of responsible people. I find it amazing but the Agriculture Department and the Committee on Agriculture in the House really have agreed to doing away with food stamps. In a day and age of bureaucratic jealousy

when you get a department as large as the Department of Agriculture or a committee as powerful as the Agriculture Committee to relinquish some of their turf, there is some ray of hope.

Unfortunately, the bill cannot be as encompassing and provide as much as perhaps you and I might like because there may be people whose philosophy is we cannot afford it in this country. It is not that they are turning their backs; it is just they are not seeing the same people you and I may see, and they prefer to spend their dollars in other ways. They could make an impassioned plea to defend our country against some unseen enemy. It is hard to fault those folks for their patriotism. It is just we are dealing with a different problem.

Ms. GARRETT. Are those people who are not elected?

Mr. STARK. No, they are elected, and the people who elect them I presume would feel the same way, or a majority of them. So we are going to compromise or we are not going to have a bill.

Ms. GARRETT. Just do not sell us out.

Mr. STARK. I wish it could be more in the direction you want. I do not think we will be able to move that far. I think before that happens we will have no bill. I am glad that I do not sit in the permanent position of the Chair of this committee. I have some feeling for the man who does, who also would share your views, I believe, but has to recognize in compromise he will get a bill that will pass the House.

Ms. GARRETT. I cannot believe—you know the old theory, if you put all these monkeys in a room and give them typewriters, it is only a matter of time until we get King Lear. Let those monkeys out of that room, let's get people in there.

Mr. STARK. I fear your admonition and I want to see if the rest of the monkeys up here have any questions to direct at you.

We are going to have to face this when a bill is finally written and it is our product. We appreciate your views. Probably more members of this committee agree with you than disagree. We have the votes on this committee to write a bill as you suggest, but we would not get 100 votes out of the 400-member Congress.

Ms. GARRETT. Where will the tradeoffs be?

Mr. STARK. I am afraid most of the tradeoffs—my personal opinion, would be there will not be as many jobs created as could fill the jobs in this bill for everybody. There will be a requirement you accept a job—I am guessing—if it is offered.

Ms. GARRETT. At minimum wage? And even if you are not trained for it?

Mr. STARK. I am not sure about that.

Ms. GARRETT. There is something kind of crooked about that.

Mr. STARK. I do not believe there are going to be 5 million jobs created out of this bill.

Ms. GARRETT. I did not address the 6-month period. That is so by far. If President Carter dropped dead and Rosalyn had to figure, "Well, let me see, 6 months ago, Amy would be out selling newspapers to support the family." This does not make any sense.

Mr. STARK. Or writing a book or being a reporter.

I will now let Mr. Clay speak.

Mr. CLAY. I do not have any questions but a comment in reference to the tradeoff. In all probability there will be tradeoffs of

people in the mentality that the richest country in the world cannot afford to take care of its poor, and we have people like that but they are there and they are in key positions and they wield a great amount of influence. If we were talking about spending $100 billion for some instrumentality of destruction, we would have no problem but we cannot spend $50 million to take care of our poor.

I have no questions, Mr. Chairman.

Mr. STARK. Mr. Nolan.

Mr. NOLAN. Mr. Chairman, I had a question.

I too have lots of problems with the bill and approach the whole problem in the same kind of spirit and philosophical attitude that you do. Looking at the current system, first of all let me say we are going to have to make some hard choices if we are going to get a bill through Congress. Just looking at the bill that the President has proposed, one, I wonder if in your testimony you are taking into consideration that the $4,200 will be supplemented by States? In California it is actually $5,700.

Ms. GARRETT. There will be a reduction in benefits in California. Are you talking about the benefits?

Mr. NOLAN. How will it result in a reduction of benefits? Under current law——

Ms. GARRETT. Oh, you mean the State will kick in——

Mr. NOLAN. The State kicks in the extra.

Ms. GARRETT. Compliance would be a problem. We already have problems in northern California. I do not want to get in trouble with any of my people but we have trouble getting them to comply with the rules on the books right now.

Mr. NOLAN. The California supplement now in the beginnings of AFDC and food stamps is equal to $5,790 here in California. That is with no Federal encouragement. Under the bill the President has proposed, the Federal Government picks up a very, very large share of the cost of supplementation, so one might presume that if States are supplementing without any Federal financial assistance, when there is Federal assistance they would not only continue supplementation but expand it.

Ms. GARRETT. Certainly in California I have seen encouraging signs at the State level. Marion Woods is going in a very dynamic direction toward this.

Mr. NOLAN. As opposed to the current system, doesn't that seem to make sense to you?

Ms. GARRETT. If they really want people to take jobs, this current system makes it so the welfare mother gets a job, she keeps the first $30 of what she makes and gets only one-third of the rest.

Mr. NOLAN. You are getting into my second question. The first question is, doesn't this make sense to encourage the States to supplement by picking up part of those costs?

Ms. GARRETT. Yes.

Mr. NOLAN. That would be superior to the current system?

Ms. GARRETT. Yes.

Mr. NOLAN. The Federal Government gives no incentive.

Ms. GARRETT. How long would that continue, though?

Mr. NOLAN. That continues, it becomes a matter of entitlement and permanent law.

My second question is this. I do not like minimum wage jobs either. But looking at the current system now, the person on minimum wage is lucky if he can bring home $3,000 after taxes.

Ms. GARRETT. Yes.

Mr. NOLAN. Right?

Ms. GARRETT. Right.

Mr. NOLAN. The family of four on AFDC and food stamps would actually be better off not working?

Ms. GARRETT. Yes.

Mr. NOLAN. Under the President's plan, however, the cash assistance is universal in application and while it probably does little or nothing for the poor, it seems to me it does an awful lot for the working poor because the first $3,800 that you earn is disregarded and under the President's proposal even in a minimum wage job your income would be about $7,000 as opposed to now working at a minimumn wage job where your income is in the neighborhood of $3,000.

Ms. GARRETT. Aren't we sort of talking about mythical jobs?

Mr. NOLAN. The 1.4 million jobs—I would like to see a job created for everybody.

Ms. GARRETT. Appropriate jobs.

Mr. NOLAN. Appropriate jobs. But if I am forced to vote on the bill as it stands today, with 1.4 million additional jobs, it seems to me it does an awful lot for the working poor in this country. Right now if I work at a minumum wage job I get $3,000. Under the President's proposal if I work at a minimum wage job I get $7,000—because I would get that $4,200 that I do not get under the current system. Doesn't that seem infinitely superior to the system we have now, whether that job is in the private sector or the public sector, regardless of what kind of job it is, if it is cleaning out houses or doing brain surgery?

Ms. GARRETT. I cannot picture you or me doing either one of those things.

Mr. NOLAN. My point is, doesn't that seem better to you than the current system?

Ms. GARRETT. In the purely abstract, I can see where the numbers kinds of things——

Mr. NOLAN. No. You work at a minimum wage job now, you get about $3,000. Under the President's proposal you will get $7,000.

Ms. GARRETT. I feel like I ought to have better than a minimum wage job, and under this system I would not even be free to get that because if the guy who makes a living cleaning out houses down the street is paying $5 an hour and finds I am on welfare and knows he can offer me $2.50 and beat the other guys across town——

Mr. NOLAN. I assume there are jobs in the bill——

Mr. CLAY. Would the gentleman yield?

Just to correct the record, minimum wage jobs pay closer to $5,000 a year than $3,000.

Mr. NOLAN. I am talking about after taxes and expenses. You are lucky if you can take home about $3,000 at $2 an hour. With the new minimum wage that is going to be increased substantially.

But I am just saying if there are no jobs in the bill, it seems to me this proposal does an awful lot of good for the working poor in this country.

Mr. STARK. If the gentleman would yield, the confusion on this bill is rampant in the committee, as I am sure it is in the audience. I do not think you get $4,200 on top of a minimum wage. We are checking that. I think you get brought up to a level of the family with children who has no job and is getting full AFDC or full minimum assistance here.

Mr. NOLAN. The way the proposal is written—I am afraid there might be some mistaken impressions among the people about what the proposal does and does not do. The first $3,800 that you earn is disregarded from any reduction in benefits, so you get your $4,200, say a family of four, plus the $3,800 that you earn in the job, regardless of what the salary is. After you make more than $3,800, then for every dollar you make over that there is a dollar reduction in benefits.

Under the President's proposal, the working poor are going to have their income perhaps tripled even at minimum wages.

Ms. GARRETT. You think so?

Mr. NOLAN. Yes, because, you see, at minimum wage I know it is in the neighborhood of $3,000 but under the President's proposal at minimum wage you are going to get $4,200 plus, which will make up the $3,800. Were you aware of that?

Ms. GARRETT. No. That is hard to believe.

Ms. NOLAN. It is true. So it does very little for the poor and unemployable or unemployed.

Ms. GARRETT. And medical benefits?

Mr. NOLAN. There is an assumption in there we will have a national health insurance plan.

Ms. GARRETT. That is a pretty big assumption.

Mr. STARK. Would the gentleman yield?

That is correct. That is a glaring omission that has been discussed often.

Ms. GARRETT. Would it not be better to put something in to covering our medical and dental?

Mr. NOLAN. Medicaid will be extended until there is a national health plan, but the President's overall plan calls for a national health plan.

Ms. GARRETT. I am already in the position of not being on welfare and when my daughter tells me she has a headache and has blurred vision, I think if I had my medicare card I would be down there in a hot minute to find out what is happening with this girl's vision. But when I don't have any money left over at the end of the month and I am working, I am not about to go down there and say, "Shall we start some tests here?" I am more likely to say, "Drink some Comfrey tea and let's see how you are doing tomorrow."

Mr. NOLAN. My concern is, Dixie, that perhaps a lot of people do not understand some of the benefits that there are in this proposal.

Ms. GARRETT. Yes. I had no idea it was as wonderful as you make out.

Mr. NOLAN. That is true, though. It does enormous things for the working poor that have never been done before in this country.

Ms. GARRETT. I can certainly see they have the loftiest of ideals.

Mr. STARK. I guess it has often been said you never want to see someone make sausage or laws, and I hope that the product when

this committee is done will come a lot closer to what you would like to see happen.

Ms. GARRETT. You think there is likelihood of that?

Mr. STARK. However many of us, 29 out of the committee who are committed to doing it, find it is very difficult. One of the things that is unfortunate about writing a welfare reform package is there is a very limited constituency. If we were having hearings this morning on eliminating the oil depletion allowance, you would see more $600 suits on well groomed lobbyists jamming this committee room to keep us from doing that.

Ms. GARRETT. Yes.

Mr. STARK. I have perceived jobs such as that from Ms. Wade this morning, and I see cases in my local office where people have problems, but I do not receive in the normal course of my professional mail much on reforming the welfare system. There is no constituency except the very poor who have had less educational opportunity than many of us.

Ms. GARRETT. There are a lot of us.

Mr. STARK. But there is no expensive lobby out drumming up support—and it's sad.

Ms. GARRETT. I took out a part of my testimony because a friend of mine said,"You are sounding like you are threatening them." It had to do with the idea when the energy failed in New York it was not the rich looting; it was the people who felt they had been messed over and maybe the Lord was seeing to it that they got what was coming to them. Maybe that is why Mr. Carter is so intent that the lights not go out again by working on energy.

Mr. NOLAN. You must bear in mind there are strong incentives for the States to supplement, and most people in most States will not be making—a family of four—$4,200; it will be closer to $6,000. And with the additional Federal assistance it could be expected a lot of States would increase their supplementation so people will not be living at $4,200. They will be living at closer to $6,000 or $7,000, and the working poor who are living on $3,000 or $4,000 will be in the $7,000 or $8,000 bracket.

Ms. GARRETT. That is really counting on the State to supplement. Then we have an election year. What if Mr. Brown decides the way to get votes is to say, "Look, I just discovered this wonderful new way we can save money. We don't supplement."

Mr. NOLAN. But somebody will point out the resulting enormous loss in Federal dollars that will accrue as a result of it.

Ms. GARRETT. Maybe somebody will point out those people who might have been looters find out the vote is more powerful.

Mr. NOLAN. My point is the Governor could say, "Now we are going to save some money here." But if the Carter plan is implemented, the Federal Government is going to pick up 75 percent of the costs of that supplementation for the first 12.3 percent and then it is scaled up and it is scaled down depending on how high you supplement. But the Federal Government is going to give them a lot of money to encourage them to supplement.

Ms. GARRETT. For how long?

Mr. NOLAN. It is perpetuity, until another Congress would choose to change the law. But this is what we call in law an entitlement

that would continue on in perpetuity until some other Congress at some other time—of course, any law can be changed, but it is a permanent law.

Please bear in mind these factors, that there is strong encouragement for States to supplement, in all probability they would, and there are enormous benefits in here for the working poor. My primary concern is the jobs section so that we can create more jobs, better wages and jobs that, as you pointed out, are suited for the people.

Ms. GARRETT. When you do that to a person, no matter how much they want a job, as soon as you wrench their arm behind their back and say, "We are taking away your grant until you take a job," that is to encourage their feeling of well being? That does not carry through to the things about self-respect, and we want to work, and how good we are going to be. I do not feel good about taking a job somebody makes me take. That does not make sense. We voted for a toothy grin. The poor of this country look to this man for help.

Mr. NOLAN. He is giving the working poor enormous help.

Ms. GARRETT. I guess I have to go back and look at it again. I had no idea it was so wonderful.

Mr. NOLAN. Isn't that wonderful?

Ms. GARRETT. If it is not written that way now, I hope you have a lot to do with the writing up.

Mr. NOLAN. The biggest opposition on this thing is from the people who do not want to pay the costs of appropriating additional moneys for decent jobs.

Ms. GARRETT. I wonder if they would be any of the same people who, if we all started to cut back and live at this below poverty level in case we have to go on welfare and then therefore did not spend money, how would that affect the economy? I wonder if any of these people would think about that, maybe they would loosen up a little and say we better give these guys something, and something that keeps them going and keeps them happy. They don't have to be dancing and snapping their fingers but keep them fed, keep a roof over their heads, let's build houses and let's at least make sure they get food. I am thinking of having little cards made up saying, "Soon my job will be up, and, please, I am a worthwhile person. Please don't make me go on welfare again."

Mr. STARK. Thank you very much.

Will you indulge me and some of the other members while we munch on sandwiches while you talk?

Ms. FARAGOH. I am sure you will give a more favorable response to my remarks if you are not hungry.

Mr. STARK. I would like to, Ms. Faragoh, acknowledge for my colleagues and members of the audience, that we are especially proud to have you here. You were recently awarded the National Mental Association Volunteer of the Year Award. That is only slight recognition for the work you have done. I also know your daughter is an extremely talented person.

I would commend again to my friends, an art exhibit at Berkeley. Your daughter does beautiful work and does much for people who enjoy visual arts.

Again, a double commendation for taking the time to be here.

STATEMENT OF ELIZABETH FARAGOH, ALAMEDA COUNTY MENTAL HEALTH ASSOCIATION

Ms. FARAGOH. I am the mother of a 43-year old autistic daughter who has been severely ill since her first year. After 18 years in State institutions, and treatment of a period of 28 years she has been home for the last decade, thanks largely to SSI and title XX money for attendant care. Attendants have been students or recent students who provide some teaching, exercise, recreation and other activities not possible in a hospital situation.

I am concerned about several features of H.R. 9030.

1. At present the grant for a recipient living at home is less than for the same person who lives in a board and care home or other facility. There is no logical justification for this discrimination against families who often, at great personal sacrifice keep a mentally disabled relative at home. I would urge that this unequal treatment be eliminated and that there be just one standard for the grant.

2. I am concerned that training and rehabilitation services be available to all disabled persons who request it. As I understand it, according to the present plan, job training and subsidized employment are not now available to those recipients who are not required to work, that is, blind and disabled. Such exclusion is not in the interests of the recipient. For I believe work, on any level, is the great morale builder, even if the financial returns are not adequate to meet all a disabled person's needs. And hope of work is implicit in vocational rehabilitation. Not to have that hope is to resign oneself to invalidism, to a futile existence. Moreover, many blind and disabled recipients, with proper training can expect not only to contribute to their own support, but even to make it on their own. So work training and rehabilitation are essential services for the disabled.

3. My third concern is tied to the second. Paradoxically, although rehab is not provided in the present plan, the recipient is required to report for evaluation of his need for rehab services by this same agency, that is, rehabilitation every 3 months.

I do not think the legislators or planners who casually recommend quarterly or annual reviews of disability understand how demoralizing and how threatening they often are. For one thing a change or disruption of ordinary routines and schedules, which to a normal person might be only an annoyance, for a mentally disabled person can be a fantastic threat, and can create unbearable anxiety. Even more serious is the necessity to reassert the painful fact of disability itself, and the humiliating fact of one's dependency. One disabled woman I know, who functions fairly well ordinarily, is thrown into terrible confusion when the inevitable letter summoning her to the annual affirmation arrives. She does not understand the reason for this, and she reverts to a former helpless state until the ordeal is over.

These checkups are time consuming. Recently I went to report a change of address for my daughter. This took 1¼ hours, because although the annual affirmation had taken place only 3 months previous, the whole lengthy processs had to be repeated because of a change in address, at huge bureaucratic cost.

Furthermore, I cannot see why, once medical eligibility has been established, what need exists for further checkup. Recipients of old age and survivors insurance, or social security, once eligibility is established, undergo no further checkup. They are responsible for reporting any changes which might affect their status. Why not the same treatment for the blind and disabled? They are just as capable of carrying this responsibility as the aged. The costs of these checkups are phenomenal, serve no useful purpose and are a burden on the recipient and/or his guardian.

4. My fourth concern is with attendant care. I hope that funds will be included to provide adequate attendant care where necessary. In our case this assistance made all the difference between hospitalization and community living. Especially where there is no day care program, attendant care can be the decisive factor in avoiding hospitalization.

Thank you for this opportunity to talk about my concerns.

Mr. STARK. I would ask Congressman Nolan if you have any questions.

Mr. NOLAN. No. You have touched on one section of the bill most properly described as public service employment for the medical doctors. Maybe we can do without that section and improve the bill a lot.

Ms. FARAGOH. It does, I guess, in the provision for rehab. I don't see why there should be any checkups. You know, I also receive social security. Nobody asks me every year whether I am getting any older or not.

Mr. NOLAN. As long as the law requires——

Ms. FARAGOH. It would be wonderful if you could get that out.

Mr. NOLAN. Have you come to know Lloyd Nolan at all in working with children with development disabilities?

Ms. FARAGOH. It is a very familiar name.

Mr. NOLAN. Yes. He is a movie star and has an autistic child. I wondered if he was holding up our namesake.

Ms. FARAGOH. When my daughter was young, they didn't know what her problem was. They made every diagnosis you could imagine. There was no diagnosis which actually, at that point, was known. Every place we went, they said, "It is too bad; we can't help you."

Today, in California, education is mandated for these children until they are 21.

Mr. STARK. Congressman Weiss.

Mr. WEISS. It was very important testimony.

Thank you for coming.

Mr. STARK. Congressman Akaka.

Mr. AKAKA. No questions.

Mr. STARK. We will ask Ms. Vickie Strang to come forward. She is with the children's rights group.

STATEMENT OF VICKIE STRANG, CHILDREN'S RIGHTS GROUP

Ms. STRANG. My statement will be submitted later.

Mr. STARK. We will make it a part of the record.

Excuse us for munching as you testify.

Ms. STRANG. My name is Vickie Strang. I work for a nonprofit child advocacy organization. We have been participating in the Northern California Welfare Reform Coalition. I don't purport to be an expert in the current or proposed welfare reform system, but have explored it as it affects children, specifically as to their being victims.

The first and most devastating aspect of the administration of the welfare reform program is this: Any child can become a victim of a parent's response or nonresponse. If the parent doesn't respond appropriately, that individual's cash assistance will be withdrawn. Suppose the only person to whom forms are directed is the primary wage earner. But, in fact, the children are the victims since they have no control over their parents' behavior or their pocketbook. Instead of subsisting on $4,200 a year for a family of four, which would be available to them if father and mother performed as to the requirements, for a family of four on the so-called lower tier of benefits, that provides only $2,300 a year or $1.57 per day per person. If, on the other hand, a child with one parent is under 6 years old, the mother is not expected to work. If she chooses to work, even though her low-income job leaves her welfare eligible, then the child will be punished again by being deprived of a child care subsidy with which to obtain adequate child care. If the mother does remain at home while the child is under 6, statistics from the Rand Corp. as to the AFDC study show the recidivity rate will be approximately 85 percent. History is clear, people with no work experience are more likely to remain on welfare for extended periods of time. As a matter of principle, we believe that children's needs should be met. All children should be guaranteed income and services sufficient for adequate food, health and welfare care. The current level only assures a level of intrusion into family life which complicates the whole scheme.

There are variables within the household unit. The only way to avoid fraud would require an army of very inquisitive caseworkers.

The second point I wish to raise is that contrary to the accompanying rhetoric, the administration proposed welfare reform will divide and fragment the American family. Two provisions will have the effect of driving a wage earner out of the home. Then the annual 8-week job search during which the whole family is put on a lower tier of benefits, which you all concede is similar to the situation where there are more cars and they can generate more revenue by issuing parking tickets. The same thing will happen. But the kids at home will be hurt by being put on the lower tier of benefits.

The second thing is the 6-month accounting period where income for the past 6 months is counted in determining benefit levels. That's unreal.

Suppose the primary wage earner may leave the home rather than having his former income being assessed in benefits to his kids?

Finally, the haphazard approach to child care services. We are told 150 workers will be hired at minimum wage provisions. Nowhere is there mention of qualified staff supervision or any other component of child care. No income would be available for day care

for children under 6. The whole problem of child care needs to be seriously addressed by the Congress and the administration. Any child care provisions, both with regard to worker and recipients, must have as its primary objective the optimum growth of the child and care. This translates into sufficient capitalization into programs. Quality programs can be set and maintained. Sufficient subsidization of costs whether through income disregard or separate social service funding as in title XX to allow children of low-income families sustained child care.

Thank you.

[The prepared statement follows:]

STATEMENT OF THE CHILDREN'S RIGHTS GROUP

My name is Vicki Strang and I work with the Children's Rights Group, a nonprofit child advocacy organization which is a participant in the Northern California Welfare Reform Coalition.

The child as victim is the theme of my remarks.

The first and most devastating aspect of the administration's welfare proposal as it affects children is this: any child can become the victim of his parents' response to a complex system of governmental expectations. If the primary wage earner (in the expected to work category) does not respond appropriately, that individual's cash assistance will be withdrawn. Supposedly, the only person toward whom that punitive work incentive is directed is the primary wage earner. In fact, the children are the victims, since they have no control over their parents' behavior and no control over their parents' pocketbook. Instead of subsisting on $4,200 per year for a family of four, which would be available to them as family members if father and/or mother behaved according to Government expectations, they will be forced to live so far below the poverty level it is unreal. For a family of four the so-called lower tier of benefits provides only $2,300 per year, or $1.57 per day per person.

If on the other hand, a child with one parent is under 6 years old, the mother is not expected to work. If she chooses to work even though her low-income job leaves her welfare-eligible, then the child will be punished again by being deprived of a child care subsidy with which to secure adequate day care. If the mother does follow the governments expectation, and remains at home while the child or children are under 6, statistics from the Rand Corp. study of AFDC in California indicate that the recipiency rate will be approximately 85 percent. Clearly people with no recent work experience are more likely to remain permanently on AFDC.

As a matter of principle, we believe that children's needs should be met. All children should be provided a guaranteed minimum of income and services, sufficient to assure adequate food, shelter, child care and health care.

The welfare proposal now under submission guarantees only a level of intrusion into family life which cannot be underestimated. Because the whole scheme is designed to adjust for multiple variables in the composition of the household unit the only way to prevent fraud will be to thoroughly examine and check up on the internal functioning of the household, requiring an army of very inquisitive caseworkers.

The second point I wish to raise is that, contrary to the accompanying rhetoric, the administration's proposed welfare reform will continue to divide and fragment the American family. Two provisions are especially likely to have the effect of driving a primary wage earner out of the home: (1) the annual 8-week job search during which the whole family is put on the lower tier of benefits, and (2) the 6-month accounting period whereby income from months past is counted as available income for purposes of setting benefit levels.

Finally, I wish to comment on the haphazard approach to child care services, as indicated in the proposed plan. We are told the 150,000 child care workers will be hired at minimum wage under the Public Service Employment provisions. Nowhere is there a hint of funding for safe facilities, educational equipment, staff training, qualified supervision or any other component of quality day care.

As noted, no child care subsidy or income disregard would be available for children under 6.

We submit that the whole question of day care and child development services needs to be seriously addressed by the administration and the Congress, and not treated in the thoughtless manner found in the so-called welfare reform proposal.

Any child care provisions—both with regard to workers and with regard to recipients—must have as its primary objective the optimum growth and development of the child in care. This translates as a matter of public policy into two requirements: first, sufficient capitalization of new programs to insure that quality standards can be set and maintained; second, sufficient subsidization of ongoing cost (whether through income disregards or through separate social services funding) to allow the children of low-income and welfare families an equal opportunity for safe, nurturing and stimulating child care.

Mr. STARK. You raise some of the issues that I agree with wholeheartedly. The job search thing seems unreal to me. I don't know how you work and then take off 8 weeks and go looking for another job.

But if I understand your testimony, here is one of the concerns, whatever we do wrong in this bill or in the present welfare system impacts on children.

Ms. STRANG. That is true.

Mr. STARK. I am really not sure we can write into law or even want to get into that of mandating how parents will provide for kids. One of the things we are doing that I think is good, we are getting rid of food stamps and providing cash instead. One of the arguments you will hear a lot and one of the reasons food stamps came into being is that parents can't be trusted; they will buy booze and let the children starve.

My contention is, regardless of economic levels or regardless of education levels there are people who will treat children inhumanely in our country and we have to deal with them another way.

I have to think the very poor are more loving toward their children than the very rich who ignore them.

I think I will disagree with you by saying I think we have to provide as much as we can for the families and hope some of the other fabric of our society sees that the linkage between the parent and child is maintained or else deal with them in another manner.

Do you care to comment?

Ms. STRANG. I honestly was expecting that response. It is a bind. It is clearly not a question to which there is a simple and ready-made answer. If our assumptions are that families will always tend to do right by their children and if we hold out as a carrot and stick situation that your children will have a relatively minimal level of subsistence, if you go do the job thing or go do your every-3-month referral to vocational rehab the way we tell you to, then that will work. That is one set of assumptions, but another set is wait a minute. There are folks around whose children may need this, who are not going to respond appropriately in the way the government would have them respond. So what will we do with those children? Will we let them go into the 2300 rank or are we going to terminate parental rights and put those children into foster care and say their parents are unfit because they won't meet the governmental requirements? I can't answer those questions, but I will say this, when you look at the impact of proposed welfare reform on children and you determine you want to go the route of a punitive incentive, that's what it is. You are saying, you know, we have done income disregards for this and that, that's a positive incentive. Saying we are going to cut your benefits in half if you don't do it is a punitive

incentive. I would suggest before you go the route of punitive incentives, you look at what you are going to do with those children. Foster care is going to be a whole hell of a lot more expensive.

Mr. STARK. We probably won't deal with that in this bill. Foster care in California is maintained under a variety of State laws. When you decide to take the child from the parent and place him or her in the custody of the government, that is something we wouldn't deal with in this bill.

Ms. STRANG. I know you wouldn't deal with it in this bill, but I am saying if you take one step you have to follow through with a look at what follows. If you have people who don't do what they are supposed to do and their benefits are cut and the family can't survive on that, then what happens to the children?

Mr. STARK. I will follow you to the point that you can't make them spend it a certain way—I just don't want to get back to the point where you have to lead people by the hand to cash the check, otherwise we will get back to food stamps.

Ms. STRANG. I do understand that. Do you have any questions on the child care section because I think it is important to separate that out. What is said about child care in H.R. 9030 is so peripheral and haphazard.

Mr. STARK. Mr. Weiss.

Mr. WEISS. Given the very serious and legitimate questions you raise and assuming the points you would like to have made are not made, as far as the encouragement incentives or punitive measures to get off welfare to employment if you were to contrast the present program with the proposed program, which would you prefer?

Ms. STRANG. Honestly, Mr. Weiss, I am not sure I am qualified to answer that.

Mr. WEISS. I appreciate that.

Ms. STRANG. I am really not.

Mr. WEISS. The reason I asked you the question is because we may, that is those of us here, be confronted with exactly that kind of choice and we are going to have to say on the basis of whatever information we are able to gather in these hearings and through the information given from the administration through our own learning processes. We will have to make a choice.

Mr. NOLAN. In California, for the typical family of four, the Federal Government will pay $4,200 to support that family. California, without any assistance from the Federal Government, supplements that to the tune of $2,548. So the family of four ends up with $5,700.

Ms. STRANG. I understand that. But if the government is into doing the punitive incentive thing, I don't think the States will countermand that objective.

Mr. NOLAN. Under the President's proposal, instead of giving each family in California $3,200, they give them $4,400 so the State would only have to supplement $1,354 and the Federal Government would pick up the rest of that supplementation. As a practical matter, the poor people in California as well as the taxpayers in California come out substantially better.

Ms. STRANG. I heard your discussion with Ms. Garrett on that issue and I understand your point. I was simply trying to raise the

issue of what happens to the child whose parents don't fit that category and who is subject to the other half of this; and also the question of what are we going to do about child care services because what is indicated in the bill is inadequate.

Mr. NOLAN. The President as well as the people in HEW are up in the air.

Ms. STRANG. I gather that.

Mr. NOLAN. Your testimony is helpful to the committee and helping us to know where we should go.

Mr. AKAKA. Andrew Chang, Hawaii Director of Social Services and Housing.

STATEMENT OF ANDREW I. T. CHANG, DIRECTOR, DEPARTMENT OF SOCIAL SERVICES AND HOUSING, STATE OF HAWAII

Mr. CHANG. Thank you very much, Mr. Chairman, and members of the committee.

I appreciate the opportunity afforded me to present my views as director of the Hawaii State Department of Social Services and Housing on the very important proposed legislation on welfare reform, H.R. 9030.

In view of the time constraints imposed by the number of people scheduled to testify today, I will briefly highlight our main concerns as they relate to this bill. A fuller treatment of these concerns is attached for your review.

The bill on program for better jobs and income, H.R. 9030, is designed to dramatically reduce reliance on the welfare system, insure work incentives, improve job opportunities, increase the benefits and dignity of welfare assistance, consolidate all welfare programs into one, encourage family unity, reduce fraud and errors and assure State and local governments fiscal relief. These are undeniably desirable objectives. The question before us, however, is not whether these objectives are desirable but whether the proposed program will achieve these objectives and at what cost.

TITLE XXI—INCOME SUPPLEMENT AND INCOME SUPPORT FOR FAMILIES AND INDIVIDUALS

The initial and primary area of concern involving this title relates to cost. The bill guarantees that the cost of implementing the program would not exceed 90 percent of the current State cost of AFDC, GA, SSI, State supplements and administrative costs. In other words, it guarantees a 10 percent fiscal relief for the first and second year. This relief is reduced to 5 percent for the third, fourth, and fifth years and then it is phased out. This means that after the fifth year the State is unprotected against cost increases resulting for the reform program.

The increase in cost to the State can be very substantial if the State which has a high benefit level, as Hawaii does, is to maintain these benefits.

Relative to one of the main objectives of the reform program; namely, to provide fiscal relief to the States, this hardly seems right.

I would like to suggest that after the fifth year to the extent that the State's benefits are within the Federal matching limits, a permanent hold-harmless provision limiting the State cost to no more than 100 percent of the current cost at the time of implementation be adopted.

In terms of cost to the State, this hardly represents fiscal relief because the current cost is already a staggering load, but it would protect the State from the kind of astronomical cost increases that it has suffered in the past.

Without going into specific figures because our calculation may be based on misunderstanding of the bill's provision, I should like to establish our basic position with regard to cost and benefits as follows:

We would want to be able to maintain benefits at least at our current level, including food stamps, and we hold that the cost to the State should be no more than the current cost at the time of implementation.

A second point of concern is the provision in the bill which limits benefits to a maximum of seven members in a family. This is real discrimination against larger families and the primary sufferers will be the children. We oppose this provision.

We are also concerned that the maximum payable account as it applies to Hawaii means that recipients in our jurisdiction will incur a loss in benefits. This occurs because the current benefit including food stamp bonus amounts to $7,641 which exceeds the maximum payable amount to $7,360 provided for in the bill.

Section 2108 establishes a 6-month retroactive period for computing a household unit's available income in determining eligibility. This may be fairer in that it treats families with similar incomes alike, but it is cumbersome. We suggest that the provision of the food stamp program which uses the past 30 days in the accounting period unless there is a substantial change in income as being equitable and substantially simpler. When there is a change in income, the anticipated level of income is used to determine eligibility and benefits.

TITLE II—EMPLOYMENT OPPORTUNITIES PROGRAM

Section 201 proposes amendment to the Comprehensive Employment and Training Act to add on a new title IX to provide an employment and opportunities program.

We are in agreement with the general purpose of the program. The proposed legislation indicates a complexity of relationships among programs and governmental levels. Relative to the administration of the proposed program, existing State concern relates to the proper utilization of the State employment service, as well as how to insure that the expertise gained by the WIN staff in the delivery of comprehensive manpower services—including subsidized employment and training—is not lost to the community.

The coordination between the jobs component and the cash assistance component will be a critical facet of the new program for better jobs and income. Colocation of employment and cash assistance offices would appear to be a desirable consideration. States

should be allowed to play a major role in the development of the linkage between the employment services organization and the cash assistance agency. Effective WIN programs may serve as a model in the implementation of these coordinating agencies.

As these issues are still under study, further comments will be forwarded to you when available.

TITLE IX—JOB OPPORTUNITIES PROGRAM

With respect to this program, our specific concerns at the moment are as follows:

ALLOCATION OF FUNDS

Section 913 requires the Secretary of Labor to allocate funds among prime sponsor areas on the basis of estimated numbers of persons eligible for assistance. The basis from which these estimates will be derived is not indicated.

To insure equitable distribution of funds among prime sponsor areas, the language of section 915 should specify what factors and data the Secretary of Labor will use as the basis to assure equitable allocation of funds among prime sponsor areas. We recommended that the incidence of unemployment and poverty—OMB criteria which gives recognition to high cost-of-living areas of Hawaii and Alaska—be included as factors for consideration. The use of unemployed workers would provide areas with depressed economies due consideration.

The authority of the Secretary to reallocate allocations to other areas during a fiscal year should be qualified to require advance notice to prime sponsors and Governors before any such action is taken. Such provisions are included in Section 103 of the act.

REVIEW BY GOVERNOR AND STATE MANPOWER SERVICES COUNCIL

Section 915 would require prime sponsors to submit plans to both the Governor and the State Manpower Services Council (SMSC) for review and comment; the SMSC to conduct public hearings on all prime sponsor plans; and, after review, each party to submit recommendations deemed appropriate to prime sponsors and to the Secretary of Labor.

The proposed legislation lends to inference that the authority of the State Manpower Services Council, an advisory body, equates to that of the Governor of a State. We recommended that reference to the State Manpower Services Council be deleted from section 915(a); and that 915(c) place responsibility on the Secretary to prescribe such regulations as necessary to insure that issues/recommendations raised by all interested parties are provided due consideration by prime sponsors and the Secretary.

Section 916 states that the Secretary shall provide financial assistance to Governors for specified purposes in carrying out the intent of the title. The source of such funds is not indicated; it is our thinking a percentage of the appropriation for this title should be specified for this purpose or consideration be given to increasing current section 106 and 107 percentage of CETA title I appropriations.

Section 953 would require States to provide funds to enable prime sponsors to pay wage supplements to participants in subsidized work and training positions.

It is our position that subsidized work and training should be 100-percent federally subsidized. This would contribute toward equalizing costs of welfare in areas of high cost living and areas characterized by economies that cannot support the burden of uncontrolled immigration or in-migration.

On a more general note, with respect to implementation, one cannot help but reflect back to the difficulties the Nation experienced in the conversion of the State's aid to the aged, blind and disabled programs to SSI in 1974. A "Monday morning" analysis of that project clearly advises a cautious approach to the transition of our current welfare system to the program for better jobs and income. I believe that serious consideration should be given to the establishment of pilot programs to test the feasibility and effectiveness of the new welfare reform plan. There is little doubt that a conversion can be made. Our concern is that it occurs under optimum conditions. The executive and legislative branches of the State government would require sufficient leadtime to take the necessary actions to implement this program.

The program for better jobs and income is a commendable proposal with noble objectives. The President is to be congratulated for stepping forward with such an innovative program to effect a reform of our less-than-satisfactory welfare system. The proposal, as presented, however, is not a perfect one. I do think that with more work to resolve major issues of concern, the program should exert a profound and positive influence on the course of American history with far-reaching social consequences.

Thank you very much.

[The prepared statement follows:]

DEPARTMENT OF SOCIAL SERVICES AND HOUSING
STATE OF HAWAII

TESTIMONY ON H.R. 9030
PROGRAM FOR BETTER JOBS AND INCOME

By Andrew I. T. Chang, Director

General

The bill on Program for Better Jobs and Income (H.R. 9030) is designed to "dramatically" reduce reliance on the welfare system, insure work incentives, improve job opportunities, increase the benefits and dignity of welfare assistance, consolidate all welfare programs into one, encourage family unity, reduce fraud and errors and assure State and local governments fiscal relief. These are undeniably desirable objectives. The question before us, however, is not whether these objectives are desirable but whether the proposed program will achieve these objectives and at what cost.

I wish to state at the outset that the basic thrust of proposed welfare reform program is generally in keeping with the basic ingredients which I feel are essential for an acceptable welfare reform program. These ingredients include universal coverage based on need, 100% federal funding, work incentive provisions, work requirement when job is offered, and regional differentials in benefits to accommodate differences in cost of living. The proposed program does provide for universal coverage. It does not provide for 100% federal funding of the basic benefit but it does provide for a 90% basic grant supplemented 10% by the states, and provides also for state supplement beyond the basic grant with 75% federal matching of a portion of the supplement and 25% of the rest up to the poverty line. The supplements are not quite the same as cost of living differentials funded by the federal govnerment, but it does accommodate the idea that benefits should reflect differences in cost of living. The proposal does provide for work incentive in the two tier benefit schedule, one for those who cannot work and a lower one for those who are expected to work. Work incentive is also provided through income disregards and the 50% to 70% benefit reduction schedule. In other words, the welfare reform proposal is comprehensive and appears well thought out, and the President should be commended for it. However, this is not to say it is perfect. There are areas of concern and for the rest of my remarks, I wish to address these areas of concern.

Title XXI - Income Supplement and
Income Support for Families and Individuals

The initial and primary area of concern involving this Title relates to cost. The bill guarantees that the cost of implementing the program would not exceed 90% of the current State cost of AFDC, GA, SSI, State supplements and administrative costs. In other words, it guarantees a 10% fiscal relief for the first and second year. This relief is reduced to 5% for the third, fourth and fith years and then it is phased out. This means that after the fifth year the State is unprotected against cost increases resulting for the reform program.

The increase in cost to the State can be very substantial if the State which has a high benefit level, as Hawaii does, is to maintain these benefits.

Relative to one of the main objectives of the reform program, namely to provide fiscal relief to the states, this hardly seems right.

I would like to suggest that after the fifth year to the extent that the State's benefits are within the federal matching limits, a permanent hold harmless provision limiting the state cost to no more than 100% of the current cost at the time of implementation be adopted.

In terms of cost to the State, this hardly represents fiscal relief because the current cost is already a staggering load, but it would protect the State from the kind of astronomical cost increases that it has suffered in the past.

Without going into specific figures because our calculation may be based on misunderstanding of the bill's provision, I should like to establish our basic position with regard to cost and benefits as follows:

We would want to be able to maintain benefits at least at our current level, including food stamps, and we hold that the cost to the State should be no more than the current cost at the time of implementation.

Sec. 2108 establishes a six months retrospective period of computing a household unit's available income in determining eligibility. This retrospective method is being offered as "fairer because it increases the likelihood that families with similar annual incomes will receive similar benefits, and it should do much to reduce fraud and error." We can assume that families with sudden drop in their income and who are ineligible shall be covered by the Emergency Assistance provisions of the program. The six months retrospective approach seems like a cumbersome administrative procedure and we submit that the provisions of the Food Stamp Program is much more equitable and substantially simpler to implement. Under that program, the household's income for the past 30 days is ssed as a guide in determining the household's eligibility and benefits, unless the household has experienced or expects a substantial change in income. In such an event, the past 30 days' income is disregarded and the anticipated level of income is used to determine eligibility and benefits.

Sec. 2138 - State Administration of Intake and Eligibility Determination

The federalization and consolidation of the Nation's welfare system is seen as a positive step forward toward an equitable distribution of income. However, this direction should not be construed to preclude the States' participation in the administration of the new program. We support, therefore, the provision which affords the states an option to assist in the administration of the reform program. Most states are in a better position to operate the crucial intake function to serve applicants, and also make possible a more effective coordination with social service programs. The states are already with an administrative structure in place with years of experience in dealing with income maintenance problems. State participation is likely to result in greater accessibility to our needy citizens and can certainly be more responsive to Emergency Assistance requirements. The bottom line, of course, is the effective utilization of trained and valuable state and local welfare personnel without the attendant problems of surplus people.

Sec. 2121 - State Supplementation

Another option provided to states is a federal administration of state supplements. Candidly speaking, one good computerized payment system should be far superior, more efficient, and less costly than 50 separate payment programs. Hence, this provision is seen as a favorable arrangement. The mechanics of audit and accountability are, surely not over-riding to the advantages of federal administration.

Limited Benefits to Large Families

It is noted that under the Cash Assistance Component, cash benefits to needy families will be limited to a maximum of seven members. Perhaps this feature is directed toward discouraging the large "welfare" families. Pragmatically speaking, however, it will only serve to penalize innocent children who happen to come along in a needy large family. Why should the children be deprived of financial aid? This is discrimination and we oppose it.

Inadequate Maximum Payable Amount

An adjustment in the Maximum Payable Amount has been considered for Alaska and Hawaii. Unless the MPA is substantially increased for Hawaii, the State and/or the recipient in our jurisdiction shall, indeed, incur a loss. For example, Hawaii's welfare assistance standard for a family of four already approximates the established poverty threshold of $6,400 without food stamps; Hawaii's is $6,396. The food stamp bonus increases the family's benefits to $7,644. To cash out the food stamp program and maintain Hawaii's current standards of assistance will mean an adjustment of the MPA to approximately the annualized assistance amount of $7,644.

Title II - Employment Opportunities Program

Sec. 201 proposes amendment to the Comprehensive Employment and Training Act to add on a new Title IX to provide an Employment and Opportunities Program.

We are in agreement with the general purpose of the program. The proposed legislation indicates a complexity of relationships among programs and governmental levels. Relative to the administration of the proposed program, existing State concern relates to the proper utilization of the State Employment Service, as well as how to insure that the expertise gained by the WIN staff in the delivery of comprehensive manpower services (including subsidized employment and training) is not lost to the community.

The coordination between the Jobs Component and the Cash Assistance Component will be a critical facet of the new Program for Better Jobs and Income. Co-location of employment and cash assistance offices would appear to be a desirable consideration. States should be allowed to play a major role in the development of the linkage between the employment services organization and the cash assistance agency. Effective WIN programs may serve as a model in the implementation of these coordinating agencies.

As these issues are still under study, further comments will be forwarded to you when available.

Title IX - Job Opportunities Program

With respect to this program, our specific concerns at the moment are as follows:

Allocation of Funds

Sec. 913 requires the Secretary of Labor to allocate funds among prime sponsor areas on the basis of estimated numbers of persons eligible for assistance. The basis from which these estimates will be derived is not indicated.

To insure equitable distribution of funds among prime sponsor areas, the language of Sec. 915 should specify what factors and data the Secretary of Labor will use as the basis to assure equitable allocation of funds among prime sponsor areas. We recommended that the incidence of unemployment and poverty (OMB criteria which gives recognition to high cost-of-living areas of Hawaii and Alaska) be included as factors for consideration. The use of unemployed workers would provide areas with depressed economies due consideration.

The authority of the Secretary to reallocate allocations to other areas during a fiscal year should be qualified to require advance notice to prime sponsors and governors before any such action is taken. Such provisions are included in Section 103 of the Act.

Review by Governor and State Manpower Services Council

Sec. 915 would require prime sponsors to submit plans to both the Governor and the State Manpower Services Council (SMSC) for review and comment; the SMSC to conduct public hearings on all prime sponsor plans; and, after review, each party to submit recommendations deemed appropriate to prime sponsors and to the Secretary of Labor.

As established by the Act, the State Manpower Services Council (functions and responsibilities established by Sec. 107 of the Act) is an advisory body to the Governor. Currently, the various program titles of the Act require prime sponsor submittal of plans to only the Governor who, in compliance with Sec. 107, utilizes the SMSC in the review of prime sponsor plans and the development of recommendations for modifications deemed appropriate. Current practice utilizes regulations to specify procedures for the transmittal/disposition of issues/recommendations generated by all interested parties (including the Governor and the SMSC) to both prime sponsors and the Secretary of Labor.

The proposed legislation lends to inference that the authority of the State Manpower Services Council, an advisory body, equates to that of the Governor of a state. We recommended that reference to the State Manpower Services Council be deleted from Sec. 915(a); and that 915(c) place responsibility on the Secretary to prescribe such regulations as necessary to insure that issues/recommendations raised by all interested parties are provided due consideration by prime sponsors and the Secretary.

Your attention is requested in determining whether an adequate time frame will be provided by the Secretary for the issuance of regulations and guidelines, and the total process of plan development, reviews and public hearings from the initial prime sponsor level through to the State level prior to submittal to the Secretary.

Statewide Planning

Sec. 916 states that the Secretary shall provide financial assistance to governors for specified purposes in carrying out the intent of the Title. The source of such funds is not indicated; it is our thinking a percentage of the appropriation for this Title should be specified for this purpose or consideration be given to increasing current Sec. 106 and 107 percentage of CETA Title I appropriations.

Wage Implementation

Sec. 953 would require states to provide funds to enable prime sponsors to pay wage supplements to participants in subsidized work and training positions.

It is our position that subsidized work and training should be 100 percent federally subsidized. This would contribute towards equalizing costs of welfare in areas of high cost living and areas characterized by economies that cannot support the burden of uncontrolled immigration or in-migration.

Additionally, as all decision-making authority for the program is lodged in the Office of the Secretary and there is no proposed role for State accountability of funds, it is illogical to mandate allocation of State funds to prime sponsors.

On a more general note, with respect to implementation, one cannot help but reflect back to the difficulties the Nation experienced in the conversion of the State's Aid to the Aged, Blind and Disabled programs to SSI in 1974. A "Monday morning" analysis of that project clearly advises a cautious approach to the transition of our current welfare system to the Program for Better Jobs and Income. I believe that serious consideration should be given to the establishment of pilot programs to test the feasibility and effectiveness of the new Welfare Reform plan. There is little doubt that a conversion can be made. Our concern is that it occurs under optimum conditions.

The Program for Better Jobs and Income is a commendable proposal with noble objectives. The President is to be congratulated for stepping forward with such an innovative program to effect a reform of our less-than-satisfactory welfare system. The proposal, as presented, however, is not a perfect one. I do think that with more work to resolve major issues of concern, the program should exert a profound and positive influence on the course of American history with far-reaching social consequences.

11/10/77

Mr. AKAKA. Thank you very much for your testimony. Your written testimony will be admitted into the record.

I thank you very much for the positive attitudes expressed here and your general support of the bill as well as your constructive recommendations as to what can be considered to improve the bill.

May I call on my colleagues if they have any questions.

Mr. NOLAN. No questions, Mr. Chairman.

I just want to compliment the gentleman for his testimony.

Mr. AKAKA. Mr. Weiss.

Mr. WEISS. I very much appreciate the specificity of your testimony. It is very helpful for you to indicate to us the areas we need to look at for amendment. Thank you very much.

Mr. STARK. I might add, by the way, as I am calling JoAnn Lowe, if there are people waiting in the audience who thought they were going to testify at a particular time, don't be bashful. If you will, mention your presence to one of the staff people. We will gladly fit you in. I don't mean to offend anybody who may be waiting in turn and feels the Chair is being insensitive to their plight.

JoAnn.

[No response.]

Mr. STARK. If she does not appear, without objection we will make her testimony part of the record as the testimony of a constituent of Oakland who has problems with the current program. I think the members will find the description of her problems helpful.

[The following was submitted for the record:]

STATEMENT OF JOANN LOWE, OAKLAND, CALIF.

To give some background on my financial situation, on November 1, 1976, I was injured on my job at the post office, and was forced to go on disability. Since that injury, I have suffered recurrences which have caused me to stay off work at times, I have been under extreme financial hardship off and on for the past year.

I have four children, who I support myself, except for $200, which I receive from my ex-husband for my two youngest children. I had to stop working in August in order to take care of my daughter while she was ill. I had to go on leave without pay, as my sick and annual leave had not been paid back by the Department of Labor. Before I could return to work from taking care of my daughter, my youngest son became ill. While I was taking care of him, I also fell ill. Soon afterward, my daughter had an accident and was badly injured.

About halfway through that month, I realized that I would have to apply for welfare assistance. I applied, only seeking help until I could return to my job, and resume my responsibilities. In other words, this was not to be a life time aid! I consider myself an independent person, and had avoided seeking aid from the State as long as possible—mostly because I did not want to have my personal life dissected.

Upon seeking aid, I was given an extensive run around by my worker. I was told to bring her certain documents before I could receive aid. I did this. The worker also told me that she would be sending a form to my job regarding my current status; she never sent these papers. Later she used not having this information as an excuse for delaying or not authorizing payment, and said that I would have to get the papers filled out myself.

I only sought income for my oldest son and daughter and myself, since my two younger childrens, father gives me $200 a month for them. The worker explained to me that I should put the younger children down for food stamps since they were household members, and I complied with her. Whereupon she told me that my support of $200 from the children's father would be taken from me, and a much lesser amount in lieu of it. This is an example of how you can penalized for answering questions honestly on the application. If I had not mentioned my two youngest, I would have been entitled to more money and had an easier time getting it, even though what I get for them is not nearly enough to support my family.

Several weeks passed, and still with no aid of any kind given. I was desperate for my children's welfare, and worried I got more forms, and filled them out, and still

received nothing. I spoke to my landlord, about my problems because I had no money to pay rent. He asked me my worker's phone number, hoping that I could point out the urgency of help for my children and myself. His talk with the worker was totally ineffective. The worker told him that I was getting $200 a month, and "what more does she need?" He pointed out to her that my rent alone is $225.

My worker and her supervisor suggested that I be examined for work related injury, and that I should be receiving workers' compensation from the Department of Labor, I explained that I was not off work on compensation, and this was totally ignored. Finally, I sought the assistance of a congressional office again. Starks's office called the worker's supervisor and also received an indifferent attitude toward my well being. The supervisor told Stark's office that she thought I should be receiving Department of Labor compensation. Stark's office explained that I was not off work for a work related injury. The supervisor said she would look into it and call Stark's office back. When she called back, she said that I should go to my employing agency and acquire a paper to be signed by the compensation office there. She gave Stark's office the name of a person in the compensation office that she had spoken with. When I got in touch with that person, she knew nothing of the matter in question, and could not recall having spoken with anyone at welfare concerning my case!

In my opinion, all of this shows great disrespect both toward myself and the Congressman's office. The welfare office was not living up to their side of the responsibilities of my case. I did not feel that the information the supervisor wanted from my job was really relevant to my case either. This was five items regarding my compensation status which I had already disclosed to her upon applying and which she had said she would confirm with the post office herself. I withheld nothing from my worker or her supervisor. But at that point I did not any longer feel the need to be literally torn down by welfare in vain. I indicated to the worker that if I had been receiving compensation, I would not be applying to the welfare department in order to pay for food for my children.

I gave up the fight for aid because it seemed to be in vain, and I feel deep regret for any mother that has to have the experience that I've encountered, which has thrown me in debt. My children and I have learned to do without, for there is no need to beg hopelessly. Since being denied welfare, I also tried to apply for jobs through EDD. I was told that until I had been unemployed for 15 consecutive weeks, I would not be eligible for EDD programs. Therefore, I am going to return to work at the post office.

The dealings I had with the welfare department were a very poor display of our system of government, in that they do not seem to care at all about the fate of little children. I can only hope that other people will not have to go through my experience. No wonder there is so much crime and violence in our society: when we ask for help in a proper and honest manner, we are denied and put aside. There is little wonder too, why we have mothers on corners of our streets as their means of supporting their families.

Mr. STARK. Is Mary Charles here?

STATEMENT OF MARY L. CHARLES, CHAIRMAN, LEGISLATIVE COMMITTEE, CALIFORNIA CHAPTER OF THE NATIONAL ASSOCIATION OF SOCIAL WORKERS

Ms. CHARLES. Good afternoon. My name is Mary Charles. I am testifying for the California Chapter of the National Association of Social Workers.

Mr. STARK. Proceed. You have a prepared statement and we will make it a part of the record. You may summarize it or read it or harangue us or compliment us, as you choose.

Ms. CHARLES. The first page is background.

And beginning with the second page, we deal directly with H.R. 9030, we say that:

Measured against the standards set forth on the previous page, the Carter proposals fall far short. The Better Jobs and Income Act is an overly complicated, inadequate attempt at welfare reform:

1. It condemns most of the welfare population to continued poverty and the optional generosity of 50 States to maintain their current levels of assistance payments.

Therefore, we would ask for your mercy in requiring States to supplement and maintain their standards and, indeed, build in the cost-of-living benefits that California now has that index welfare benefits to the cost of living.

2. It continues the social policy that refuses to accept child rearing and household tasks as important work that should be taken seriously and paid for willingly and adequately.

That is demonstrated by the relatively low level of sustenance proposed for those who want to stay home and take care of their kids and for others who are not required to work outside their homes.

3. It doubles the number of public service jobs by eliminating one title of the Comprehensive Employment and Training Act that pays prevailing wage levels up to $4.80 an hour—a living wage—and establishing a new title which pays minimum wages requiring supplementation from a welfare program to support a family of more than three persons at the poverty level.

4. It adds incredible hurdles to entrants, for example, the 6-month accountable period, the 8-week job search and the prior months' budget system. The prior months' budget system has been thrown out by the court. California has just published new regulations to abide by the court's ruling. Prior months' budgeting has been awkward for the person who has to do the figuring for the budgeting and confusing and punitive to those who have to live with it. We don't want to see that happen, especially nationwide. All of these hurdles make necessary a federally funded, State-administered emergency assistance program which adds another layer of administrative complexity and cost to the proposal.

5. There are no increased opportunities for education even though education is the main road to economic independence. That particular element has been ignored by the program.

6. The requirement that one have at least one child to be eligible for a job opportunity or a higher than poverty income is contrary to a sound national population policy.

We think you should take a serious look at the meaning of providing public service jobs only to people with children which the bill does do and provides an extremely low standard of living for those without children. That first child becomes terribly important as simply a means of maintenance for an individual or couple. We think that is terribly bad national policy.

We want to commend the good things we see in the Carter plan:

1. Federal funding of assistance to single persons and couples, even though the assistance level is far too low and no new jobs or educational opportunities to enable this population to become self-supporting.

2. It recognizes the need for part-time jobs for parents who are raising young children alone.

3. It eliminates the irrational 100-hour employment rule that disadvantages the employable unemployed AFDC father in the current program.

4. The assets requirements and exclusions are complex to compute but seem to be more reasonable than California's AFDC property limits.

We recommend that an option of State administration of the total program be included in the Better Jobs Income Act. This is a recent change in our policy which previously favored Federal administration. We changed this because of all the problems SSI recipients which have come to our attention since that program began 4 years ago. The overall lack of sensitivity and the inefficiency of the Social Security Administration with an assistance program has convinced us that a level of administration with a legislative body closer to the people is likely to be more responsive to the needs of constituents.

We believe that the notion that people will not work unless forced to do so is a myth and the Carter proposals are based on this myth. We believe that far more people are willing to work than the economy is able to absorb. There are many examples of huge numbers of persons in line to apply for a few available jobs that can be cited to support this contention. We recommend that the proposed job opportunities program be redesigned to provide real jobs at prevailing wages in the areas of public service where they are needed. The persons who work in these jobs should be treated as real employees with all the benefits and earned income tax credit (EITC), some or all of which would not be included in the Carter plan. The need is for stable, long-term work, not for a coercive plan—that subsidizes low-wage employers and provides poor parents with an annual 5-week unpaid vacation to search for another job at minimum wage. The proposed new title IX of CETA may not be needed at all. Expansion of titles II and VI as they now exist may be a better alternative to provide the better job promised by the Carter proposal.

We recommend that there be a guarantee that no current beneficiary nor any employee of an affected program will be damaged economically by adoption of any welfare reform proposal. Carter's plan offers no such guarantees and we see this as another major weakness.

We recommend that there be a built-in administrative relationship between public assistance, medical care, employment and social service systems at the delivery level for the benefit of consumers who generally need the services of at least two of these systems, if not more, to help solve their problems.

Finally, we would support a much heavier commitment of our national wealth toward eliminating poverty, giving every child a fair start in life and providing humane public assistance for those permanently or temporarily in need. We hope that Congress will come closer to meeting the welfare reform challenge than the administration has so far.

That is the end of my testimony. I do have some additional comments. The administration did indeed solicit input. I participated in a hearing in Salinas, Calif. They had one here in San Francisco. I was able to arrange for some social workers in the Social Service Union and in the National Association of Social Workers and employees of the State legislature, a Saturday morning with Hank Aaron when he was here to talk to the State administration. I think that while they were courteous and polite, that they neither listened nor read the testimony that was provided for them. The HEW hearing resulted in a book about an inch thick

which did indeed carry our testimony word for word and apparently none of it or very little of it made any difference in H.R. 9030. I am sure there is a nice tall stack of testimony in some corner closet from those hearings.

A question was asked about the food stamp program. Apparently there are some decisions already made that it really should be eliminated. I am not so sure. This is not my organization's point of view because I do not think we have one yet on this issue. This is my personal point of view. I see the elimination of food stamps and the substitution of cash as an immediate invitation to housing authorities and other landlords to raise the rent, for example. I see a tremendous loss in business for the producers and merchants of foodstuffs. In my own area, for example—I come from 50 miles south of here, which is Santa Clara County—the food stamp bonus alone amounts to $28 million of additional business in the grocery stores each year. It is probably higher now because that figure comes from 2 years ago. That is a lot of food going to a lot of needy people. It is a paternalistic kind of program but somehow food seems a very necessary kind of thing and this is one way to make sure people do get it.

Some of the older people who no longer get food stamps in California, because our SSI program did buy out food stamps and they now get the money and not the stamps, are having a harder time managing than they did before because they used to buy those food stamps. Then, when the end of the month came close, they were at least sure of being able to eat. Now putting the money aside is just more difficult for them and is really too bad.

A point that Mr. Nolan continues to make about how much better off the working poor will be brings up a great many philosophical questions about whether or not work should be paid for with wages rather than with welfare. Some of us really think that work should be paid for with wages. We wonder why it is necessary to supplement the profits of private employers to provide jobs for people who are quite capable of doing jobs as some of the welfare recipients are that you have listened to today. Many other potential workers are out there. I see the value of a training stipend or training supplement but as a continuing, ongoing supplement to private business, I wonder if that is really all that healthy, any healthier than the supplement we are providing to the cities by paying for their employees rather than expecting the local taxpayers to do that.

Some of the things that could be done to improve the current program without a major revolution, the AFDC for the unemployed program could be made universal. That could very well be done by Congress. The 100-hour limit on hours of employment for underemployed fathers who are then defined as employed, could be eliminated.

The singles and couples could be added to the current federally subvented programs. Jobs could be created. The current fair hearing system is better than the one proposed in the bill, and of course the cost of living adjustments that now are included in SSI definitely need to be included in any new income strategy.

Thank you very much.

[The portion of statement not read follows:]

The National Association of Social Workers includes more than 7,000 members in California. Members are employed throughout the State in Federal, State, county and private agencies, in schools, hospitals, correctional institutions, and in private practice. Public assistance and social service agencies are traditional employers of social workers. We had an important role in development of the Social Security Act in the 1930's and our involvement in policy as well as direct service continues to the present.

The California chapter maintains policy positions in the several areas addressed by National welfare reform. Our national organization has a welfare reform task force now engaged in an update policy to address the Carter proposal and congressional responses that will surely follow. This testimony reflects the first report of that task force and California chapter's current positions.

We advocate a national system of income security through employment, education, social insurance, and public assistance to provide economically sound foundation for families and individuals to realize their full human potential. Income should be guaranteed to all families and individuals assuring them an adequate living. Productive jobs (rather than forced work) should be available at adequate wage levels for all persons able to work whose services are not required at home. Economic planning for full employment and full opportunity for education and skill training should be responsibilities of our National Government and funded from the Federal tax base.

All those unable to support themselves by productive work should be granted adequate money income through social insurance or public assistance unencumbered by bureaucratic hurdles, such as complex eligibility procedures, at a standard which takes into consideration the actual costs of an adequate diet and decent living conditions (for example, the Bureau of Labor Statistics " Low Standard of Living").

A multitude of individual and social problems, in addition to insufficient income, block the realization of health, happiness, and prosperity for all the people. Some of these problems are amenable to prevention or solution by the application of social services, the unique province of the social work profession. Such services, we believe, should become social utilities, occasionally needed and uniformly available to all people. Funding should be basically Federal, with fully subsidized services for the poor and a scale of fees, graduated from a small amount to the full costs, for those able to pay. Services should be fully and easily accessible to applicants for and recipients of public assistance programs.

Social Services support, strengthen and develop individuals and families. Services components should include but not be limited to personal counseling on individual, family, marriage, vocational, financial, health and legal problems; child care including physical, emotional, and intellectual development; foster care and adoption services; supportive services to families and individuals in their own homes including homemaking, housekeeping, meals-on-wheels, and friendly visiting; supportive services to institutionalized persons including those in hospitals, nursing homes, extended care facilities, board and care homes, and residential care homes for the aging; services to stimulate active community participation and useful relationships with the various institutions designed by society to serve the public; protection for endangered children and adults who are unable to cope with their environment.

Mr. STARK. Thank you. I would like to, if I may, just hop on something to see whether we can get you and your organization to change its mind. If what I suspect is true, your sole reason for switching from Federal administration to State was the SSI experience, that is an issue in which another subcommittee of Ways and Means held extensive hearings.

Ms. CHARLES. Yes, I am aware of that.

Mr. STARK. And something which I have been concerned about is outreach and everything else you mention. But if you think about this, SSI was dumped on social security with a clientele that had to be at least 15 times larger than the annual number of people who would come on because they cross the age threshold of 65. In other words, once the system can digest every qualified American for SSI, the annual increment would not be nearly as great. I am noticing some changes both in the attitude of the people in this Social Security Administration who have gotten away from the

bookkeeper-cashier approach and recognize they are dealing with, particularly in the case of disabled people, a more delicate constituency. I wonder if there is any improvement, that your group might reconsider?

Ms. CHARLES. I keep asking my friends this very same question because I was one of the people who thought surely a Federal administration would be better and certainly more efficient and effective and economical. I did not realize the tremendous difference in attitudes between people who are accustomed to and purposely get themselves hired to work with poor people versus those who on purpose do not get themselves hired to work with poor people. The same sort of difference is true in the Department of Labor's local outlet, the State employment service. They simply are not desirous of providing service to this population and it shows, it really does. It is very sad.

Furthermore, unfortunately Congress is partially to blame because you have not seen fit to give them sufficient staff or sufficient money for space to operate the new programs.

Mr. STARK. I might come down on the other side. When you are—and this is past history, but you ought to think about this too—operating in an administration that is a minority party and the majority party passes laws which you do not agree with, it is not politically naive to assume one of the good ways to frustrate the efforts of the majority is to make sure those laws do not operate very well. When you put somebody with the humane outlook of Caspar Weinberger in charge of trying to provide social services—you can anticipate the results the change in administration and some kind of partnership between the administration and the Congress, you may not like the result of what we do but we all ought to be doing it together, the administration and the legislative branch. Perhaps some of that frustration was not of concern to a prior administration, but it will be to this one because it is their bill which they are going to have to implement. I say that in as bipartisan a spirit as I can. I am not sure in California whether the Federal Government administers this or the State is so important. I am not so sure I am going to feel that comfortable in some States that do not now supplement if they are left to administer the program.

Ms. CHARLES. I am suggesting that there be an option and that the double-tiered system proposed in H.R. 9030, where their option is for the States to provide the front line, the States would catch all the hell if the checks do not come from the Feds.

Mr. STARK. I wish that were true.

Ms. CHARLES. It is quite an untenable arrangement that is proposed. In addition, the double tier adds cost but probably nothing else. It should be all one level of government or the other, it seems to me.

I appreciate what you are saying about the politics of Congress and the President, and I am sure that that is part of the total picture.

On the other hand, the people who are employed in the system locally, the people in the local social security office, the people in the local employment office are people who have those jobs because they want to do those things.

Mr. STARK. Precisely.

Ms. CHARLES. Not because they wanted to determine eligibility and provide assistance for welfare recipients and deal with those kinds of things. Those are very different programs, and I think that needs to be recognized and those people do their thing or did their thing until we burdened them with welfare.

Mr. STARK. But we found out in oversight when we allowed the people who were local to make some decisions of a grammar school nature without having to go all the way back to Washington, they came down invariably on the side of providing the kind of help the constituency needed. I am not so sure just a willingness to help people does not go through any agency. If the decisions could have been made in a more decentralized fashion, we would have been a lot better off.

Congressman Nolan.

Mr. NOLAN. Just an observation, Mary. I could not agree more with you we ought not to have to subsidize various businesses that want to pay minimum or subminimum wages. As a practical matter we just finished consideration of a minimum wage bill and we had to fight like the dickens to get to $2.65 an hour, so we will probably have an opportunity here to at least double the income or near double it for the working poor. I am going to vote for it even though I could not agree more with you it would be nice if that was in their paycheck. We may be able to find a way to make this part of our paycheck. They may not have to go to the welfare office and stand in line.

Ms. CHARLES. I am not sure the working poor are interested in receiving welfare. We do not have any of them testifying today.

Mr. NOLAN. I am sure that if you ask them if they are working on minimum wage now, if they would like to have that bumped about $4,000, most of them would go along with it. Would you not agree?

Ms. CHARLES. It would depend on the source. You are planning to take away the extended unemployment benefits, for example, which has enabled survival off welfare for a good many people over these past several years of heavy unemployment. It seems to me there must be a way of providing more income for those who work short of putting them onto welfare.

Mr. NOLAN. It would depend on the delivery system, to be sure. If they have to stand in line and have a social worker investigating their life. We found in our hearings in Minnesota—I was shocked and embarrassed to learn, and I hope you are not doing it here in California—in order for an unwed AFDC woman to qualify for AFDC, she had to list anyone and everyone she had had sex with in the previous year and list whether or not there had been any observers at the scene.

Ms. CHARLES. This is your program, Mr. Congressman. This is title IV(d) of the Social Security Act and that is the requirement of it and it is nationwide.

Mr. NOLAN. It is one of the things that is going to be changed, I promise you that.

Ms. CHARLES. Good luck. The DA's love it.

Mr. NOLAN. Those things do not have to be. County boards and State legislatures and Congress have voted to do that, and we can reverse those decisions.

Ms. CHARLES. Thank you.

Social workers, incidentally, Mr. Stark, do not go out and investigate people any more. We have persons who are called eligibility workers or eligibility technicians, and we have people from the district attorney's office who do that sort of thing now. Social workers provide service.

Mr. STARK. Did I say something that indicated that I was not aware of that?

Ms. CHARLES. I think we had social workers going out and investigating AFDC recipients somewhere along the line.

Mr. NOLAN. They do it in the office anyway. They sit down and go through a person's entire life.

Mr. STARK. Congressman Akaka.

Mr. AKAKA. Ms. Charles, I think your testimony shows evidence of experience you and your organization have had in the welfare field. I see also that you and your organization feel that there is no increased opportunity for education or educational benefits in this bill. Do you really believe that educational benefits should be a part of this bill?

Ms. CHARLES. I think educational benefits should be a part of the welfare system, and I think educational benefits should be a part of any federally subsidized job system. I think that my own experience and the experience of many other Americans with the GI bill, for example, have demonstrated fully the value of offering educational opportunities to people who would not otherwise have those opportunities.

My own experience in administering welfare in the past 20 years has demonstrated to me conclusively that it is possible to provide educational opportunities for people that will enable them to become totally self-supporting. They will no longer require supplementation from welfare or other programs. Simply provide them the opportunity to be supported through an adequate educational program that at the end of it will enable them to have employment at a high enough income to take care of themselves and their children.

I am a very heavy advocate of education for people to the maximum extent that they can take advantage of it, yes, sir.

Mr. AKAKA. How would you propose, then, that benefits be included in the bill?

Ms. CHARLES. I would propose that the bill provide for living expenses for the potential wage earner and family, if any, and the choice of education, training, or employment and the subsidy of that program. If there are fees to be paid and transportation and child care expenses to be taken care of, that those matters be taken care of while the person is going to school and the administration see that effort is expended to do well in school and to progress toward whatever the educational goal is. The payoff should be tremendous in just a few years.

Mr. AKAKA. Thank you very much.

Mr. STARK. Congresman Weiss.

Mr. WEISS. Thank you, Mr. Chairman. I have no questions.

Mr. STARK. Thank you very much. You have been very helpful.

Librado Perez, director, Alameda County Social Services Agency.

We have your prepared statement. You may summarize it or read it or proceed in any manner.

STATEMENT OF LIBRADO PEREZ, DIRECTOR, ALAMEDA COUNTY SOCIAL SERVICES AGENCY

SUMMARY

This testimony on welfare reform shall cover the following key areas:
Reform should be at Federal expense through local administration.
Reforms should be introduced on a pilot basis.
Foster care funding should be fully covered.
CETA workers should not face a wage cut.
MediCal cost increases should be covered.
Definition of family should be clarified.
Job categories need private sector potential.
Job component costs need reimbursement.
Job training applicants need assistance.
Checks should be mailed twice monthly.
Employment and job training definitions need clarification.
PSE fringe benefit, unemployment costs need coverage.
A timely appeals process should be developed.
Criteria for success should be announced in advance.

Mr. PEREZ. My name is Librado Perez, and I am the director of the Alameda County Social Services Agency.

This county is acutely aware of the need for national reform in our human services delivery system. To give you an idea of the magnitude of our clientele, let me tell you that our cash grant and human service programs directly serve 150,000 people—some 15 percent of the Alameda County population.

The statistics show that our AFDC and food stamp caseload, which are two of the three areas being considered for cash support reforms, is the third largest in the State of California.

The other indicators—high unemployment, particularly among the young, idleness, drug dependency plus some intangible but real expressions of hopelessness—all speak to the need for a system of helping people that makes sense, that puts them to work, that motivates and encourages growth and self-support.

With those heavy responsibilities, and with a face-to-face awareness of the hodge-podge of programs that even HEW describes, we welcome the welfare reform proposal and we fully endorse its basic principles of work, fairness, family stability and self-sufficiency.

But in the parlance of the war on poverty, now in its second decade, we are once again sizing up a new campaign and we know that strong leadership and direction is not enough. We need a winning strategy and the money to back the effort. We cannot fight the battle very well without both.

So far, from the welfare reform proposal this past summer and from what we know of the implementing legislation being considered, the fundamentals are sound. But the test of success for us, aside from infusing a constructive set of principles, is whether the new system helps people better than the old one. And that includes service delivery speed and responsiveness. We do not want to trade

a hodgepodge system that is crippled, but working for a clear and reasonable system that does not.

You have already heard testimony in other cities about poor funding and controls of emergency relief, questionable cost estimates, the lack of job guarantees and immediate fiscal relief—all concerns that we share. I would like to zero in and highlight what we in Alameda County feel are critical problems for you to consider—along with the detailed written material that we have submitted.

Item No. 1. This agency and the Alameda County Board of Supervisors believe that the welfare reform proposal can work, but it will work best if operated at Federal expense through local welfare systems.

Our experience with a centralized, Federal administration of welfare in the SSI/SSP program makes us fear for the well-being of our clients when the new system takes over.

There will be longer periods without direct aid support, it will be hard to change grant amounts and it will take a real test of endurance to reach top management in a centralized, less responsive system.

Two years after the SSI/SSP conversion it still took the Social Security Administration 7 months to aid a case; it was literally impossible to convert a local case to SSI in the first 6 months. Average processing time now is 3 months for new applicants.

We are able to process most AFDC cases in 30 days; our standard is 45 days and we recommend that minimum service delivery standards be set on the Federal level.

Not only would a federalized system be less responsive, it could be more error prone. In a Comptroller General report dated June 11, 1976, the SSI/SSP program had a payment error rate of 24.8 percent. In the more complicated AFDC program our error rate in Oakland, cited on page 39 of the Carter welfare reform proposal, is only 7 percent. The difference is more than 350 percent.

Without local administration, this agency faces the outside possibility of laying off 938 employees—or about one-half our work force. We are here where the clients know us, we are responsive, and there would be little disruption of service and hence minimal need for a billion dollar emergency loan program if local administration is achieved.

Item No. 2. Because of the enormity of this welfare reform proposal, based on our experience with SSI/SSP and in order to avoid trauma and inefficiency, we recommend a step-by-step pilot implementation plan.

Not only do we suggest retaining local administration for the combination of existing programs, but we suggest that such programs be introduced on a pilot basis to monitor progress, modify where necessary and checkout model computer systems.

Item No. 3. The report makes no mention of them, but we cannot forget to consider the children in foster care and institutional settings.

Alameda County now cares for about 1,200 such children, funded by AFDC-BHI. Some cases require a treatment program cost of up to $20,000 a year for institutional care, but the welfare reform proposal mentions a support ceiling of $4,200 a year.

Item No. 4. CETA employees should not face a wage cut.

The average wage of CETA workers in Alameda County is $12,000 when fringe benefits are included. The welfare reform proposal calls for compensation at the minimum wage, which is an unfair reduction.

Item No. 5. We fear the cost of a large increase in MediCal rolls, even though the welfare reform proposal says existing eligibility will continue.

The problem in California is that MediCal regulations automatically cover aided welfare recipients. So, as the number of Federal recipients grows with broader eligibility, MediCal coverage will grow if present policies continue. Who will cover the added State and county costs of MediCal, California's medicaid program?

A significant cost item under Federal administration would be the link up of Federal payments and local MediCal eligibility. If they will be administered separately, a computer linkup would be required. If there are new recipients, additional personnel would be needed to process eligibility.

Item No. 6. The proposal is designed to preserve family unity, but it appears (page 36) to impose marriage on the definition of family.

Is there a criteria that excludes recipients who live together but are not related by blood or marriage?

Item No. 7. The 13 major job categories mentioned in the original proposal may provide short-term work, but they may be too narrow to help recipients enter the regular job market.

We fear that these public sector job categories may not provide clients with the skills necessary to compete for private sector employment.

To just get away briefly from my prepared statement, in Alameda County we have considerable experience in working with the single individual, the person without a family or as they are called in California, the general assistance recipient. As we understand, in the proposal of the President, actually the jobs would be limited primarily to families so that we have an individual without a family, probably that individual would not get a job under the President's proposal. This would hurt Alameda County considerably because we have developed over the past 3 years a considerable effort of getting single individuals, male and female, back into the job market. This is something that we feel is extremely important and I believe very strongly in the final analysis government must be the employer of last resort, including the single individual.

Item No. 8. State and local governments need full Federal reimbursement for determining employability and conducting job search efforts under the new system.

Item No. 9. Federal assistance should be available to welfare applicants while job training is conducted.

Item No. 10. The proposal does not say how often checks would be mailed, but we urge payment twice monthly as in the current California AFDC program.

Money management beyond a 2-week period is a problem for many current AFDC recipients. We fear that children may suffer or not receive proper nourishment if the family is paid once a month while the food stamp program is dropped at the same time.

Item No. 11. We appreciate that employables will be treated differently from those who are not employable, but there needs to be a clear statement about who makes the decision and how it is made.

Item No. 12. The area of job training needs clarification.

What kinds of job training programs qualify for assistance, and what kinds do not? Who decides whether applicants are sent for job training before placement, and how is that decision reached?

Item No. 13. Are public service employees to be eligible for normal fringe benefits such as medical, dental, retirement and disability? Who is responsible for paying such costs?

Our feeling is that the CETA legislation should cover the cost of fringe benefits.

Item No. 14. Since the proposal calls for developing more than a million public service jobs, we need to know whether those who get jobs will be eligible for unemployment insurance and, if so, who will pay the cost.

Again, our feeling is that such costs should be covered by CETA legislation.

Item No. 15. An appeals process for all phases of welfare reform needs to be developed along with performance standards for timely decisions so that clients need not suffer long periods without support.

Again I turn to the things which count face to face in the community and over the counter in a welfare waiting room.

Welfare reform would not increase the payment for a Californian now on aid; only the continuation of a State supplement will do that. Public service employment would not change a person's life unless the work experience has marketplace potential. Taxpayers will be little relieved if the cost of reform is a price they cannot afford to pay. And recipients will be ill served if the new bureaucracy means less responsiveness and more hassles.

Our final item is this: In addition to delivering a new approach, which we generally endorse, the President and Congress would do well to make known in advance its criteria and expected levels of performance so the public will be better able to judge whether the goals and objectives of reform are achieved.

Thank you very much.

[An attachment to the statement follows:]

AN ALTERNATIVE METHOD OF IMPLEMENTING PRESIDENT CARTER'S WELFARE REFORM PROGRAM

A PROPOSAL FOR LOCAL ADMINISTRATION

This alternative approach in the implementation of President Carter's Welfare Reform Program was jointly developed by the Social Services Agency of Alameda County and Locals 616 and 535 for consideration by the Alameda County Board of Supervisors. At the request of the Board of Supervisors, this Agency has been meeting with the Unions to discuss the previous report of the Social Services Agency to the Board of Supervisors on the impact of President Carter's Welfare Reform proposal dated August 31, 1977. As the result of these meetings, the alternative proposal for local administration was developed.

MEMBERS OF MANAGEMENT/UNION WELFARE REFORM STUDY COMMITTEE

Aldo Bozzini, Chief of Program Support Services
Mona Castillo, Local 535 Executive Board
Judy Goff, Local 535 Executive Board
Chloe Laube, Senior Program Specialist
Willie Love, Section Supervisor, Program Support Services
Owen Marron, Local 616 Staff Member
Cora McCarthy, Local 616 Executive Board
Lawrence Townsend, Director, Management Services
Betty Walker, Local 616 Executive Board

GENERAL DISCUSSION

There is concern for the impact of President Carter's Welfare Reform Proposal on existing Welfare recipients. Although the basic proposal to consolidate various aid programs to one single coordinated program is considered good, the program is very likely to cause definite problems which will work to the disadvantage of existing Welfare recipients. Based on a review of the Welfare Reform Proposal, recipients are likely to be affected as follows:

- They will experience definitely longer periods without direct aid support when applying for assistance for the first time.
- They will incur difficulty in effecting pay changes in aid amounts due to the necessity of dealing with a less responsive, more centralized system.
- The new Federalized central system located probably in Baltimore is expected to be less responsive to many reforms and programatic changes. It is more difficult to articulate problems successfully when the top management structure of the centralized system is very remote. As a result, the recipients are not likely to receive adequate services.

The Country has presently an example of ineffective centralized Federal administration of Welfare. That is the SSI/SSP program. There have been many difficulties observed in the implementation and administration of the SSI/SSP program by the Social Security Administration:

- A year-and-a-half to two years after implementation of the program, it took the Social Security Administration seven months to successfully aid a case. The recipient population currently on AFDC is not likely to be as patient in the non-receipt of benefits on time due to the need to properly care for children in the

family. It was literally impossible to convert a local case to Federal administration in the first six months of operation. It was par for the course to have to reenter the same case two or three times before it finally was registered on the new system.

- The Comptroller General of the United States in various reports to the Congress of the United States has commented on the administrative problems incurred by the Federal Government in the SSI/SSP program. For instance, the report dated November 18, 1976, pointed out the failure to utilize correct information from the Veterans' Administration and the Railroad Retirement Boards in computing SSI/SSP benefits.
- In a report dated June 11, 1976, the Comptroller General disclosed a payment error rate of 24.8% of the caseload. As mentioned in President Carter's Welfare Reform Proposal on page #39, Alameda County administers the AFDC program with an error rate of 7%. The SSI/SSP program, therefore, has an error rate which is 350% larger than that in Alameda County.
- On an August 1, 1977 report, Comptroller General identified a one-half billion dollar overpayment amount which occurs each year with the SSI/SSP program. It should be observed that the SSI/SSP aid program is far less difficult to administer than the existing AFDC aid program. The SSI/SSP clients do not have young children and the reportable income is less subject to modification than AFDC recipients.
- Upon conversion to SSI/SSP, it was observed at the local level that a failure to design compatible Federal-State systems resulted in a large scale emergency loan program in California.

Fraud became prevalent due to the inability of counties to successfully communicate with the Federal payment center in Baltimore. Extensive fraud in this area continues to date due to unavailability of information from Baltimore on suspected fraud cases.

WHAT CHANGES ARE NEEDED IN PRESIDENT CARTER'S PROPOSAL TO MAKE IT WORK PROPERLY FOR THE RECIPIENTS?

It is believed that the Welfare Reform Proposal can work if operated at Federal expense through local Welfare systems:

- The staff is now in place at locations familiar to clients.
- The existing system is highly responsive to the needs of recipients.
- Local payment systems and computers can be reprogrammed to accommodate the changes required by the new Federal system.
- There would be no severe disruption of service to the recipients which would otherwise occur if local employees were being transferred to the Federal government. Recipients could continue to receive timely payments.
- There would be little or no need for a large uncontrolled emergency loan program. This has a cost-saving of an estimated one billion dollars per year. This amount is an estimated amount based on the experience obtained during the conversion of the SSI/SSP program.

SPECIFIC PROPOSAL

Implement President Carter's Welfare Reform Proposal, and in effect:

1. Retain the supervision and administration of aid programs for recipients currently on AFDC, General Assistance, Cuban Refugee and the Indochinese program with State and local governments.
2. Provide development funding for reprogramming and the training of staff. These expenditures would have been incurred by the Federal government in any case.
3. Develop model computer systems for use by local governments on commonly-used computer configurations. Offer a minimum of two or three different versions which could implement the new Federal Aid Program without significant computer reprogramming at the local level.

OTHER NEEDED CHANGES

IN PRESIDENT CARTER'S WELFARE REFORM PROPOSAL

OCTOBER 31, 1977

1. Maintain the compensation at the current level for all CETA positions.
2. The Federal government should create as many CETA jobs as necessary in order to cover all employables looking for employment should they be unable to find private employment.
3. The thirteen major job categories need to be broadened in order to increase the probability of recipients entering the regular labor market. These public sector job categories, in essence, will not provide individuals with the necessary skills in order to compete for private sector employment. Another option to this would be to retain job categories as presently utilized with State and local governments. These jobs could then be used to transition such employees into local government.
4. Employable welfare recipients should be able to select the most desirable CETA job category prior to becoming involved in training and job search.
5. Full Federal reimbursement should be available to State and local governments for the costs of determining employability status and conducting job search efforts. (This would be limited, however, to Federal welfare assistance applicants and recipients only.)
6. Federal assistance should be available to welfare applicants while job training is conducted.
7. Define how an employable becomes eligible for CETA public employment.
8. The proposal does not comment on the frequency of payment by the Social Security Administration to the recipient. It appears that such payment frequency would be once per month. AFDC recipients

in California now get paid twice per month. It is suggested that the frequency of payment be, in fact, twice per month. A significant number of AFDC recipients have difficulties in managing family finances for a two week period of time. It is feared that the children of such families may suffer or not receive adequate nourishment if the family is paid once per month and the Food Stamp Program is simultaneously abolished.

9. The six-month retrospective income reporting period is discriminatory against seasonal workers, strikers, and recipients who have partial employment income or have recent employment experience. It will be difficult to administer, and it will provide little or no immediate income to many new applicants if they have had significant income in prior months. It is recommended that the six-month retrospective income reporting period be replaced with current month employment for new applicants and two prior months budgeting for existing Welfare recipients.

10. Elimination of the unemployment insurance benefit extension program will lead to earlier application for Federal Welfare Assistance.

Report on the Impact of President Carter's Welfare Reform Proposal, by Social Services Agency, County of Alameda, Librado Perez, Director, August 31, 1977

GENERAL DISCUSSION

The Social Services Agency has had an opportunity in the last several weeks to examine in depth the 81 page Welfare Reform Proposal which was introduced by President Jimmy Carter. As the Agency in the county responsible for the administration of welfare benefits it is felt important that this Agency report the results of this review to the Board of Supervisors.

This Welfare Reform Proposal is the most significant piece of social legislation since passage of the Social Security Act of 1935. Even though the Welfare Reform Proposal is somewhat lengthy due to the extent of the subject matter involved, the Welfare Reform Proposal is still at best very general in nature. As a result, this report will not be able to deal in definite certainties but will comment on the apparent impact to our clientele, on county employees, and the financial impact on the county treasury. In future months there remains much work to be done on the part of local, state, and the federal government in contributing toward the details of the legislative bills which would be introduced to implement President Carter's Welfare Reform Proposal. It is urged that considerable effort be expended at this time in reviewing the Welfare Reform Proposal as submitted by President Carter, and the report of this Agency on its impact by members of the community, county administration and the Board of Supervisors. In the opinion of this Agency the county has a significant vested interest in the outcome of this proposal and how it is ultimately defined in legislation. It is believed that Alameda County can affect the outcome of these legislative efforts. This Agency is definitely in favor of Welfare Reform and is convinced that a major overhaul is needed in order to correct the many deficiencies of the current welfare programs.

The following sections of this report will review the Welfare Reform Proposal from a variety of perspectives which are considered to be of importance to the County of Alameda.

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DESIRABLE FEATURES OF THE WELFARE REFORM PROPOSAL

There are many key provisions in the President's Welfare Reform Proposal which are considered to be desirable and are supported very strongly by this Agency. These key provisions include:

- A complete replacement of the current patchwork of separate and conflicting welfare programs. The welfare programs that are to be replaced are: Aid to Families with Dependent Children (AFDC), Food Stamps, Supplemental Security Income and General Relief. These programs are to be replaced with a simplified aid payment system which is split into two separate components. A jobs program for employables and a simple income maintenance program for unemployables.

- Provision of a universal federal welfare benefit which would be equalized for all states within the country. Currently, there is a considerable difference as to the extent of benefits paid to individuals within each state.

- The aid payment system for unemployables would be designed along a simple and forthright manner similar to the existing SSI/SSP program. This statement refers only to the concept of a simplified program such as SSI/SSP, and does not speak to the quality of the administration of that program as presently implemented.

- Expansion of income tax relief for the poor by means of an earned income tax credit. The expanded earned income tax credit will benefit individuals primarily with earnings in

excess of $4,000 but less than the soon to be revised threshold level where a family will become liable for federal income tax. There will continue to be a phased down earned income tax credit for individuals above this threshold level and the exact point of this will have to be determined by legislation.

- Provision of up to 1.4 million work and training slots for welfare recipients who are determined to be employables. This feature is considered to be of paramount importance to the rehabilitation of individuals who are currently dependent upon public assistance. The provision of jobs for employables will contribute toward the development of self esteem and independence and the development of a sound family structure.

- Increased emphasis on job training for employables and job search activities.

- The provision of fiscal relief to local and state governments. The welfare program is based primarily on federal legislation. The federal government controls the administration of the programs through the states and local government. Therefore, it appears appropriate for the federal government to assume financial responsibility for a federally mandated welfare program.

- Creation of a built-in work incentive in the federalized payment system which encourages welfare recipients to work by means of permitting the recipient to retain a portion of earned income. There is another feature to the built-in work incentive which eliminates welfare assistance to employable recipients who refuse to work. The following tables explain the proposed national basic benefits without state supplementation as well as the existing AFDC program. The first table sets forth the national basic benefits, the second table explains the existing AFDC allowances and the third table explains the differences between the existing system and the proposed system.

TABLE I

NATIONAL BASIC BENEFITS[1] (With no State Supplements)

NO WORK REQUIREMENT		WITH WORK REQUIREMENT			
			Benefits During 8-Week Job Search	Job Refused	No Work Available
Not Expected to Work		Two-Parent Family			
Single-Parent Family (with youngest child under 6)		Adult expected to work	$ 0	$ 0	$1,900
Head of household	$1,900	Other adult	1,100	1,100	1,100
First Child	$1,100	1st Child	600	600	600
1st Additional Child	$ 600	One Add'l Child	600	600	600
2nd Additional Child	$ 600	Total	$2,300	$2,300	$4,200
	$4,200	Single-Parent Family (with youngest child 14 or over)			
Aged, Blind, and Disabled		Adult expected to work	$ 0	$ 0	$1,900
Couple	$3,750	1st Child	1,100	1,100	1,100
Single individual	$2,500	1st Add'l Child	600	600	600
		2nd Add'l Child	600	600	600
		Total	$2,300	$2,300	$4,200
		Single-Parent Family (with youngest child age 6-13)			
		Adult expected to work	$1,900	$ 0	$1,900
		1st Child	1,100	1,100	1,100
		1st Add'l Child	600	600	600
		2nd Add'l Child	600	600	600
		Total	$4,200	$2,300	$4,200
		Childless Couple	$2,200	$ 0	$2,200
		Single Individual	$1,100	$ 0	$1,100

[1]The basic benefits assumes no other income, and all family computations are based on a family of four.

TABLE II

Existing Benefits

NO WORK REQUIREMENT *

Single Parent Family
(With youngest child under 6)

2 Member FBU (Min)	3,444
1st Additional Child	828
2nd Additional Child	804
	5,076
F/S Bonus	360
Total	5,436

AGED, DISABLED, BLIND	Fed	State Supp	Total
Individuals			
Aged or disabled	2,134	1,418	3,552
Blind	2,134	1,874	4,008
Diabled Minor Living with relative	2,134	758	2,892
Couples			
Both Aged or Disabled	3,200	3,484	6,684
Both Blind	3,200	4,756	7,956
One Blind, Other Aged or disabled	3,200	4,300	7,500
Resident of Non-medical facility	2,134	1,982	4,116

WITH WORK REQUIREMENT

	Benefits During 8-Week Job Search	Job Refused	No Work Available
2 Parent Family (Both Fed. Elig.)			
3 Member FBU (Min)	4,116	4,653 +	4,116
1st Add'l Child	804	330 FS	804
		4,983	
Food Stamp Bonus	360		360
	Total 5,436		5,436
Single Parent With Child 14 or over			
2 Member FBU	3,444		3,444
1st Add'l Child	828		828
2nd Add'l Child	804	4,653	804
Food Stamp Bonus	360	360	360
	Total 5,436	4,983	5,436
Single Parent Family Child Between 6-13			
2 Member FBU	3,444		3,444
1st Add'l Child	828		828
2nd Add'l Child	804	4,653	804
Food Stamp Bonus	360	330	360
	Total 5,436	4,983	5,436
Childless Couple	2,196+ 744 F/S Bonus 2,940	-0-	2,196+ 744 F/S Bonus 2,940
Single Individual	1,584+ 480 F/S Bonus 2,064	-0-	1,584+ 480 F/S Bonus 2,064

1. Computation assumes no outside income for a family of four
2. Food stamp budget based on family of four with standard housing and no outside income
3. Food stamp budget based on a family of 1 or 2 with standard housing and no outside income
4. Computation assumes total ineligibility for one month

(Family of four used as basis)

TABLE III

Federal Proposed Benefits Compared to Existing Benefits

NO WORK REQUIREMENT		WITH WORK REQUIREMENT		
		Benefits During 8-Week Job Search	Job Refused	No Work Available
Single-Parent Family (With youngest child under 6)				
2 Person Household	(-624)			
3 Person Household	(-942)			
4 Person Household	(-1,236)			
AGED, BLIND, DISABLED				
Individuals				
Aged or disabled	(-1,052)			
Blind	(-1,508)			
Disabled minor living with relative	(392)			
Couples				
Both Aged or disabled	(-2,934)			
Both Blind	(-4,206)			
One blind, other aged or disabled	(-3,750)			
Resident of non-medical facility	(-1,606)			
		2 Parent Family + 2 Children	-3,136	-2,683	-1,236
		Single Parent Family With youngest child 14 and over	-3,136	-2,683	-1,236
		Single Parent Family With youngest child ages 6-13	-1,236	-2,683	-1,236
		Childless Couple	-740	-0-	-740
		Single Individual	-964	-0-	-964

SHORTCOMINGS OR POSSIBLE DEFECTS IN THE WELFARE REFORM PROPOSAL

- The Welfare Reform Proposal is based in part on theory that capable unemployed recipients wish to work. Our Agency feels that this basic assumption is not completely valid and that the federal government will find through experience that there will be substantial numbers of individuals who are capable of employment who will still not wish to work.

- There is a question as to whether the proposed ceiling of 1.4 million additional CETA jobs will, in fact, cover all the employables who will be looking for employment.

- A general increased level of employment may accelerate the growth rate of inflation nationwide as the result of increased spending.

- It is intended that the existing wage level for CETA employees be essentially reduced to the minimum wage level. The average wage of CETA employees at the county level are currently in excess of $12,000 including fringe benefits. This could lead to a significant conversion problem upon implementation of the Welfare Reform package.

- There is a question as to whether all of the federally created jobs will really prepare welfare recipients for regular employment.

- It is anticipated that employable welfare recipients may not wish to perform some of the designated tasks, such as caring for the sick and aged.

- Unions are likely to organize these 1.4 million CETA positions with the resulting increase in the compensation level above minimum wage.

- It is mentioned that increased funding will be available for intensive job search and placement services. However, no mention at all is made of who will pay for increased job training efforts. These are completely state and local obligations where no federal reimbursement is mentioned. The federal expectations for the training activity appear to be very high. In order to establish an effective job training program there is anticipated to be a significant cost to state and local governments and this will undoubtedly require significant action by each of the states.

- Job training is needed prior to job search efforts. It is not known at this time if a welfare applicant will be eligible for aid during the period of time that training is being given.

- One of the largest and most significant problems of the Welfare Reform Proposal is in the area of Medi-cal. In the opinion of this Agency federal adoption of a national health insurance program is not likely in the next three to four years. On page 42 of the proposal it is mentioned that existing Medicaid eligibility criteria will be preserved. The proposal states that this will insure that the new eligibility rules under Welfare Reform do not automatically expand Medicaid roles, thus imposing large additional costs

on both federal and state governments. This Agency has several concerns in connection with these statements. On one hand the Proposal indicates that the number of federal welfare recipients will increase by some two million recipients. Currently, aided welfare recipients automatically become eligible for Medi-cal benefits. As the result of this automatic entitlement through existing Medi-cal regulations, it is anticipated that state costs and possibly county costs for the Medi-cal program could increase. Also, no mention has been made whereby the federal government would pass on to the state governments, via computer systems, the names of those residents who are eligible for Medi-cal. If this does not occur state and local governments will be obliged to hire additional Medi-cal eligibility technicians in order to determine eligibility.

- AFDC employable family cases are in need of more frequent adjustments in aid level to varying income amounts. This is not so much true for SSI/SSP clientele nor is it as true for unemployable AFDC cases. In the Agency's opinion the federal government will find it more difficult to administer these types of cases on a centralized basis. Another factor affecting the frequency of change in the aided amount will be the addition and removal of children in the family budget structure.

- Based on a review of Agency records on operation of the GA Interim Assistance aid paid, pending approval of SSI/SSP benefits in the last six months, the Social Security Administration

currently takes an average time of three months to process an SSI/SSP application and provide financial assistance to the recipient. Currently in Alameda County AFDC clientele receive financial assistance in approximately one month from the date of application. It is not expected that the new federalized welfare recipient turnaround time will be any better.

- The states will be given the option to retain administration of the application processing activity. It does not look like individual counties will have an option but rather the entire state must go one direction or another as a complete entity. If the state does opt to retain administration of application processing, counties may have to deal with clients who are anxious to be paid but will not have the authority nor the means to issue payments and solve recipients' problems.

- The state would be responsible for operation of the Emergency Needs Program. The proposal did not really identify what types of emergency situations would be expected to be covered by the state-run Emergency Needs Program. It is considered likely that the federal government will refer all applicants for emergency payment, due to the considerable time lag it will take to render payment following an application. It is anticipated also that many cases which fail to be successfully converted from the county payment system to the federal system in the first few months would be paid through the emergency payment system. Significant

staff would need to be retained in order to provide this coverage in the initial months.

- There is considerable concern over the six month retroactive period which will serve as the basis for determining eligibility. Although there is not extensive detail in this regard it would appear that some individuals will be unable to obtain welfare assistance for a period ranging from one month to five months. In addition could be the period of time that the federal government would take to determine the eligibility and process the first check which is estimated at three months.

- It is doubted that an adequate sized computer network system is marketed which can handle the volume of the SSI/SSP program, the AFDC program and General Assistance programs on a nation-wide basis. Even if such a system were established or could be established it would take a considerable lead time in order to develop and operate such a system successfully.

- Based on a historical review of the extent of cost for the AFDC and the Medi-cal programs when they were initially proposed, it is anticipated that the federal estimate of costs are likely to be considerably higher than set forth in the Welfare Reform Proposal.

IMPACT ON SOCIAL SERVICES AGENCY RECIPIENTS

Welfare recipients in Alameda County are going to be greatly affected by this Welfare Reform Proposal, if implemented. Some of these changes will be perceived as desirable, but other changes will not be appreciated by existing welfare recipients. There will be some definite shock felt here at the local level upon implementation and even for some period of time after conversion. Some of these effects on Alameda County recipients are illustrated below:

- New applicants for aid will receive a considerable delay in receiving benefits. It is estimated that this will range anywhere from three months to eight months based on current processing experience under the SSI/SSP program.

- The actual federal benefits are anticipated to be lower than existing benefits by 17%. For instance, for a family of four under the current AFDC program, the family would be eligible for $5,060 and under the Welfare Reform Proposal there would be a ceiling of $4,200 excluding state supplementation and retained earnings. This would leave a net reduction of $860 for a family of four. However, it is anticipated that the state will opt to supplement the federal benefit in order to retain the existing level of benefits.

- The federal benefits will be $484 lower than existing General Assistance benefits for a single individual and $4.00 higher for a childless couple (excluding existing bonus value of food stamps).

- The federal government projects that there will be two million more recipients nationwide or an increase of 6.6%.

- There will be more recipients who receive aid that have more assets than the average existing welfare recipient. Such recipients will be more likely to receive criticism from the general public for having more visible assets.

- The ability of recipients to have problems resolved promptly is likely to be diminished. A federalized centralized payment system is likely to be less responsive to local control and pressure.

- Currently a number of individuals living in one housing unit can receive separate welfare benefit checks. Under the Welfare Reform Proposal there will be one payment to such a grouping of recipients, thereby causing some confusion and unhappiness on the part of welfare recipients.

- It is anticipated that social services under such titles as Title XX and IV-B will be continued. However, employment services financed under Title IV-C WIN program are likely to be discontinued. However, the Welfare Reform Proposal mentions increased aid for other means of providing job search activities.

- California recipients are still not likely to have a uniform payment level as compared with the total benefits received in other states due to the varying level of state supplements.

IMPACT ON COUNTY EMPLOYEES

Each state would have an option of retaining the application process under state administration. There is no mandate in the proposal to require the transfer of county employees to the federal government in the event the state does not exercise this option. Even if the state does exercise this option there would still be a need for additional federal employees in order to handle existing cases and a need to reduce county welfare employees due to the fact that there would be no need to maintain ongoing cases. A review was made of the quantity of county employees who would be affected and are currently assigned directly to AFDC, Food Stamps, related administrative support and also some supportive activities from other county departments. The following list of such employees is based on the assumption that the state would not opt to retain the application process and such identified personnel would either need to be transferred to the federal government or be terminated by the County of Alameda.

Budget #350, Economic Benefits Department	675	
Budget #352, Management Services	155	
Budget #354, Financial Services	75	
Subtotal, Social Services Agency	905	
Treasurer's Office	2	
Central Collections	16	
Auditor's Office	2	
County Administrator's Office	0.8	
General Services Administration	13	
Subtotal, Other County Departments	33.8	
Grand Total		938.8 employees

In the event that the county employees identified would be transferred to federal service there would be some issues which would have to be resolved. Examples of such problems are:

- Would time and county service count in the federal seniority system?
- Could county retirement funds be transferred to the federal service?
- Can different classification and pay systems be meshed?
- Develop a criteria to determine which employees would be transferred to the federal service versus those who would stay to maintain Medi-cal functions as well as other remaining services.
- In the event that the county is required to lay off personnel a criteria would have to be developed for such a lay off procedure.

UNANSWERED QUESTIONS IN CONNECTION WITH THE WELFARE REFORM PROPOSAL

There are many issues which in the Agency's opinion remain unanswered. When HR-1 in January of 1974 was implemented there were also many unanswered questions, some of which still remain today. Rather than have this occur on this Welfare Reform Proposal, it is considered prudent to develop a list of such unanswered questions and to vigorously pursue these through legislative lobbyists. These areas of concern are:

- What recipient appeal process will be in place for the federally centralized payment system? There was no mention of this in the Welfare Reform Proposal. Also, who would pay for such an appeal process? Will it be administered through federal appeal officers? Will appeal be through the federal courts as opposed to California courts?

- It tentatively appears as though the federal government will not pay welfare benefits other than unemployment insurance to clients while job training takes place. It also has been observed that the federal government does not intend to pay welfare benefits to employable adults while involved in an eight week job search.

- Based on expressed plans to utilize monthly income reporting from recipients it appears that the federal government may be intending to not relate income records from the Internal Revenue Service to this new federally computerized system. It is not certain as to whether it is the intention of the federal government to overlook this opportunity for more effective administration of a centralized federal welfare

system. If this were implemented, significant savings could be incurred at the federal level.

- There is no indication as to how some 1,200 foster home and institution cases currently funded on AFDC-BHI are to be funded. Some of these cases cost up to $20,000 a year to maintain in an institution for the necessary level of support and treatment. In the welfare proposal it mentions a support limitation of some $4,200 per year. This level of financial support would be very inadequate. It is interesting to note that HR 7200 which is currently undergoing amendments at the federal level may pay more extensive funding for foster care. It is necessary to determine exact intent of the federal government on the subject since the AFDC-BHI budget now has a gross appropriation of 6.4 million dollars for foster care support.

- There are a number of General Assistance recipients and AFDC recipients who are in need of money management services. Money management recipients are those who have been proven to be incompetent in dealing with the financing of day to day living and related expenses. The federal government still has not announced its intentions to pay for such money management services for SSI/SSP clientele since they have been converted to a federalized payment system. If this is not clarified it is anticipated that many of these recipients will be left without such services, and they will suffer many hardships in the community if not given the proper amount of assistance and direction.

- The Agency experienced, in January of 1974, difficulty in successfully transferring data from existing county case folders to computerized federal records. Many of these records had to be submitted time and again to the Social Security Administration. Much of this clean up effort had to take place after the initial conversion date. The question is who will handle and carry these conversion costs which are incurred after the initial conversion date?

- The proposal does not indicate exactly how the federally administered program will eliminate welfare fraud. It is believed that any system which depends on data from the recipient will incur intentional acts of fraud.

- Are there to be maximums on allowances for, i.e. job related expenses?

FINANCIAL IMPACT OF THE WELFARE REFORM PROPOSAL ON THE COUNTY OF ALAMEDA

There are some uncertainties as to the exact financial impact on the County of Alameda. This is due in part to the ability of states to exercise certain options. The exercise of these options could ultimately have impact on state and local governments. The discussion of the financial impact for the welfare proposal itself will be broken into two parts: the basic benefit and the supplementation.

THE BASIC BENEFIT

For the first year it is stated that state and local governments will receive a 10% reduction of existing costs in the administration of the AFDC, SSI and General Assistance programs. These net county costs for both the aid and administration now total $31,746,000. Therefore, in the first year it would be expected that net county costs would be reduced by 3.1 million dollars plus another $1,084,000 which is the county's share in the administration of the Food Stamp Program which will be eliminated. The Welfare Reform Proposal does not speak to this reduced county burden for the administration of the Food Stamp Program. By the end of the fourth year the proposal mentions that county costs would be reduced to zero for these programs. However, it is not anticipated that the reduction of costs from the 10% level down to zero will take place as mentioned in the Welfare Reform Proposal. This is due to the Agency's anticipation that federal costs for the new program will increase over their existing estimates, if nothing else, due to inflation. The reduction of costs are related as a percent of the cost of the federal welfare proposal and, therefore, it is expected that most of the decreases in cost to the county and state

would be incurred in the last or fourth year if, in fact, the federal government actually goes through with this planned reduction in the maintenance of effort requirement for local counties.

THE STATE SUPPLEMENT

The purpose of the supplement could be to avoid a 17% reduction in welfare benefits to existing California AFDC recipients. The federal government will reimburse state and local governments at the rate of 75% of the first $500 of supplementation and 25% of any additional supplementation. For an AFDC family of four which would incur a loss of $860 a year upon conversion to the new welfare program the federal government would reimburse the state a net composite of 54%. It is anticipated that the State of California legislature will indeed pass some of the cost of the supplementation down to local government. It is estimated that this state pass-down of maintenance of effort costs on the state supplement will be 1.1 million dollars per year. This is based on a 17% of the county's net existing cost of $14,081,634 for the AFDC program multiplied by 46%. The county needs to be wary of some dangers in connection with the supplementation program. Once a supplement is given it will be difficult to take the supplement away. If an increase occurs in the federal benefit level it is anticipated that considerable political action will take place in each state in order to prevent the state from decreasing its supplementation. The Welfare Reform Proposal has a hold harmless provision for state expenditures on matching supplements with basic benefits which do not exceed the poverty line. However, this hold harmless provision will be phased out gradually over a period of years, thereby possibly leaving the state and local governments with an unexpected ongoing financial burden.

The Welfare Reform Proposal mentions that the CETA program will be revised to pay benefits essentially at the minimum wage level. Currently, in Alameda County the wages including fringe benefits are $12,100. It is anticipated that if the CETA program does not undergo considerable changes in Alameda County prior to implementation of the Welfare Reform program, that the county net costs could be increased by an estimated $500,000.

However, the county has a choice to phase down the existing CETA program or gradually convert toward compensation at the minimum wage level.

- There is a question as to who will pay for the costs of unemployment insurance for local employees who might be laid off. If the existing welfare programs are abolished and the claiming processes are terminated, it would appear that in the absence of specific legislation on the subject that local government would have to pay the full unemployment insurance cost which could be considerable in extent.

- In the event that leases for welfare buildings would have to be terminated prior to the expiration of the lease period it is unclear also as to who would pay any penalty costs in breaking such leases.

- It is possible that the Data Processing Center's lease on computer equipment would have to be modified or the county might possibly incur some penalty in changing, if necessary, the size of welfare computer systems. Again, it is not clear as to whether the federal government would carry this cost.

RECOMMENDATIONS FOR LEGISLATIVE ACTION BY THE BOARD OF SUPERVISORS

The following recommendations are submitted for consideration by the County Administrator and the Board of Supervisors. These recommendations, if deemed suitable, would serve as the basis for possible efforts by the County of Alameda to influence the specific provisions in federal legislation:

- Provide a hold harmless provision in the legislation which will carry increased costs to the Medi-cal program which result from an increased volume of recipients resulting from the Welfare Reform Proposal.

- Due to the complexity of this new nationwide welfare system, it is urged that a mandatory provision be included for implementation on a gradual basis as set forth in the following three steps:

  A. Convert existing SSI/SSP clientele now on the Social Security computer system to the new welfare centralized system.

  B. Convert the existing welfare programs to the new system in a maximum of two states on a pilot basis.

  C. If this pilot conversion is successful, then establish a schedule whereby a percentage of the states are converted every three to six months. This conversion schedule is considered to be essential in order to avoid the trauma and the high degree of inefficiency that occurred on January 1, 1974 when the adult aid program was converted to the SSI/SSP program on a nationwide basis.

- Require a client appeal process
- Use IRS records to insert earned income into the federal eligibility process. This will be more reliable and accurate and less subject to fraud.
- Mandate in the interests of the welfare recipients an application approval deadline for aiding new recipients. Currently, Alameda County achieves this in 45 days on the outside.
- Provide a mandated provision requiring federal replacement of lost checks within 15 days. Currently this is a failure under the SSI/SSP program and after three and a half years the federal replacement program under SSI/SSP still does not function in this area adequately.
- Provide specific legislation dealing with the financing of AFDC foster home cases.
- Require the federal government to receive on a transfer basis existing local and state welfare employees who cannot be absorbed into other functions and thereby prevent the federal government from hiring new employees until all of such displaced local and state employees are, in fact, transferred to the federal payrolls.
- Require the federal government to pay for state and local costs for training of welfare recipients for employment.

- Establish a money management program for the benefit of federal recipients at federal cost.

- Require the federal government to pay for conversion costs incurred on, during, and subsequent to the conversion date to the new welfare payment system. Also to be included would be the costs incurred by local government in terminating the welfare programs such as unemployment insurance, costs of broken building leases, and broken equipment leases.

- Provide specific legislation which will define who has responsibility for fraud detection and prosecution. This area has been very glibly avoided as if it will not exist.

ADDENDUM TO THE SOCIAL SERVICES AGENCY REPORT ON THE IMPACT OF PRESIDENT CARTER'S WELFARE REFORM PROPOSAL

The following additional material is to be added to the Social Services Agency report on the impact of President Carter's Welfare Reform Proposal. These additional comments are to be considered part of the following applicable sections found in the original report.

UNANSWERED QUESTIONS IN CONNECTION WITH THE WELFARE REFORM PROPOSAL (Pages 18-20)

- If applicants for assistance who are employable are to be treated differently from those who are not employable, there needs to be a clear statement as to who makes the decision, how it is made, and how it is appealed.

- There needs to be a clear statement as to what kind of job training programs qualify for assistance, what kind do not, and who decides whether applicants should be sent for training before they are sent for job placement, how that decision is made, and how it is appealed.

- When recipients who are not related by blood or marriage or living together, there needs to be a clear definition of what is a family group, who makes the decision as to whether people living together constitute a family group, how that decision is made, and how it is appealed.

- If the nation is providing over one million public service jobs, there needs to be spelled out in the law whether the recipients receiving them are eligible for unemployment

insurance when their job terminates, and, if so, who pays the cost of unemployment insurance.

- The same decision needs to be made with regard to whether Federal recipients are eligible for social security enrollment and, if so, who pays for their enrollment in the social security program, whether they are eligible for workman's compensation benefits and who pays.

- Are public service employees to be eligible for normal fringe benefits such as medical, dental plans, retirement systems and disability retirement who is to be responsible for such costs.

RECOMMENDATIONS FOR LEGISLATIVE ACTION BY THE BOARD OF SUPERVISORS
(Pages 24-26)

- If applicants for assistance who are employable are to be treated differently from those who are not employable, there needs to be a clear statement as to who makes the decision, how it is made, and how it is appealed.

- There needs to be a clear statement as to what kind of job training programs qualify for assistance, what kind do not, and who decides whether applicants should be sent for training before they are sent for job placement, how that decision is made, and how it is appealed.

- When recipients who are not related by blood or marriage or living together, there needs to be a clear definition of what is a family group, who makes the decision as to whether people living together constitute a family group, how that decision is made, and how it is appealed.

- All public assistance employment costs such as unemployment insurance, FICA, workman's compensation, medical and dental plans, disability retirement coverage and regular retirement coverage, should be at 100% Federal cost.

Mr. STARK. Thank you very much. I note we did some of these with our colleague, Phil Burton, whose work in the social legislation is well known to all of us, and his loss has certainly been Alameda County's gain. I am glad to have you, for we have a constant dialog with you and members of your staff and I hope we can produce a product that will pay for the favors you have done the people of Alameda County in the past.

Mr. NOLAN. Thank you.

Mr. AKAKA. I just want to thank Mr. Perez for his excellent testimony.

I thank you for your recommendations. I am glad you agree that we need a reform at this point, but how we do it is what we are trying to establish here. Your suggestions will be very helpful in fashioning the bill.

Mr. STARK. Congressman Weiss.

Mr. WEISS. Thank you.

Mr. Perez, I welcome your testimony too. I think you pose the question exactly right in saying you do not want to trade a hodge-podge system that is crippled but working for a clear and reasonable system that does not.

Given the set of suggestions and recommendations or requisites that you think ought to be included in any welfare reform jobs program, I wonder if you care to go beyond the last paragraph of your statement and tell us whether—if after all our best efforts, most of the recommendations or suggestions which you think are required are in fact not adopted—whether you would opt for the current hodge-podge system that is working or for the clear and reasonable system that does not.

Mr. PEREZ. That is a difficult question to answer, Congressman Weiss.

Mr. WEISS. It is your question.

Mr. PEREZ. Yes.

I believe that our society realizes the problems that the present system has, and I find it difficult to accept that something will not occur. But if that will not occur, I would try to work it with the California experiment so far, not that it is the ultimate, but I find it very difficult to believe that the efforts that this State—and I am not just talking about Alameda County—has gone through in the last 3½ years could be improved if the present draft would be adopted verbatim. I am talking about the President's proposal as it appears in form now.

Mr. WEISS. Right. That is in fact really quite inadequate.

Mr. PEREZ. Yes.

Mr. WEISS. Thank you, Mr. Chairman.

Mr. STARK. Thank you very much.

I want to call at this time Ed Collins, who is a friend of mine and an assistant to a good friend of ours, the secretary-treasurer of the Alameda County Central Labor Council. Dick Groulx is unable to be here, and he has graciously agreed to come and testify.

I do not know as I have a prepared statement from you.

STATEMENT OF EDWARD COLLINS, ASSISTANT EXECUTIVE SECRETARY-TREASURER, CENTRAL LABOR COUNCIL OF ALAMEDA COUNTY, AFL-CIO

Mr. COLLINS. First I would like to apologize that Richard Groulx is not here. I would like to read a statement we have prepared for the subcommittee.

Any welfare reform proposals should recognize that the problems of those who live in poverty are diverse and that those who are forced to rely on public aassistance consist of three distinct groups; (1) those who cannot be expected to work (2) those who can work but are unable to find regular employment, and (3) those who are working at wages that are not adequate to maintain them at or above the poverty level. The President's welfare reform proposal H.R. 9030 recognizes to some extent that distinction, but it is an inadequate solution to the problem of poverty in America.

H.R. 9030 does not provide an adequate income for those who cannot or should not be expected to work. The benefit level, $4,200 for a family of four, is less than two-thirds of the poverty level and is less than is currently provided by 38 States. The establishment of a Federal minimum benefit level is a step in the right direction; however, the proposed income level is not only inadequate, there is no provision for stepped improvements or even cost of living increases. Included in the category of those who cannot, or should not, be expected to work are the very young, the very old, the sick and disabled and those who must care for young children. It is certainly in the best interests of society, as well as a just and humane action, to provide a decent income for people who must rely on government aid to meet their basic needs. Assistance should be based on immediate need and not on family income over the previous 6 months, as provided by the administration proposal, and should be available without any kind of waiting period.

For those who can work but who have been unable to find steady employment, H.R. 9030 does not fully address their needs or the needs of society. The bill provides that those who are capable of working will not be eligible for benefits available to those who cannot work. In spite of that, a work incentive is contained in the legislation in the form of a 50-percent earnings disregard. The incentive provision is unnecessary and useless. Single parents of elementary school-age children should not be required to work, although they should be provided the opportunity to work during the hours that their children are in school.

The administration proposal does not provide that prevailing rate shall be paid to those required to work under the plan. Minimum wage jobs, often with no future, would be created, with the effect of establishing a group of second-class citizens, as well as undercutting the wages and conditions of workers in both the public and private sectors. This is also a departure from the practice adhered to under the Comprehensive Employment and Training Act (CETA) in which jobs are currently filled by workers making an average wage of $7,800 a year, plus fringe benefits.

There is plenty of work that needs to be done—just an inadequate number of jobs. Unfortunately, the administration plan does not

create enough jobs, nor does it require that subsidized employment provide incomes which is comparable to similar work currently being performed.

The jobs program component should provide that prevailing wages be paid and that beneficiaries of the program not be employed as strikebreakers. Unscrupulous employers should not be furnished with a pool of cheap labor or scabs. Such a program would not only be demeaning to the participants, but would undercut the wages and conditions of workers who are not directly involved in the program.

H.R. 9030 does not clearly provide for programs for basic training or upgrading skills. Instead, it relies on local prime sponsors to make all the decisions involving training; the same people who, under CETA, have had a much less than outstanding record in training.

For the working poor, the administration plan is also inadequate. It would eliminate food stamps and extend unemployment insurance and expand the earned income tax credit. The earned income tax credit should be expanded and be based on family size; however, it should not be made available to large numbers of families above the poverty level. The food stamp program has been very useful in helping to assure that American families receive reasonable levels of nutrition and should be retained. So should extended unemployment benefits. Jobless workers should not be placed on welfare rolls but should continue to receive extended unemployment benefits. Welfare reform should not include reduction in housing subsidies.

There is also a need to relieve the burden of welfare costs which are currently being carried by State and local government; a burden which reflects the serious condition of the economy.

The establishment of a full employment economy would solve many of the problems that are only partially addressed by welfare reform proposals. Full employment, under decent wages and working conditions, should be a primary focus of governmental activity and would greatly benefit, not only those who are presently living in poverty, but the general economy, and would provide the basis for the achievement of economic justice.

The administration's proposal should be greatly improved by the Congress. The Central Labor Council of Alameda County concurs with the suggestion of the AFL-CIO Executive Council that the program should be improved by:

1. Establishing a cash assistance program to provide income support in a direct, equitable and efficient manner to poor families and individuals who are unable or cannot be expected to work outside the home. The benefit level should be at no less than the poverty level (if necessary, to be achieved in stages a rapidly as possible) and should be indexed to reflect increases in the cost of living.

2. Providing for a public service employment program for those who can work commensurate with job needs not met in private employment. Adequate stipends outside of the welfare system should be available for those waiting to assume such jobs. Those employed in them must receive prevailing wages and fringe benefits.

3. Improving the earned income tax credit, in conjunction with a continuing food stamp program, to lift the working poor out of poverty. The working poor should not be forced to rely on welfare payments.

More than 40 years ago, President Franklin Roosevelt stated:

We are determined to make every American citizen the subject of his country's interest and concern; and we will never regard any faithful law-abiding group within our borders as superfluous. The test of our progress is not whether we add more to the abundance of those who have much; it is whether we provide enough for those who have too little.

That is still the test of our progress and through the substantial improvement of H.R. 9030 in the area which have been outlined, the Congress has an opportunity to insure that millions of American families are given the chance to live a life free of poverty and are given hope for a better life for themselves and their families.

Mr. STARK. Thank you very much. It probably would not surprise you to know that you are in the mainstream of the thinking of the witnesses we have heard both in Washington and, to some extent, here. There is one question that my colleague Mr. Weiss brought up this morning and I will bring it up with you and see if I can be half as succinct and eloquent as he was.

The question of minimum wage jobs, often with no future—this morning we talked about dead end jobs—the question was raised, and I think rightfully so, that if there are no jobs—and for a lot of people that is the case—might it not be better and more dignified, if we had to have 10,000 elevator operator jobs, even running automatic elevators, as we do in the Halls of Congress, than just having people stand in line to get a dole? Recognizing this job is not one that leads to a greater career but that it has some productive value, is not taking work away from somebody else? Admittedly they are second-class citizens, but maybe without that job they are fifth- and sixth-class citizens. I want to get your feeling. If we are sensitive to not displacing or lowering the wages of existing employees, if we are not subsidizing profitmaking employers by giving them full-fledged workers, if we meet all those criteria—and I suppose I am getting back to the make-work—isn't the humane value more important?

Mr. COLLINS. Yes, with the exception that I would disagree with the job you use as a comparison. I do not think it is beneficial to just put people through programs when there are no jobs at the end. The council has no objection to training a person for a job.

Mr. STARK. I am suggesting this may be a permanent job. As boring as that might seem to you and me, it might still be preferable to hanging around on a street corner.

Mr. PEREZ. I agree, training for any job that leads to a job that is at a fringe level is better, as you say, than having them come down and stand in line every week or 2 weeks. The only thing, because I am involved somewhat in the manpower program for CETA, I am totally opposed to just spending money for the 6 months to give the employer the money and there is no future. When the Federal funds stop the jobs stop, then we have to take those people and put them in another job classification. It leads to a job and if it leads to something where they will get a decent paycheck, we are not opposed to whatever the job may be.

Mr. STARK. We see here in our own area and across the country, a small group of people, mostly high school drop-outs, who are in many cases functionally illiterate, for whom there are no jobs because our industry has become ever more complex and more technical and more sophisticated.

I don't know anybody who makes a labor-creating machine as a cost saving device. We tend to eliminate in our modern industry all the service-type labor intensive jobs. As a result of this technology, we are going to stay competitive in the world market. We are going to have a group who won't even have a chance to learn what you

mystically call good work habits. Hopefully, the people will only be in these programs awhile and then they will be motivated to get some training and move in and out. But the jobs will have to be there for a long time and let people come through them.

It is a kind of an assistance, I guess you would say, but one which, I think, is necessary. I just don't ever believe we are going to create careers as opposed to jobs, for everybody. There is a kind of economic dislocation. It is the result of poverty, in most cases, a lack of educational opportunity and motivation being set by adult figures who tend to give kids their goals; and the fact of the hopelessness. They know there is no problem. It is hard to get kids to go back to high school and you say, "You can't get a job with no education;" and they say, "What job?"

Mr. PEREZ. The only point I would make is, there are some jobs, at least in my mind and in the minds of executive members of the council. We have regional parks which, because of understaffing have deteriorated. I don't know the number of jobs——

Mr. STARK. If I could get my regional parks bill though, that would be the answer.

Congressman Weiss.

Mr. WEISS. I think you did very well.

Mr. STARK. Congressman Nolan.

Mr. NOLAN. This is the kind of judgment we will probably have to make. I think the jobs section of the bill costs $8.8 billion. Say it becomes clear that is the maximum amount the committee and Congress will be willing to spend at this time on jobs, sad and sorry as we may feel about that. But if it comes to that, that will create 1.4 million jobs at minimum wage.

Would it be better to do that or would it be better to create 750,000 jobs at prevailing wages?

Mr. PEREZ. I would say it would be better to produce 750 jobs at prevailing wages, because you would be giving that individual the amount of money it would take to live in the given area they are in.

Mr. NOLAN. What about the other 750,000?

Mr. PEREZ. I don't think the minimum wage—again, I would have to look at the makeup of the people getting the money. If they are from a family of four, that won't be enough.

Mr. NOLAN. For the first time, they will be getting an additional grant which will bring the minimum wage up to $7,000.

Mr. PEREZ. I think the important factor is to put people on jobs on which they can maintain themselves. Not a job because of the size of the family. They have to rely on food stamps or some type of welfare. I think the important criteria, what I am trying to say to you is, the job has to be so that a person can rely on his job to pay his bills and live in the area in which he is living.

Mr. STARK. I also want to correct something I heard on the radio this morning. I said I would not offer myself as a mediator in the Oakland school strike. My full statement was there are some good professional people around to do that and I would suggest they get them to act as mediators. They didn't report the whole statement.

Mr. PEREZ. Is that a cleaned-up statement? If he is that desperate, you will do it?

Mr. STARK. Thank you very much.

Dan, any questions.

Mr. AKAKA. No.

Mr. STARK. I hope, for the sake of a lot of us and the kids, they get a quick settlement.

Is Joe Hustace here?

I gather you don't have a prepared statement. If you do it would be a whole lot easier for the reporters to let them put that in the record.

STATEMENT OF JOE HUSTACE, UNEMPLOYED WORKERS' ORGANIZING COMMITTEE, OAKLAND CHAPTER

Mr. HUSTACE. I will read it and then give it over to them.

In August, President Carter announced his welfare reform/workfare program. Millions were listening. A big promise of his campaign was just about to come to pass. "We want jobs," millions cried. "We want decent lives, we're human beings, we want to live like human beings."

Better jobs and income—that's what Carter called his program: Work for those who want to work and decent income for those who can't.

Once again Carter showed that he is an able statesman—for the powerful, moneyed interests. The same President who cut unemployment benefits 26 weeks, only 3 months after he took office, was up there again twisting the desires of millions for a decent life into poison arrows aimed at the heart of the working class.

For, in reality, better jobs and income means slave-wage jobs for workers and more income for the profit-hungry corporations.

Welfare reform means two things:

1. Centralizing a welfare system that costs all levels of government billions of dollars and is ridden with bureaucratic mismanagement. It means trying to better control a system that has become too expensive for the capitalist class, which is reeling from economic crisis. It means tightening the noose on millions who can find no decent jobs, millions who have been forced out of the labor market because there is no day care for women with young children.

In State after State welfare has been cut back, as city and State governments fall deeper and deeper into debt, Carter's program would take some of the burden off the local areas—only to more tightly control, restrict and cut back.

2. But the leading edge of the attack goes much deeper than this. The heart of Carter's program is to create 1.4 million public service jobs, minimum wage jobs, which last for 1 year. First off, when you boil it down, the 1.4 million jobs isn't going to cost the Government much more than it costs now for the jobs program. The 700,000 CETA jobs—many nonunion, low paying, but many union jobs at union scale—will be collapsed into the 1.4 million jobs.

Anybody on welfare—except for unmarried mothers with children under 7 years old—has to take one of these jobs. If they refuse they get thrown off welfare and get thrown to the wolves.

These jobs will be in city and State governments. Millions of people will be forced to take jobs of laid-off city workers, millions

will be forced to work side by side with union workers earning union pay. As more and more people are driven into these jobs, the ability of the unions to fight for decent wages and conditions and the 1,001 abuses hurled at workers every day will be greatly undermined.

The goal of the better jobs program is crystal clear: To force millions to work at starvation wages, and then use this as a way to drive down the wages, working conditions and standard of living of all workers and bust up the unions.

As a matter of fact, the Government would prefer if people took minimum wage jobs in private industry. This would cost the Government less and would more directly serve big business. To further these ends, Carter's program stipulates that people who take minimum wage jobs in private industry—or take a regular public sector job—would earn in additional earned income tax credit of $476 per year.

Carter's plan for welfare reform is slick. The Government is banking on a lot of just sentiment that workers have that welfare is rotten, that they'd never go on welfare, that anything's better than the dole, even some lousy job.

But welfare reform is designed to effect not only long-term unemployed, but the recently unemployed as well. Even though the proposed law has no provision directly relating to unemployment insurance, it is part of the capitalists' attacks on the unemployment insurance system. The way Government officials see it, after about 15 weeks a worker out of work is no longer a worker, and should be pushed onto the welfare/workfare rolls. After 15 weeks you're not an unemployed worker who has the right to a decent income with no strings attached, but you should become a ward of the State.

The example of the county works project in Milwaukee was spread all over the country in the newspapers the rich print for each other to show how Carter's workfare proposal could work—for them. On this project, men on general relief were forced to work for the county at $2 per hour or be thrown off assistance, raising tremendous opposition from AFSCME, representing most of the unionized county workers, as well as from the project's workers, who often refused to work in one way or another. The county works project was to have been expanded in that city to include hundreds to be thrown off unemployment benefits. This is exactly what they have in mind for us with Carter's workfare proposal.

Workfare is a part, a big part, of the government's plans to grease the skids for the next round of the economic crisis. We oppose it completely. The whole plan is rotten from top to bottom. Its aim is to crush millions into further impoverishment, while using their very need to survive as a way of further pushing down the standard of living of the whole working class. The struggle against Carter's better jobs and income program is an important part of our campaign for jobs or income—union jobs at union wages and to stop the attacks on our unemployment insurance.

From New York to Los Angeles, Atlanta to Seattle, we're organizing against the Government's attacks. Right here in California, Governor Brown and the State employment development department are on a campaign to completely stop seasonal and other

short-term workers from getting unemployment insurance—and this is just one in a long list of examples nationwide.

And unemployed are organizing. The Unemployed Workers' Organizing Committee is pushing full steam ahead. Together with the National United Workers Organization and many others we're building for a powerful demonstration of employed and unemployed workers at President Carter's state of the Union message in January.

Mr. STARK. Thank you very much. We will look forward to seeing you in Washington. If it is going to be as cold as it was last year, wear warm clothing.

Any questions, Mr. Weiss?

Mr. WEISS. No questions.

Mr. STARK. Mr. Nolan.

Mr. NOLAN. No questions.

Mr. HUSTACE. The way you say people are illiterate and it is our fault, I got laid off from Ford Milpitas. There are warehouses moving to Nevada, a right-to-work-for-less State. The thing is, we have to have jobs to support ourselves and our families. We see this kind of program as well as cuts in unemployment insurance, as trying to force us to—we hold out as long as we can but what are you going to do if there is a $2.50 an our job and we haven't got nothing?

It will undermine our unions and break our unions. Any union job has to have union wages.

Mr. STARK. I don't think any of the members here would support right-to-work or anything approaching that. There are people, as you know, espousing that, but for us to get any bill at all that will help people, we may have to compromise. That means we may end up with jobs where you will need a combination of public assistance and some kind of less than scale. Certainly that would be acceptable to those of us present in areas where you would be taking a job from somebody who was qualified. It would have to be other jobs such as those in the assembly lines. I don't think that will happen.

Mr. HUSTACE. That's the future, you know. That's what this thing is pushing for.

Mr. STARK. I hope not. I would assure you that a majority of this committee would not let that happen. The problem is, there are an awful lot of people who don't have enough to live on.

Mr. HUSTACE. This example from Milwaukee, the same thing happened in Los Angeles where the hospital workers were laid off and replaced by $2.50 an hour welfare recipients. No welfare representation at all; that's what this bill is for.

We had a thousand unemployed from around the east coast moving on the White House and I think there will be more during the state of the Union message.

Mr. STARK. Thank you very much.

Is Anne Dempsey here?

Is Ms. Hansen here, by any means?

Helen Hansen, she is not here. She is on the advisory committee.

You have a prepared statement, Ms. Dempsey. We will make it a part of the record.

STATEMENT OF ANNE DEMPSEY, SOCIAL SERVICES ADVISORY COMMITTEE, SANTA CLARA COUNTY, CALIF.

Ms. DEMPSEY. Prior to reading, I want to state, I am a volunteer, practically, a professional one.

I am Anne Dempsey, a member of the Social Services Advisory Committee to the director of the Department of Social Services, Santa Clara County, San Jose, Calif., representing Chairperson Fred Villasenor. I am pleased to have the opportunity to present this testimony on behalf of a group of citizens involved with the delivery and consumption of human services. We have some serious concerns about the several bills now under study by Congress on the subject of welfare reform, particularly as they affect the proposed level of support for needy individuals, the proposed change in considering family composition in the assistance unit, the reality of the proposed job program, and the observation that fiscal relief to the States appears to be emphasized above program aspects of the proposals for welfare reform. Indeed, little is indicated about services to people other than training, employment and day care.

Reform of the patchwork welfare system grown up since 1935 with its myriad regulations in complex programs is drastically needed. The proposal speaks to federalization of general assistance with resultant fiscal relief to the States which would be most welcome, and a universal single assistance system which would eliminate the several standards of assistance and eligibility now in existence.

The proposal projects fiscal relief to the States as a major goal, with family income to remain considerably below the present poverty level, if there is no family member able to work, or undertake training. In California's urban areas this income level is most inadequate. The State's present economic picture would not be conducive to supplement the Federal share to an adequate living standard. A high percentage of current recipients would be less able to find low-cost housing and sustenance. With counties and cities overburdened by high costs of public services, it would be unfair to the taxpayer to add the necessary welfare supplement. Furthermore, there is no assurance that local governments will pass on the fiscal relief projected to the administration of welfare programs.

Reduction of the error rate in welfare administration is a must. The overpayments and underpayments now identified are frequently related to complex frequently changing regulations, variations in interpretation, and faulty reporting by the recipient as well as human errors of staff burdened with heavy caseloads and limited opportunity for training. These factors are related to insufficient funding for quality service at the outset, so what would be the point of encouraging reimbursement of administrative costs to the States based on their reduced error rates? The effort with inadequate staff and funding will be nonproductive. With changes at the Federal level, and more refined systems of quality assurance, the error rate should move downward.

The projected levels of the cash assistance component are based on size of household as determined by the census. The family budget unit of the AFDC program has been accepted as the size of the

eligible unit. Again the proposed cash assistance levels would appear to spread less money over more people in a household than is currently available. This has the effect of decreasing the per capital dollars for those persons not above the income support tier. The result would put the family in a group below poverty level.

Dollars alone do not keep families together. Most of the proposed legislation does not address the needs of families, but focuses on individuals. Relatives will not be motivated to care for children even with a financial incentive, unless they find satisfaction in child rearing. More expensive day care will be the likely alternative. Young couples or singles with children, who comprise the heaviest proportion of our present AFDC case loads, will need help to hang in there to cope with tenuous marriages and family responsibilities. This help must include family focused money management counseling, job training, and guided work experience. The proposals direct their attention to those who are expected to work but omit any details. The spouse cannot be excluded if any work program is to succeed. It is time for a national policy statement on the importance of strengthening the American family, as part of any welfare reform.

One of the strongest critiques must be aimed at the reality of the jobs component of the welfare reform package. Is it reasonable to assume 1.4 million new full-and/or part-time jobs will be created? The present CETA programs are unable to guarantee work placement for their trainees. The costs of administering and monitoring the program for all those expected to work will be high. We need assurance there will be some serious employment counseling and work experience components built into the program. The proposals do not speak to the cost or provision for these. The preceding programs in WIN with its separate administrative unit have proved to be essentially a paper shuffle for participants, with only the cream of the crop finding job placement. The administration cannot mandate this level of job creation unless additional funds are provided to the prospective employers to enable them to carry through.

Lastly, there is serious criticism about the proposed change in the accounting period on which eligibility is based. Income earned 6 months prior to the individual's stated need should have no relationship to his present circumstance.

Lockheed machinists in their sixth week of strike in California would not be eligible for help under the welfare reform proposals, but their families are hungry now, and they need help for which some are currently eligible. Young teachers, too, are released from well-paying jobs in districts with declining school populations. They and their families need help if circumstances change beyond their control.

In summary, some of the welfare reform concepts are sound, but they have not been carefully considered in light of today's economy, escalating living costs, and impact on the labor force. Before the welfare system is changed, there is much more detail to be worked out, lest we have a program that is really no better than the present.

Are there any questions I can possibly answer as a volunteer?

Mr. NOLAN. Mr. Weiss.

Mr. WEISS. You have done very well as a volunteer and as a professional.

Thank you.

Mr. NOLAN. The next witnesses are from the Advisory Committee on Social Services, John George.

Will you make the introductions?

Ms. METCALFE. I am Delign Metcalfe. We are the subcommittee of Supervisor John George of Alameda County, the Social Service Subcommittee.

This is Gig Hitao, Allen Stowers, Lodee Dupree, Gil Romero. We also have Ethel Merrill, who is not here.

We will basically talk individually.

Mr. NOLAN. Proceed, please.

STATEMENTS OF DELIGN METCALFE, GIG HITAO, ALLEN STOWERS, LODEE DUPREE, AND GIL ROMERO, AD HOC SOCIAL SERVICES ADVISORY COMMITTEE, ALAMEDA COUNTY

Ms. METCALFE. I would like to mention the fact that President Carter's welfare reform bill doesn't adequately address the question of social services and the cost to the counties and who will pay for it.

There are no allocations for social work implemented in this bill. Therefore, it didn't affect the welfare recipients in the manner in which the present welfare system does. That is, it is not being sensitive toward the recipients' needs and families.

The welfare recipients are now getting food stamps, medical stamps, child care, family planning and other health care. With the proposed system, they will not be having the benefit of these programs. President Carter's welfare reform bill is supposed to reduce the complexity of the present bill which it really doesn't do. It really creates a more complex system. It doesn't improve the system.

Mr. STARK. It would make it a little easier for me if you would tell me specifically what you do. I am trying to determine how you come in contact, whether you are a social worker.

Ms. METCALFE. I am a student at Alameda College. I am a parent of three children; I am also an AFDC recipient.

Mr. STARK. I was trying to figure out how you come to this position. I know Supervisor George had a subcommittee to assist him in his welfare committee. I just want to ask each of you how you came to be on the committee or what your interest in the program is; and your interest is that it isn't working right for you?

Ms. METCALFE. I will get a little nervous when I get in front of a mike.

I would like to bring out the things in general as to the adverse effects of Carter's current proposed bill. As far as I am concerned it is really insensitive.

There are a lot of areas which are sort of hit and miss and not really dealing with the real issues of welfare recipients. I consider welfare somewhat of an insurance.

Mr. STARK. Tell us more of the problems you are having.

Ms. METCALFE. I have been employed before. Right now, I am unemployed and a divorcee. There are many cases such as that. Deprivation of the families is what makes one become dependent upon the present welfare system. Carter's welfare system is forcing parents of single-parent families to go to work, as far as I am concerned.

Mr. STARK. How old are your children?

Ms. METCALFE. I have a 16-year-old son, a 9-year-old daughter and 4-year-old daughter.

Mr. STARK. Under the bill as Carter proposes it——

Ms. METCALFE. If she becomes 7, my 4-year old daughter, I would have to take a part-time job.

Mr. STARK. The others would be gone.

Ms. METCALFE. Well, possibly.

Mr. NOLAN. Only if a part-time job is available.

Ms. METCALFE. True. But I am saying I don't thik it should be so. I don't think a parent with only one child should have to take a part-time job because of the fact we have to deal with our children's needs around the clock. A job interferes in that area. Children are individuals and have individual needs. If you feel your children don't necessarily have to have that kind of care or 24-hour supervision, then you should allow yourself to seek out employment to whatever extent you can, regardless of the age of the child.

But if you feel the child needs the attention, the parent should be allowed the right to remain home with that child to give that guidance because it could cause juvenile delinquencies and other areas of concern causing parents to pay out funds once the children become juvenile delinquents.

I would also like to cover briefly—I want to quote something here——

Mr. NOLAN. Do you think it is important to provide services so that mothers in that case could work if they wanted to? Say, between the hours of 9 and 4 or 9 and 3 when the kids are in school?

Ms. METCALFE. I don't think it would work out the way we imagine it would. What happens when the parent comes home from a day of hard work? You are too tired to deal with the kids; your temper is short and you have other problems.

I am saying we have individual needs and I am saying let a parent judge for themselves. If they are the only parent of a child they have to be home to have those options.

Carter's bill is forcing the parent out of the home, the only parent a child may have.

Also, I want to mention the fact that I think it is a right for a human being, if they are going to be a taxpayer, to have emergency programs such as food stamps, medical coverage or whatever social services we presently have which deal with mental health problems, dealing with general—whatever areas in which we need to have services.

I understand Carter's bill is eliminating these things. I think we don't need to avoid these problems, we need to keep them or maintain the servicing for these problems, not cut them off.

Mr. STARK. Do you mind if we interrupt and ask questions as you talk?

Is that alright with all of you?
Ms. METCALFE. Yes.

STATEMENT OF ALLEN STOWERS

Mr. STOWERS. My name is Allen Stowers. I work for the HEW parent-child program. I am program director.

How I became involved in the subcommittee was that I felt as I met with our parent group and we have over 100 parents and children and staff members involved in our process, that we needed to make an apearance here to give some recommendations for our parent group and our children.

I agree with Ms. Metcalfe that jobs should be available for those parents who want to work, but I think there should be an option for those parents who want to rear their children. At our child center, we have a requirement that parents participate with their children. We have parents at age 13 and 14. I think if you were to come to our center, you would see that many of our parents are learning parenting skills and options as to how to become a better parent. A lot of our parents, once they go through our process, the maximum age limit is age 4. Most of them are concerned about permanent future jobs and income. Many of our parents have single-parent families and much of what she spoke of earlier is of concern to our parents and our group.

We have been discussing Jimmy Carter's proposal for a number of weeks. They want to voice to you their hope that if these reforms are put into law, that there be adequate grant levels.

We have been looking at some Department of Labor statistics and we are seeing that it is a little over $6,400, a little bit over, that a family of four needs to survive in this country. That is one thing the parent group wanted me to express to you, that the grant level be adequate enough to cover the basic needs.

The second thing is decent jobs. I heard Mr. Stark mention earlier to another presenter here that jobs that are meaningful, jobs that are permanent and not just the stopgap-type of jobs. That is another thing our parents wanted to express to you, that those jobs be productive jobs and not dead end jobs.

The last thing and then I will turn it over to another speaker: the parents, as they were going through the present Jimmy Carter welfare proposal, they saw the proposal offered two options. One was a Federal model where the Federal Government would assume responsibility for the cash payment.

The State's responsibility would be for matching payments, emergency and supplementary needs. What happens when there is a break in the mailing system or an emergency situation? What happens? There needs to be a local agency to take care of that.

They were concerned as to the intake model. In some counties, as in Alameda County particularly, you start talking about eligibility for AFDC, things sometimes get rather fuzzy as you talk to certain social workers. As in Alameda County, we are finding that a number of social workers are informing individuals as to their eligibility in terms of food stamps. For instance, then, many, many others who are eligible for food stamps are not getting that informa-

tion. They are concerned that as the States determine eligibility, that there be some kind of national standard to be applied on local levels. You wouldn't find some States at a low, low cash payment and low, low eligibility requirements and other States being just the opposite.

They are concerned about that and they are concerned about child care and about food stamps being eliminated; and, as I mentioned earlier, as to having a decent, productive job.

Those are the things I just wanted to mention on behalf of the many parents.

Mr. STARK. We have heard several times the issues you have brought up. I have a feeling we will be hearing more before the bill is passed.

Mr. STOWERS. I think it is extremely important because I work around children all day long and children are in posterity.

Mr. NOLAN. How do you feel about the provision on single-parent families with children over 7?

Mr. STOWERS. I think that should be a strong option. I think a number of things should be taken into consideration. The development of the child and also the development of the parent and that parent's concern for the child. I think those things should be weighed and maybe the child's development is such that the parent should be around the child more. Those things should be considered.

Mr. NOLAN. There is some evidence to indicate that even in single-parent families, where the parent is able to keep productively employed in some capacity outside the home, it may in fact tend to contribute to the children's mental health and attitude. I think it is that evidence that has prompted the President to suggest that employment may be good in that category if it were available and if it did not conflict with the children's breakfast hour and after school and evening time.

Mr. STOWERS. I will concur with that. Again, I think we should underscore the option.

Mr. STARK. Thank you.

Next, Gig Hitao.

STATEMENT OF GIG HITAO

Mr. HITAO. I am an eligiblity technician for Alameda County. We have had many meetings on this, and our general conclusion is that the economic system of this country incorporates and needs unemployment and poverty. Carter's bill is a guarantee there will still be unemployment and poverty. Part of the idea is that if you can work you should work. If you can't work, the Government will help you but only to the point you will remain poor. For example, some people are required—blind people who can't work will get aid and will still be poor. Why? Do they have to be poor? Well, that is all they can get.

Our Government spends a lot of money on certain institutionalized people, people in prison, but we are not willing to help the people who cannot work. The idea of forcing people to work is taking away the rights of people. Requiring a job search, the intention of requiring a job search is that people will find jobs and

they will be able to work their way out of the poverty cycle, but requiring the job search does not guarantee you will find a job. All it guarantees is that you will receive less aid, so it is a punishment, a trick of how the Government can save money by making someone go on a job search and saying, "Since they could work and they are not working, they deserve less." It is a very negative reinforcement.

What happens when there is a negative reinforcement? People are not as productive or as able to find a job in this example. Often on job research what people do is get a signature, go back to the office and say, "Yes, I looked but really they didn't have it" when they went into the office and they really weren't psyched up to get it because they did not think they would get it anyway.

We have discussed how to help people get jobs of doing it in positive ways. One is to have jobs available that pay some money. This bill does not intend that.

Mr. STARK. We are aware of that. There is some real discussion as to whether this bill, to be successful, has to also provide the jobs because it might be enough or might be an improvement. I wonder if we could agree if we could do all the other things and merely put in the bill that you have to take a job if it is there, we admittedly have not solved the problem of creating the jobs but if we get the benefit levels up and make some of the other improvements, I think there are some of us who might compromise and say we will get at the jobs next time around on the theory that the half loaf of better benefits might be better than no bill at all.

In other words, the job question might be beyond the purview of welfare reform. It has a lot to do with economics and how we spend our money for military and domestic issues, trade. That might better be addressed through the Humphrey-Hawkins bill that may now see the light of day. Would you agree with me, that with Humphrey-Hawkins we could do our job by merely saying whatever rules we have to make, a person will take a job if it is available, and leave to another bill the job creation part?

Mr. HITAO. You are saying if there are jobs available they must take the job.

Mr. STARK. To be perfectly frank about it, this is a sop to the people who see any public assistance as a cheat. We do not believe it, but to satisfy those people it seems to me if through the State human resources agency if a job is available and somebody is qualified and absolutely turns it down because he refuses to work—I do not think there are many people who would do this—maybe that becomes a requirement. That seems to fit into the American work ethic sort of thing.

Mr. HITAO. I disagree. The work ethic is when you want to work, when you need money, you can.

Mr. STARK. Do you think the American public should support a bill that says this—I might agree with you. I said this when McGovern ran—in order for a guaranteed annual income in this country you have to have a right not to work, but I do not think you would get enough votes to keep very many people in office on that program. I do not think we could sell it. I might, however, agree with you personally.

Mr. HITAO. If there is a job available it is enough incentive for someone to want the job because he will get more money. If the person says, "I don't like this job, I don't want to do that," they should have the option to do that. They should not have their aid reduced. The reason I think the requirement is a way of punishing people is because a lot of people cannot hold jobs. A lot of people are not so good at going to job interviews. Maybe it is their fault and maybe it is not, but they just cannot hold on. These people will be punished for that problem.

Mr. STARK. I hope not.

Mr. HITAO. They will. There is a bill that says you will be reduced so many dollars if you do not take this job.

Of course, on the job search it is really important that provisions for child care and transportation be added, not constantly reducing someone's aid while they are looking for a job. That should be changed right there.

The thing about minimum wage, I agree with things said before about a minimum wage being used to keep the union labor force in a more difficult bargaining position. Especially if someone is making a good salary and someone making minimum wage, it is hard to ask for better benefits when someone is way below you. Minimum wage is a method of keeping wages low in an entire society, not the idea of saying if you give someone a minimum wage job he will be more encouraged to get a private sector job. They are encouraged anyway to get the private sector job if it pays more money, but they are not there. We are giving these minimum wage jobs to people who cannot find jobs that pay better, so you are saying,"Well, we will keep them down." It is just another trick of keeping people down.

There is no reason why a CETA job cannot pay at least relatively, not exactly, but a minimum wage, no matter what the position is.

Mr. NOLAN. Under the current law you are in fact working at minimum wage $2 an hour, $4,000 a year, and you have $300 social security, taxes, and other deductions. You are lucky if you bring home $3,000. Under the President's plan, the way it figures out, if you are working in a minimum wage job your income level for your family in a family of four, your cash assistance and income from that job combined would be $6,900. If that job were in the private sector, you are also getting an earned income tax credit worth another $400, so you would be at $7,300.

In terms of income redistribution of the President's proposal, it makes a very, very fundamental and dramatic change in the income levels for working poor people even after the minimum wage. Is that alternative inferior to the current system?

Mr. HITAO. You have isolated a specific example in which statistically it turns out that Carter's bill will help that person. Now, you can find other cases where the family is larger or smaller, where it would not make that much difference.

Also, it is still what was mentioned before, you are assuming that people who are now working will say, "Well, I can get some more money if I go to the welfare department, so I will," and that is not necessarily true. So those people who do feel willing to do that are already doing that. They may be eligible for food stamps.

Mr. STARK. What if it were administerd as a negative income tax?

Mr. HITAO. We have discussed that and we thought that was a vey good idea, that there be a standard minimum income and that if you work and make under that, you get that much tax refund to bring you up to that level.

Mr. STARK. There are a lot of people who agree with you. SSI, minimum scale as it is, it is much better in California but it is a minimum income for those over 65 and those who are disabled but it is the first step in a Federal minimum income program.

You remember as well as I do the problems we have had. Actually several Presidents have suggested it but many scoffed when the gentleman from the Dakotas suggested a minimum income of a thousand dollars for every family. Politically it would be tough to do it all at once.

Mr. NOLAN. Carter's proposal does provide just about $1,000 for every person. They used the family of four as the typical, but if you want to take that down to an individual it is $1,100 and it is scaled according to family requirements and what not. But if you have to do an average, it is worth about $1,000 for every person. In America you do not have to file for it; you have to file for it but you don't have to go through any cumbersome application process. By virtue of being an American you are entitled to it.

As one who is interested in getting income to poor people having failed on the minimum wage——

Mr. STARK. Let the camels get their head in the tent——

Mr. NOLAN. Now we see another opportunity to double the income of people working at minimum wages and it is very tempting to do it.

Mr. HITAO. We all feel in favor of the earned income tax credit, but that could be easily added onto the law that exists now.

Mr. NOLAN. It is in the law now.

Mr. HITAO. Mr. Nolan, it is such an important thing. Certain people will be able to get more, and you are using that as a major improvement in the system. If someone goes over the limit, they will be cut off. If they make too much money, then they will get off the system.

Mr. NOLAN. Thirty-eight hundred is when you start cutting it back, but at $3,800 I will get to keep 50 cents out of every dollar.

Mr. HITAO. Until you get the maximum. So the same example you gave about the people who are going to get more benefits, there will be people who will click over that maximum and lose benefits.

Mr. NOLAN. No, this is what you are missing; you get the $3,800 and you do not lose any. You get over $3,800 and you proceed to be able to keep 50 cents out of every extra dollar, so until you are making around $8,000, then you are off.

Mr. HITAO. That is what I am saying, there are all those people up there at $800 who will lose.

Mr. NOLAN. They do not get anything now.

Mr. HITAO. If you have a large family and you are working——

Mr. NOLAN. Stay with the family of four.

Mr. HITAO. If you have a family and you are working, you have certain deductions.

Mr. NOLAN. But you are not given a direct cash grant as Carter is proposing.

Mr. HITAO. It will depend on the structure of the family.

Mr. STARK. We are talking about minimum Federal benefit. California has some very generous plans relative to the rest of the Nation. We might like to change but what I am saying is——

Mr. NOLAN. What has me confused is this, quite frankly now, all the people who have come before this committee care about poor people and I do not for 1 minute question their sincerity one bit. I know they are sincere. They are putting down a proposal that has the opportunity for doubling the income for millions of people all across this country. I am not sure if they clearly understand what the President's cash assistance proposal is or what is happening. But I see a major income redistribution program going down the drain and it is being beat to death by powerful economic interests who do not want to see that redistribution take place, and also being beaten to death by the people who stand to benefit from it in the hearing process.

What has happened, our Welfare Subcommittee has held hearings all over the country, and we have not heard a thimble full of positive testimony. I am afraid there is not going to be income redistribution, no positive welfare reform, and we are going to continue to live with what we have even though everyone says it is hopelessly inadequate, unnecessarily complex, destroying people's lives and their self-respect and their dignity.

Mr. STOWERS. May I speak to that: A lot of people in this country have a lot of suspicions about change in this country because they know how difficult it is to bring about, and I think when the proposal first came out, if it had been clearly stated—I do not know how else you could have done it other than setting up another regional in the country, or national commission, staffed with people that are welfare recipients, people that work in AFDC social actions, I think if you had set up some sort of national regional commission to clarify the proposal, you probably would not have those problems. A lot of people are kind of confused.

Mr. NOLAN. I think so, because there are literally millions of workers across this country working at minimum wage. Carter has proposed to give them an extra $1,000 by virtue of being an American. The chamber of commerce is horrified at the thought of that. They are going to fight this bill to the death and I am sure if there are any here in the back of the room they are chuckling because they see the very people who would benefit from it are beating it to death.

Mr. STOWERS. If there had been clarity in the beginning, and I think also if individuals had been involved in that clarifying, you would probably be a long way now because a lot of people are really concerned when you see the State determine, like Alameda County, submitting all kinds of ideas toward acquiring the money. People look at that and as you look at their proposals in terms of requiring the money, you see where the counties are very paranoid about losing positions that are there. So the average person becomes very paranoid when you get county officials coming in with their major proposals, and they are really confused.

Mr. STARK. Perhaps we could let the other two members of the panel speak.

STATEMENT OF GIL ROMERO

Mr. ROMERO. I was involved with one of the community-based organizations at the time, native American organizations. I agree that possibly a lot of the people that might be benefited from the proposed plan are shooting it down. But simultaneous with that outlook, I think as well if we are going to do any kind of welfare reform, I think it should be welfare reform with the biggest recipients of welfare. By that I mean people like Boeing and Lockheed.

Mr. NOLAN. This committee does not have authority over tax laws.

Mr. ROMERO. The point is we are talking about a realistic budget. It does not happen this way anyhow. It kind of forces minority people, which I am probably of the largest group nationally, that do receive public assistance, to paying into social security, which very few of us ever benefit from. For example, Indians' life expectancy is 42.5. So we end up working for social security but yet we do not live long enough to benefit from it.

Other minorities have that same problem. So it is not really a substantial reason for me to go to work, I don't think, if I were a recipient or on public assistance.

The other thing is that it proposes a ceiling of 2 percent on native Americans in terms of picking up CETA programs overall, which is, as far as I am concerned, way out of life. I do not think anybody has that kind of power to dictate a ceiling on how much benefit can be gained by any individual group. That is redundant as far as I am concerned and it is intentional. Here in Alameda we have the second largest concentration of American Indians in the State of California, about 25,000, yet we have a 62.2 unemployment and a 67 percent single head of family. Actually there is virtually nothing or close to nothing to assist us in that type of problem.

The other problems are CETA. CETA is basically a spider's web, a web of complicated problems that do not solve anything. What happens, for example, if you do get a job within the private sector and you are working with a union, you might maintain yourself for 29 days when it takes 30 days to get into the union, and you cannot. It does not carry the impact it should.

Mr. STARK. I guess we ought to let our native American member of the committee who voted to become an American address this, have you looked at it from the standpoint of what that does in Hawaii?

Mr. AKAKA. Yes, Mr. Chairman. In Hawaii we have a different setup in that we consider Hawaii to be a community of minorities. There is no majority group there. However, the Hawaiian ethnic group to which I belong seems to be the heaviest recipients in the welfare group. I guess we can compare very well with some minority ethnic groups on the mainland. We have similar problems. I would say those of you American Indians, if we were to compare the Hawaiian ethnic group with the Indians, the comparison would be good.

Mr. ROMERO. I do not think we are comparing Hawaiians and Indians. We are talking about reform.

Mr. STARK. I just indicated that to say that the committee will in its consideration of the bill try to see that we consider all groups and certainly try not to design a bill that would specifically exclude people. There are some objections that we have heard on excluding single working people without children. I think most of us would agree that is a huge exclusion. I think we will be as careful as we can, and I think it is important to point out to you that this bill is one that everybody has anticipated will look a whole lot different when it is reported out of this committee than it does now, so it is a starting point, it tries to embody a broad philosophy that the President has in welfare reform, and I think he anticipates that through the hearing process, and generally through the compromising process we will have to go through, we will have a different instrument.

It is comments like yours that ought to keep us alert so we do not build any inequities into it. We will come back, but I wanted to get the last member of the panel to comment.

STATEMENT OF LODEE DUPREE

Ms. DUPREE. I am Lodee Dupree and I work at a child center where Mr. Stowers is director.

I would just like to ask one question. I find myself knowing a little about the tax laws. I am confused over the earned income tax credit, the proposed one. The one that I can remember last year had certain stipulations in it. One was that you had to provide a home for yourself and one minor child or one child in college. If this still holds, this would also cancel out some families that maybe are living with someone else. I would imagine particularly if you have a family that is just beginning to work, that would cancel out quite a few people. I am wondering if that would still hold. That would cut down the goodies we are all getting.

The other question I would have on the earned income credit is as someone mentioned here, the closer you get to the $8,000, the less that you get. As I can remember, the $400 maximum was just that and your income had to be basically nil, at the very bottom level for you to get the $400. I am wondering how much of an earned income tax credit it is really going to be.

Mr. NOLAN. $400.

Mr. STARK. What it is designed for, is to be an incentive for somebody to take a private sector job over a publicly or federally created job. The only way you can build that in is through this earned income tax credit, because you would get an earned income tax credit, not on your Federal benefit if you see what I am getting at, so if you can earn all your money in the private sector rather than by earning it as a combination of private sector earnings and supplemental public assistance, you will be money ahead to the tune of a couple hundred or $400. I am not sure that will stay in, but that is what is there. It would be unfair for two people to earn $8,000, one entirely from the private sector and one partially, as Congressman Nolan has pointed out, some income from the Federal

Government. There ought to be an incentive, if there is a choice, to make you want to take the private job.

I am not sure I agree with that, but that is the reasoning. Let's say you were getting a salary of $4,000 and a $4,000 supplement. You get earned income tax credit on the $4,000 but if you took the private sector job you would get it on the full $8,000 and you would be a couple hundred dollars ahead. I am not really sure it will make that much difference to that many people, because I think there may be more to changing jobs than just that decision of public or private. We have people who are terribly concerned that somehow we are not doing enough of this through private industry. So if that is a way we can say it, OK, I would be inclined to leave it in there to pick up a few votes if I do not think it hurts anybody. I am not sure I have thought that all the way through. Sometimes these incentives turn out to be disincentives because we do not really carefully analyze them. I do not know whether that helps explain it to you.

I do not know the answer about people living in multiple households, but I know there are some other provisions in the bill where we have to examine that. It comes up frequently and I think hopefully we will be sensitive to the fact that many times poor people are forced to live with more than one family in a household, not out of choice but just out of economic necessity.

Congressman Weiss.

Mr. WEISS. All that I really want to comment on—I appreciate your testimony, it has been good testimony, it does focus on some of the very, very real problems that we feel in considering this legislation. All that I really want to comment on is that the problem really for me is not that I am not unaware of the fact that this proposal may help the working poor, but my concern is—and the thrust of the testimony we have been hearing from those in the field who are the recipients and those who work with the recipients of the current program and who would be working with the recipients of the new program that because of the artificial limitation which has been placed on the overall cost of the program, they have also structured and manipulated the other parts of it so that in fact some of those who most need the assistance are going to be deprived of it because that is the only way you can have some benefits go up and still not have it cost an appreciable amount of money.

I have no problem at all with the Carter formula for increasing the benefits for the working poor, but I think that the other side of it is that because we put a ceiling on it, we are hurting people and we are not in a position in this legislation where we have received any kind of guarantee that those who are current recipients or who would be eligible to be current recipients in the future, would not have a reduction in the amount they would receive under this program. If we had that, I think many of the objections that we have heard, the job program aside—if we would fly out of the window.

Mr. STARK. How do you all feel?

[General agreement.]

Mr. STARK. Congressman Akaka.

Ms. METCALFE. We did have some more to say.

Mr. HITAO. We feel that the basic reason why this welfare proposal was initiated in the first place is not so much to end the poverty cycle but simply to add in part to the institutionalization of change that is part of welfare. In the current welfare system the bureaucracy will make a change approximately every 6 months or more frequently. The reason is when you make a change there is confusion and when there is confusion there is delay and therefore welfare has a reputation of being a hassle and not desirable. This proposal does the same thing. By reshuffling the rules it is going to make more problems and it is going to make people less interested in getting help.

Mr. STARK. I could not agree with you more if that is all that has come out of it. There has been a lot of fear in trying to reform welfare, and Congressman Weiss just spoke to that, without bringing any more asisstance, is like rearranging the living room furniture for a blind person. It is more cruel because at least the present recipients have learned, as bad as the present system is, they get some idea of what they get and how to get it. So unless we can substantially increase the benefits and grandfather in those benefits that exist, I do not think we will have a bill.

Mr. HITAO. The bill is scheduled as of now to go into effect in 1981 after the next presidential election. Then it would take 3 years for actual change. Whatever has happened, we would like to have it done before the next presidential election.

Mr. STARK. I think you are a better student of government than you are of economics, because I cannot decide who this is going to help. The Congress has a way of not tackling controversial issues in even numbered years. Our courage in Congress gets much higher in the odd numbered years.

Mr. HITAO. 1979.

Mr. STARK. Yes. I think that may be one of the problems you are going to face.

Ms. METCALFE. I just wondered, do you honestly feel—I feel like this bill is proposed to pacify the taxpayer's judgment.

Mr. STARK. Those of you who know me and my politics better know that I have not always been one to accept every program the President suggests out of hand—but I think I am convinced that within HEW and within the administration, the totality of what is the new administration, there is a honest desire to help poor people. There is also a realization that there is a very effective and vocal minority of conservatives—specifically not Republican because I want to tell you some of our colleagues from some of the Southern States who are members of the Democratic Party are to the right of Ghengis Kahn philosophically and would not spend 10 cents for anything but tobacco subsidies—so as a political reality what you are hearing may be true. In other words, some of that talk, of must take the jobs, in my personal opinion, is tossing a bone to the more conservative people who are going to maintain that old myth that people who get public assistance are welfare cheats. You and I and the members—and I think Secretary Califano says it more eloquently than any Secretary I have heard—have agreed to work a lot of extra time taking the President in good faith.

Ms. METCALFE. What happens to the family if the parent refuses to take the job?

Mr. STARK. I hear you. You cannot accept the bill as given. This is not a question of having to take the present bill or nothing.

Mrs. METCALFE. I hope not.

Mr. STARK. I guarantee if the committee reports out any bill it will be substantially different from the one you have read. The reason we appreciate your being here is because you make the kinds of comments that make us more aware of the problems.

Ms. METCALFE. I just hope you take that into consideration because if you do pass this particular bill there are going to be people who are saying single-parent families must take these jobs, whatever age limitation you have on the child. What happens to the parent? Does this create a problem within the home? Does the parent end up being without funds? The child will continue to have funds but the parents won't, they use the child's portion of food or transportation; their portion of clothing? What if the parents end up in this position? What happens to the family? How do you hold the family together? This is one of Carter's things. How do you guarantee the family will stay together?

Mr. STARK. His statement there I think is to try to take the incentive away from a mother and father to split up, to get aid for dependent children, as I am sure you are aware. The present system can, although it is hard for me to understand——

Ms. METCALFE. I would not take a job that paid me a minimum wage that I can barely make it on.

Mr. STARK. I hear you. What I am trying to say is the statement of preserving the family is to take away the incentive of a father to leave home to allow a mother to get aid for dependent children so families can stay together when they choose to, and not to make the single parent take a job.

Mr. NOLAN. If I may respond to the first question, whether or not this is a bill for taxpayers or for poor people, the Congressional Budget Office has estimated this bill would provide $6 billion more to poor people than is currently being provided under the existing welfare programs, so it is a taxpayers' bill.

Ms. METCALFE. In what State?

Mr. NOLAN. Across the Nation. So whether or not that figure is accurate, your best estimates are we will provide $6 billion in additional money to poor people across the country.

Mr. ROMERO. How much more will go into social security?

Mr. NOLAN. It does not impact on social security.

Mr. ROMERO. Not at all.

Mr. STARK. Thank all of you. Thank Supervisor George for the good work he is doing.

Mr. STARK. Is Nancy Evans here?

We appreciate you being here.

By way of introduction, my staff has provided information to me. If you will bear with me, Ms. Evans is a Navajo Indian who lives and works on the Indian reservation in Window Rock, Ariz. She has a degree in physiology and social work and has chosen to remain on the reservation. We appreciate your being here.

Would you proceed in any way you are comfortable and we will make the written statement you have a part of the record.

STATEMENT OF NANCY EVANS, BUREAU OF INDIAN AFFAIRS, WINDOW ROCK, ARIZ.

Ms. EVANS. I do have a written statement.

I am grateful I am here today to appear before you. There are a number of other things I am proud to let you know. I am a Navajo. I was born at home on the reservation some 35 years ago. I don't have a birth certificate so I can't tell you how old I am.

English is not my native language and if I seem to be speaking awkwardly it is because I think in Navajo. I was educated in the BIA education system. But regardless, there are a number of things I want to point out which are related to the BIA and my direct experience on the Navajo land.

I have had an interest in welfare reform from the beginning. I have been reading the materials submitted by the task committee throughout, since April. I think there are a number of things I would like to point out. The philosophy of the act with respect to individuals is very important. I feel this is very strongly in keeping with the Indians' view of life.

In my experience, the Navajos share the same views as reflected by the act, as have been pointed out by by tribal council members as well as other tribal leaders. This philosophy is very supportive of our view as to how human beings are supposed to live. I think that should never change in the Welfare Reform Act.

Now, there is a second point which is very dear to the native Americans, especially American Indians who have land base and have some very real legal status. The philosophy of the act regarding the governmental institution to implement the service as outlined in the welfare reform overlooks this very important thing, the fact that tribes do see themselves with some responsibility for determining for themselves what they need to do. I think this lack of recognition for the historical tribal relationship is very seriously overlooked in the act. Only the historical State-Federal relationship is maintained. I think these are two very important points I want to keep throughout. In the history of the development of America, respect for self-determination and self-development, have prevailed throughout history. These may, at times, conflict with the need for a national unified and uniform national posture. In line with these, I think the American Indians at times may seem to be asking for something which is different, especially the Indian tribes who have land-based rights, not on individual basis, but as tribal groups. They are severely overlooked seemingly because they seem to want to be different and because they want to maintain their self-determination. I think every one of us is aware that we now have people in the United States who want to deny this respect for self-determination by Indian tribes.

We even have proposed national legislation targeted directly at Indian people who want to propose some form of self-determination. It is with this in mind that the welfare reform effort must respect the historical relationship between the Indian tribes and the Federal Government.

Also, with this in mind, the act must reflect options for tribes to receive Federal funds directly and not restrict the flow of funds to

State and State, only. I speak this from my direct experience, that if numerous precautions are not taken now, the act would adversely affect many tribes such as the Navajo tribe where we now have Federal funding as from the CETA. There are reflected in the current legislations a number of benefits for tribal groups.

There are two things I want to point out: One is that the proposed bill, which is the only bill I have access to, show that under title II, entitled employment opportunities program, the minimum funding guarantee, as is provided in the current legislation will be changed to optional and, further, the level of funding will be changed from the mandatory 4 to 2 percent with no guarantee that any funds can be spent for American Indians at all. We are hoping this was an oversight and not purposeful. Two, if this act proposes better jobs for Indian tribal members too, there must be a declaration that any funding under the Bureau of Indian Affairs, will not be jeopardized. That is the only source of funds earmarked for Indians.

In the Navajo area we (BIA) have had a contract with the Navajo tribe since 1970 where the tribe delivered the financial assistance program. Currently, this fiscal year, the contract amounts to over $19 million. With this contract, in fiscal year 1977 we serviced a total of 8,248 persons who received financial assistance, these people were considered employable. Out of these, over 1,400 persons a month participated in a voluntary work experience project.

In addition, another 38,226 persons received assistance throughout the whole year. These are people who are not considered employable.

If the welfare reform effort does not provide for support of such effort by tribes to deliver their own service, the outcome for the tribe is a setback.

Three, hereafter all proposed regulations and standards reflected by the act must take into account the unique legal status of Indian tribes, the tribal practices and the conditions on Indian land. I don't need to go into detail about the lack of roads, about how bad our health is, about how underemployed we are. Those statistics have been cited over and over again. But these circumstances make it evident our situations do not coincide with the national conditions. Fourth, it is necessary that the tribal groups should retain responsibility for their program. When these are delegated to the State and Federal Government, we have seen conflicts and the outcome of these conflicts is usually lack of services for Indian people.

Again, basically, the Navajo people seem to support the welfare reform effort and I hope it is just sheer oversight that prevented the act from reflecting the legal status of Indians and Indian needs and I request your direct assurance that Indian needs are included.

Mr. STARK. Thank you very much. I find your testimony most interesting and I can assure you that I will find the answer and, as a result of it, be concerned to see that we don't overlook native Americans in the bill. I will be back in touch with you as we proceed during the markup and I appreciate your taking the great effort to come all the way here.

[The prepared statement follows:]

STATEMENT OF NANCY EVANS, NAVAJO INDIAN, BUREAU OF INDIAN AFFAIRS, NAVJO AREA, WINDOW ROCK, ARIZ.

1. The philsophy of the act with respect to services for individuals takes into account the value of family units and work incentives. This philosophy is supportive of Indian view of human beings and how human beings live.

2. The philosophy of the act regarding the governmental institution which implements the services to the individual overlooks the Indian tribal views of self-determination. There is a lack of recognition for the historical Federal-tribal relationship. Only the historical Federal-State relationship is maintained.

As we all know the history of Americanization of this continent, respect for differences, respect for self-determination and respect for self-development have prevailed. At times these appear to conflict with the need for a unified and uniform national posture where equity and fairness or to share infringe on individual needs.

The Indian tribe, not as individual members, are severely placed in firing lines: because they want to be different by their own history. It appears that some people in the United States want to deny this respect for self-determination for the Indian tribe. We now have proposed national legislation targeted directly at this last hope of Indian people.

It is with this in mind that the welfare reform effort must reflect the historical relationship between the Indian tribe and the Federal Government. It is with this in mind that the act must reflect options for tribes to receive Federal funds directly and restrict the flow of funds through the States and States only.

It appears that if numerous precautions are not taken now the act would adversely affect many tribes such as the Navajo where current funding for CETA projects and contracts funding for BIA general assistance and tribal work experience projects reflect current legislation.

1. Proposed funding under title II: employment opportunities program does not benefit the Indians: minimal funding guarantee as in the current legislation has been changed to optional, and further the level of funding has been changed from mandatory 4 percent to optional 2 percent with no guarantee that any fund can be expanded. It is hoped that this is an oversight and not a purposeful act.

2. If this act proposed better jobs and income for Indian tribal members too, there must be a declaration that any funding under the Bureau of Indian Affairs for assistance and services will not be jeopardized. In this day and age, BIA funding is a source of funds for Indians and to jeopardize this under a welfare reform effort would be disastrous for Indians.

Navajo Area has had a contract with the Navjo Tribe since 1970 where the tribe delivered the financial assistance program. Currently the contract amounts to $19 million. With this contract in fiscal year 1977 a total (unduplicated count) of 8,248 persons received financial assistance who were considered employable or physically able to work (6,612 were male); and over 1,400 persons a month participated in voluntary work experience projects. Another 38,226 persons received assistance who were considered not employable.

If the welfare reform effort does not provide for support for such effort by tribe to provide services, the outcome for the tribe is a setback.

3. All proposed regulations and standards must take into account the unique legal status of Indian tribes, the unique cultural practices and unique physical conditions on Indian lands such as lack of roads, utilities, and where levels of poverty, underemployment or housing conditions and health conditions do not coincide with the national conditions.

The control of human services delivery to Indian tribes should rest with the respective tribal groups. To delegate this to the State or county governments results in conflicts when Indians are subjected to local bias or local prejudices. The outcome of this conflict is lack of services for the Indian people.

Again, I hope that it is sheer oversight that prevented this welfare reform effort from reflecting the unqiue status of Indians and Indian needs. I most sincerely request your direct assistance to assure that Indian needs are included.

Mr. STARK. Mr. Nolan.
Mr. NOLAN. No questions.
Mr. STARK. Mr. Akaka.
Mr. AKAKA. No questions.
Mr. STARK. Mr. Weiss.
Mr. WEISS. No questions.

Mr. STARK. Is Mrs. Helen Hansen here, director of Catholic Social Service of Santa Clara?

We will be glad to make your prepared statement a part of the record. You may read it or summarize it or proceed as you prefer.

STATEMENT OF HELEN HANSEN, EXECUTIVE DIRECTOR, CATHOLIC SOCIAL SERVICE, SANTA CLARA COUNTY

Ms. HANSEN. It is brief.

I am Helen Hansen, executive director of Catholic Social Service of Santa Clara County, and a member of the executive committee of the board of the National Conference of Catholic Charities and the California Conference of Catholic Charities Directors.

I have read with interest President Carter's welfare reform proposal. I believe it has strength in several areas. Most Americans who find themselves having to seek assistance would really prefer to work. Our agency has consistently found this to be true. Through our various projects, we have trained welfare recipients, and are happy to say that several of these people are currently employed by our agency, and others have obtained jobs in the community. Jobs are not usually accessible to the welfare recipient, and the community agencies must help the job service in creating a training opportunity which not only develops skills for the individual, but also increases his self-respect. The consuming philosophy of this country is that to work is good. When an individual is physically and mentally capable of working, there should be in the community available resources for him to move into opportunities that will have a job as the end result. Utilization of the private agency in assisting in the total community effort is essential. I do feel that the estimates for the number of people who must be trained and have jobs is too low. There are more needs than are expressed in the proposal.

In our agency, we work with the aged, single parents with young children, and the disabled. It is amazing when there is a consistent program of counseling and training how an individual can emerge to become self-sufficient and a provider of his own needs. It is also true that there are some people receiving assistance at the present time who should not be required to work as a condition for benefits because of their physical and mental condition. My major concern about the proposal is that in California the current benefits are beyond the Carter administration's proposal. I do not know what the solution for this is, but it has to be addressed nationally. We cannot lower the benefits that California has assured its citizens. In the implementation of this program, it is essential that the private sector, industry, and big business, as well as private health and welfare agencies, see this as a community challenge to work together in giving welfare recipients the opportunity to become self-sufficient.

It is important to point out that the problems regarding foster care and adoption of hard-to-place children are valid and necessary. There are certain provisions of the act in which we are in opposition, including the standardization of work-related income in the AFDC program. We oppose such standardizing, and urge that sim-

plification be considered in our welfare reform position. AFDC recipients are already living on marginal incomes. We object to the proposal which would permit AFDC recipients to assign up to 50 percent of their meager income to utility companies and landlords. No middle-class family could afford this. We feel that the emphasis on the adoption of hard-to-place children is essential. As an agency serving foster children, we have tried hard to move the child out of foster care back to his own home, or have him released for adoption. This kind of service takes much staff time, but is essential to quality service. We believe that H.R. 7200 will improve the Nation's foster care program.

Regarding title XX, in California all of the allocated funds are currently in use for necessary programs. While the law permits contracts with private agencies, this is unrealistic because the funds are currently being used to maintain existing programs. Title XX diluted, for example, protective services for all handicapped adults without a sufficient increase in money. The fragile senior needs to have both public and private service, and we urge you to develop a level of support in relationship to the needs of people served by title XX.

In closing, I want to thank the administration and urge them to consider some of the problems in implementing this program. We plead with you to have much involvement with the private sector in the implementation process.

Mr. STARK. Thank you very much, Ms. Hansen.

Mr. Weiss.

Mr. WEISS. No questions.

Mr. STARK. Mr. Akaka.

Mr. AKAKA. Thank you very much, ma'am, for your testimony.

Mr. STARK. Mr. Nolan.

Mr. NOLAN. Thank you; no questions.

Mr. STARK. Thank you, Ms. Hansen, very much.

We are aware that you are on the National Conference of Catholic Charities and of the good work you have done in Santa Clara County.

Is Robert Tobin of the Welfare Rights Organization here?

Do we have a prepared statement from you?

Mr. TOBIN. Yes.

Mr. STARK. You may proceed as you feel comfortable.

STATEMENT OF ROBERT V. TOBIN, BAY AREA WELFARE RIGHTS ORGANIZATION, INC.

Mr. TOBIN. My name is Robert V. Tobin, and for almost 2 years I have been working as a client advocate for the Bay Area Welfare Rights Organization, Inc. In this work, I have become involved in low income individuals' income assistance and service delivery problems; most often this means acting as their representative in an appeal of an unfavorable administrative decision made by either the Social Security Administration or the county's department of social services. From this contact with individual cases we try to identify recurring problems that negatively affect various segments of the client population and present this information to the govern-

ment officials responsible for the smooth operation of these programs.

The intent of our project is to inform people of their rights and responsibilities within administrative programs; these will protect their access to assistance when they are eligible for and entitled to it. The importance of our efforts is evidenced by social security's own figures, for example, which show that almost 50 percent of the claimants who exercise their right to appeal after being denied benefits have their denial reversed; in our own experience in cases where people exercise their right to representation in these proceedings, we have found the reversal rate to be closer to 66 percent for all assistance programs. This means that the entire elaborate scheme to screen out ineligible claimants is wrong in almost two out of three cases that it screens out, effectively preventing people from getting the kinds of help they not only need, but are legally entitled to.

This gives you some idea of how the present system operates, and I am sure that others have given you similar examples. Let's look now at the population that this or any proposed new system is supposed to serve. Since I have been sitting here there has been a lot of discussion as to who these people are. Ever since these programs began they have operated on the theory that people are poor because they don't work to earn a living, and all that you need to do is give them a job and they won't be poor any more. This theory is grounded on the well-known myth of the lazy welfare recipient, a myth that is exposed every time the government spends millions of dollars to research the problem. Supposedly, before this plan for reform was conceived, there was a hugh outreach effort by the Secretary of Health, Education, and Welfare to identify the problem. His report came to the same conclusion that any serious study of the issue is forced to. He finds that since 71 percent of America's 26 million poor are either children under age 16, aged, disabled, students, or mothers with children under age 6; in addition, another 19 percent of the 26 million are working either full or part time. Therefore, a full 90 percent of America's poor are either working or are people that no civilized society would force to work. Of those remaining 10 percent, four-fifths, or 8 percent are women with family responsibilities, that is mothers with children between the ages of 6 and 17. Therefore, only 2 percent of the 26 million even resemble the typical sterotype: A nonaged, nondisabled male who does not work, and census figures indicate that most of this 2 percent is either between the ages of 62 and 64, ill, or looking for work.

Therefore, to say that people are poor because they don't have jobs is not only simplistic, but inaccurate. It treats the symptom but ignores the disease. Millions of dollars are spent producing reports like these and hearings like this one, but in the end they get us no closer to the source of the problem, and this reform package is no different. Its whole theme is "jobs and income", proof positive that the Government is not paying attention to its own research and advice, which has explicitly documented the needs of the population this system is intended to serve.

Not only are there flaws in the present proposal's diagnosis of the problem, but its prescription for solving the problems it has identified is ineffective. Rather than focusing on the fact that the proposed system does not improve any of the evils of the present system—its complex, arbitrary, inadequate, and punitative nature—I would like to concentrate on its seemingly positive aspect and see what its job program accomplishes. In my opinion, the reform proposal takes and destroys the most promising part of the present assistance system, the title VI CETA program. Currently, this program trains and employs people for an incredible variety of vocational opportunities in jobs that last at least 1 year; these are jobs from street sweeper to security guard to government employee to community service worker. Under the reform plan all these jobs would pay exactly the same amount, that is, the very minimum required by law, and those working these jobs would not get the earned income tax credit that other workers are allowed. In addition, 2.5 million workers are expected to pass through 1.5 million public service jobs within 1 year, although where they will pass on to is less than clear.

This and other aspects of the job component, such as the lower benefit tier for the families of the unemployed, demonstrate the fact that Carter's welfare reform is but a rehash of the welfare syndrome that we're trying to break out of. Again, it is based on the assumption that poor people just need to be kicked out of bed in the morning or have their personal habits corrected and they will not be poor. No matter whose statistics you look at this is just not the reality of the situation.

In conclusion, I am here today because I firmly believe that the so-called welfare reform doesn't really change a thing, and in fact makes a lot of present problems worse. I'd rather see the administration leave well enough alone than have it lead the country to believe that reform has taken place when it has no significantly positive effect on the population it serves. By any intelligent assessment of the chaos of the present system, the need for change, and the necessary goals to achieve if real change is to take place, the reform package does not measure up.

The only rational explanation of the welfare system I've heard is that it keeps one-half of our unsupported population employed to pay out assistance to the other half. If this is the case then we should for once recognize and face up to this problem rather than keep trying to break off pieces of the problem and hope that it doesn't get any bigger. The best suggestion that I could make about welfare reform is that we quit trying to restructure the present system. Secretary Califano states in his report to the President that "trying to make incremental changes in the existing hodgepodge of income assistance program is not the proper course to follow." I think that it's about time that the Government either start following the advice it gets or quit asking for it, for it is useless to make any further recommendations until there is some indication that the ones received are followed.

All it really changes is who gives out the money, how it gets to them and the form it is in. It doesn't have any effect on the recipient and what the recipient has to do until he isn't needed

anymore, the way they are treated or the process by which the assistance is administered and delivered to them.

I think welfare reform has to contend with the basic problem that welfare has caused. Right now, poor people have lost control over their lives. They don't participate in decisions affecting their welfare. That accounts for the low attendance for these hearings. I am surprised this room is not packed. Poor people are playing games in which they don't know the rules. These are the problems this committee and government will have to start to address. I realize it is a political and complex problem and I realize the opposition you people are talking about today. But the facts are there and ignorance is no excuse if these people don't know what the reality of the situation is. I think our efforts are better used in trying to educate them.

Mr. STARK. Thank you very much. I guess I might be inclined to agree with you. This past weekend, or last week I guess it was, I was talking to a suburban high school class and a young woman from a fairly well-to-do area asked the same thing: "Isn't it a fact, the people who live in our town, middle class, and our parents are working hard, their taxes are paying for all the lazy people who don't want to work?" That idea, as you correctly point out in Secretary Califano's report, just isn't true. But it is unfortunately a widely held conception as we will find as we get away from major metropolitan areas where it is more prevalent. People will look at you and they won't believe it; they won't believe me; a lot of people don't believe the Government and there may be some reasons for that.

The question is, is it wrong if we really do only need the 2-percent jobs for this group? I am inclined to think for that small amount, all right, let us write it in, if that tends to silence the opposition, or increase the votes. Increasing the benefits to as high as we can get. How much are we selling out? Maybe you are right. Maybe you are reinforcing the concept that I think you and I would agree is wrong and somehow giving credence to the lie.

But, on the other hand, if we can get a substantial increase in the level at which people are assisted or can live, particularly those who really would be outside of this, is it worth the candle? That is something we will have to address. I suppose if the work requirement parts of the bill are too onerous, it would lose my support, but you always say if you do that and if we can spend some more money, an additional $2, $3, $4, $5 billion to bring resources to the 26 million poor, can you throw a bone—you are saying no?

Mr. TOBIN. This is what I think people have to understand. Going along with that goes along with the whole theory. Welfare, first of all, doesn't change anything. People don't have food, clothing, shelter, but those are symptoms of their problems.

Mr. STARK. I spent an awful long time trying to educate the American public in the Vietnam war. The fact is, it is a lot easier to be inhumane to people you don't see. That is one of the problems in a fiscal sense. I am not sure we can educate the public or enough of it to get a bill in the pure sense; that if we could, believe me, I would support it. I hear very clearly and loudly what you are saying, but I may compromise.

Mr. TOBIN. I would be perfectly happy at this point if nobody changed the welfare laws because at least then the problems would be right there in front of you. You would see them and know about them. They are not shoved into places where you can't see them anymore. They are right before your nose.

Mr. STARK. The problem, Bob, is you will never see them out in Livermore. It is safe. That is a fortress world that can isolate itself, you will not go out in Westchester County and really see the problems which exist in Congressman Weiss' district because the commute train goes through, and if you don't look out the windows you don't see it.

Mr. NOLAN. Maybe Bob is saying you see it in the form of riots.

Mr. TOBIN. I am not encouraging that but at some point we have to realize what we are doing to people, that kind of eccentricism. So, if you want to face up to that choice, that is just a choice of who is going to be affected, me or everybody else. That is why you people are elected, to start taking those responsibilities. If somebody doesn't it will only get worse.

2. It recognizes the need for part-time jobs for parents who are raising young children alone.

3. It eliminates the irrational 100-hour employment rule that disadvantages the employable unemployed AFDC father in the current program.

4. The assets requirements and exclusions are complex to compute but seem to be more reasonable than California's AFDC property limits.

We recomend that an option of State administration of the total program be included in the Better Jobs Income Act. This is a recent change in our policy which previously favored Federal administration. We changed because of all the problems of SSIU recipients which have come to our attention since that program began 4 years ago. The overall lack of sensitivity and the inefficiency of the Social Security Administration with an assistance program has convinced us that a level of administration with a legislative body closer to the people is likely to be more responsive to the needs of constituents.

We believe that the notion that people will not work unless forced to do so is a myth and that the Carter proposals are based on this myth. We believe that far more people are willing to work than the economy is able to absorb. There are many examples of huge numbers of persons in line to apply for a few available jobs that can be cited to support this contention. We recommend that the proposed job opportunities program be redesigned to provide real jobs at prevailing wages in the areas of public service where they are needed. The persons who work in these jobs should be treated as real employees with all the benefits that honest work is supposed to bring, including social insurance, fringe benefits and earned income tax credit (EITC), some of all of which would not be included in the Carter plan.

The need is for stable, long-term work, not for a coercive plan that subsidizes low-wage employers and provides poor parents with an annual 5-week unpaid vacation to search for another job at the minimum wage. This proposed new title IX of CETA may not be needed at all. Expansion of titles II and VI as they now exist may

be a better alternative to provide the better jobs promised by the Carter proposal.

We recommend that there be a guarantee that no current beneficiary nor any employee of an affected program will be damaged economically by adoption of any welfare reform proposal. Carter's plan offers no such guarantee and we see this as another major weakness.

We recommend that there be a built-in administrative relationship between public assistance, medical care, employment and social service systems at the delivery level for the benefit of consumers who generally need the services of at least two of these systems, if not more, to help solve their problems.

Finally, we would support a much heavier commitment of our national wealth toward eliminating poverty, giving every child a fair start in life and providing humane public assistance for those permanently or temporarily in need. We hope that Congress will come closer to meeting the welfare reform challenge than the administration has so far.

Thank you.

Mr. STARK. Mr. Akaka?

Mr. AKAKA. Thank you, Mr. Chairman.

Mr. Tobin, does your statement represent the feelings of the people you represent?

Mr. TOBIN. No. I wrote this personal statement from my observations from the account of the people I had been working with.

Mr. AKAKA. From what you have testified here, you indicate that you want the same program.

Mr. TOBIN. I say I prefer to make a change that is not true reform because, as somebody pointed out, at least now people know what is going on. I heard opposition we are trying to throw the poor people a bone and they are complaining about it. At least they are trying to get it down right now. If you are going to change the whole system on them, they are going to be right back where they started.

Mr. AKAKA. So you are saying that you prefer to keep the same system?

Mr. TOBIN. I do not prefer the same system, but I prefer it to reform that is not changed.

Mr. AKAKA. Even though the new bill proposes an additional $6 billion to give to poor people?

Mr. TOBIN. Persons naturally question I would because if this bill goes through, then the whole momentum for true welfare reform—the wind will be out of its sails because the bulk of the American people will say: What do you mean reform, we just changed it.

Everybody will think we just had reform, and so it will be out of the picture. I think it should stay there until the real answers come up. We just cannot throw it back in the closet because we have to look at how serious this whole thing is. As this report points out again, the Government's income maintenance system is huge compared to the welfare system. The welfare system is only one small fraction of all Government assistance that goes out, so here is a huge pot full of people who are unable to support themselves, for a number of reasons.

There is one small group, so as this report points out, we have to look at the system as a whole. We are giving income assistance in some form to 125 million people and welfare is only a small portion of it. You have already rejected some of the suggestions we would have, but I do not see how you can look at welfare reform without looking at the social security structure and realize it is falling apart. At the same time you have to look at the tax structure and change that. I have heard a lot of opposition to guaranteed annual income but between things like the food stamp and SSI we have already adopted the necessity and the value of having that. It prevents people from getting desperate. When people are desperate, then you have the reactions you are talking about. If this is out of the scope of this committee, then the committee should get some more people in it because there are the problems we are going to have to start dealing with.

Mr. AKAKA. Let me conclude by saying you might be surprised to know but we have the same kind of goals that you have. We want to better the quality of life for the poor. As a matter of fact, one of the main intents of this bill is to get as much as we can to the poor. The question is how. This is what we are struggling to do. Out of your testimony and others have come—you will see a different bill after we get back and fashion the present one.

I thank you very much for your testimony.

Mr. STARK. Mr. Weiss.

Mr. WEISS. Thank you very much. I have no questions.

Mr. STARK. Thank you very much for taking the trouble and effort to be with us.

I am looking to see where we are on the witness list. Is Joanne Lowe here?

Mr. Ernest Oliver? Come up, Mr. Oliver.

Mr. Oliver is with the National Association of Black Social Workers, Bay Area Chapter.

You have a prepared statement. We would be glad to have you read it or add to it. We will include your prepard statement in the record. Proceed as you prefer.

STATEMENT OF ERNEST OLIVER, BOARD MEMBER, NATIONAL ASSOCIATION OF BLACK SOCIAL WORKERS, INC.

Mr. OLIVER. This, as you mentioned, is a statement from the national perspective. The local chapter through its committee on social services has not yet completed its study, so we will more or less reemphasize our national position.

Mr. STARK. Proceed.

Mr. OLIVER. We are before you today to offer our analytical comments on the program for better jobs and income on behalf of the National Association of Black Social Workers, Inc., President Carter attempted to develop a more efficient, equitable, and standardized means of providing basic income to citizens of this country who need jobs or income support. We certainly believe that such a program is necessary as illustrated by our 1977 position paper on welfare reform.

I think you have some more material that this is taken from.

However, we do not believe that this program as introduced meets the criteria noted above. As practitioners who have been trained in social welfare program and policy development and analysis, we wish to offer for your consideration the following evaluative remarks and recommendations.

1. INCOME

The intent of H.R. 9030 is to provide a basic minimum income standard nationwide which employable persons can supplement with job earnings in either the public or private sector. The minimum amount set by the Carter program is inadequate compared to the National Association of Black Social Workers standard of $9,558 for a family of four [Paul A. Weir, "Urban Family Budgets Updated to Autumn 1975," Monthly Labor Review, July 1976, p. 40] with a cost of living adjustment. The proposed amounts are less than individuals now receive in 38 States. [Lipner, Jay and Roberts, Paula, "Major Issues Raised by H.R. 9030," Food Research Council, Oct. 5, 1977.]

2. JOBS

Although H.R. 9030 has a provision for creating 1.4 million full- and part-time jobs and training slots paying at least the minimum wage, National Association of Black Social Workers believes this is a grossly inadequate figure. It is $5.3 million less than what is needed. We make this assessment in light of the fact that 6,773,000 [Bureau of Labor Statistics, "Employment and Earnings," October 1977, vol. 24, No. 10], persons were unemployed in September 1977 and 3,407,621 [Center on Social Welfare Policy and Law, Untitled, August 1977, New York, N.Y.], cases were handled by the States in 1976. Note: This excludes GA recipients in some States and is a unit count of individuals. The jobs which will be created are not meaningful as cited in the overview of H.R. 9030.

3. PROGRAM ELIGIBILITY

The complexity of the eligibility criteria will not accomplish the President's goal of providing more efficient services. The 5-month excess available income provision outlined in section 2106 is inhumane and unrealistic. Ordinary persons do not save 50 percent of their income minus Federal standard dependent allotments for emergencies.

4. SUPPLEMENTATION

While States are allowed to maintain current payment levels, they are not required to do so. This could cause benefit loss in the 38 States which currently have higher benefits than proposed in H.R. 9030. National Association of Black Social Workers could not even consider supporting a program to give the monetary equivalent of food stamps or any other benefit unless recipients were guaranteed the Bureau of Labor Statistics income.

5. FILING UNIT

The filing unit stipulations as outlined in sections 2101 and 2102 are discriminatory against large families, individuals, and childless couples who are not aged, blind, or disabled because their grants are proportionately less. The program recommendation adopted by the National Association of Black Social Workers steering committee does not discriminate between worthy and unworthy poor as does the Carter proposal.

6. PROGRAM ADMINISTRATION

The program as introduced in Congress has a bifurcated system of program administration which will be ineffective and could potentially hinder clients from obtaining the minimum income which this program is theoretically designed to insure. There is no definitive plan for insuring congruence of title XX programs within a split State and Federal administration.

CONCLUSION

The most pressing need in America which we as black social workers have identified is available employment at the market wage. This program does not assure employment by utilizing the full power and creative capability of the Federal Government. A goal of even 4-percent unemployment can only be accomplished by the use of complex economic, social and political strategies. We recommend that you refuse to discharge this bill from the committee as submitted and request new proposals from the Department of Health, Education, and Welfare and Labor which the Bay Area Association could support in accordance with our national paper. We welcome the opportunity to work cooperatively with our California delegation on the subcommittee in developing a new and more humane version of welfare reform.

Mr. STARK. Thank you, Mr. Oliver. We will continue to stay in touch with you.

I am sure many of the members of the committee share your views and feel, as we said earlier, that we may have to deal with the job part through the Humphrey-Hawkins as a parallel to this bill, but I suspect that would allow us to achieve the goals we could concur in.

Mr. Weiss?

Mr. WEISS. I have no questions. Thank you, Mr. Chairman.

Mr. STARK. Mr. Akaka?

Mr. AKAKA. No questions.

Mr. STARK. Mr. Nolan?

Mr. NOLAN. No questions.

Mr. STARK. I am going to depart here from the ordinary.

Linda Gregory, Joanne Lowe? We have some people who have asked to testify who had not contacted us earlier, and in fairness to the court reporters who have been here since 9 o'clock this morning, I am going to ask those people and others in the room who feel they would like to testify to come forward.

I am going to limit you, because there will be perhaps a half dozen people, to perhaps 2 minutes apiece. If that is not enough, I am going to suggest if you will write to us subsequently, we will include your testimony in the report which will be distributed to all members of the committee. I apologize to those who came and would like to be heard longer, but for almost a month the hearings have been noticed and we felt there was opportunity for those who wanted to be scheduled to be on.

Mr. Jeter, Mr. Sandy, Mr. Boland, Miss Page. If they would like to come forward. If I did not call your name, will you come forward at this point.

Ms. PAGE. I could write. It may be quite complicated and quite long.

Mr. STARK. Can you give us an idea and then send the written part later? It is up to you.

Is there anybody else?

If there are only a few people, we may be able to give the ones who are here more time. I am not trying to exclude anybody. I am just trying to make sure everybody has a chance.

Mr. Sandy, I have you as the president of the Seniors Nonpartisan Legislative Club. I hope we can make you all Democrats and change the title, but we will take a half plus one for openers.

How about if we give you 3 minutes or so?

STATEMENT OF GEORGE SANDY, OAKLAND, CALIF.

Mr. SANDY. My name is George Sandy. My club consists of 125 senior citizens, some 60 to 65 of whom are on SSI. I do not speak for the club because we did not have a chance to take this matter up, but I listened to the testimony this morning and I felt that perhaps a generational gap should be bridged somewhat.

When I was a boy I lived a mile and a half from what was called a poor farm. At that time in Ohio a person who was responsible for the care of the poor was known as the overseer of the poor, with all which that implies. When I was the age of most of those people who were testifying here today, I was engaged in a struggle for the right to relief, with all that meant, demonstrations, tear gas, and so forth, an we fought for the right to relief, and we needed it because my own experience was being on relief from 1929 until 1940 off and on in various and sundry unemployed camps, barracks, and all of the demeaning things that happened, and it took a world war to get me to work.

So I have some idea of what these young people are talking about. I find in my club that the manner in which the elderly apply for the SSI is a dignified way of doing it. They go to the social security, they give the facts and the figures, they get on the SSI, and it is settled. Some of them have some problems but those can be taken care of.

There are problems of income. For example, we have one woman in the club—the amount of money you can have to get SSI is $1,500—she has $2,000 in the bank because she insists she is going to be buried through the church and pay for all of the various rituals and whatever it amounts to. As a result, she gives away $100 every month in SSI benefits.

My testimony today, if I were to give it—and I am a regular correspondent with Congressman Stark and I will mail him a letter—is to the effect that it is time, I do believe, to reform welfare out of the language.

I am in favor of every measure that will give the working poor or the unworking poor more money. I do not want to be misunderstood. But it is time to take welfare, and the stigma that is implied, out of the language of politics of this country. What we need from the Congress of the United States is a declaration of policy that it shall be the policy of this country that every individual shall have an adequate standard of living income.

Mr. STARK. Mr. Sandy, I could not agree with you more.

Mr. SANDY. It may be that it will require the worst of things we had in the 1930's to give the Congressmen the courage that Congressman Stark spoke of that is needed in even years, and you may get it, too. That is quite possible, although it would not come from the senior citizens. Naturally we are a little tired of the struggle. But it seems to me there are some other questions that are involved.

I do not believe that the work ethic any longer applies in this country. The reason the work ethic does not apply in this country is because society is not ethical enough to provide work for everyone. More than that, those people who do not work are the most honored in our society. All you have to do is open the newspaper. The young are led to emulate the nonworkers rather than the workers to think in terms of how can I get by without working to emulate this element of our society.

Finally, I believe that we start at the wrong end of the stick in teaching work training altogether. I do not believe that you will solve the problem by getting those people who drop out of school to get a job or by giving them a job. This will not mean more dropouts. I believe that the time has come in our country when the needs of our country shold be paramount and the first need is an educated citizenry. It is disgraceful that our literacy rate is now dropping our country into the ranks of the know-nothing countries.

Mr. STARK. I am going to have to interrupt you at this point.

Mr. SANDY. One sentence and I will be through. I believe that we should start in the high schools, in the freshman class, paying the freshman student something to go to school and giving them a raise when they are sophomores and giving them another raise when they are juniors and help those students in this way not only to learn the value of an education, to educate themselves, but to have something to take home to their family, something to be proud of. I will put it in a letter.

Mr. STARK. We appreciate that very much.

Helen Coleman is not with us. Mr. Ogden, you and Mr. Jeter representing the Family Action Council.

You are Mr. Joel Ogden.

STATEMENT OF JOEL EDWARD OGDEN, DIRECTOR, FAMILY LAW ACTION COUNCIL, OAKLAND, CALIF.

Mr. OGDEN. I am addressing myself to the portions of the Government expenditure basically for income maintenance, which Mr.

Tobin indicated is the bulk of the money being spent, I think, in the so-called total welfare or government expenditure program.

Mr. OGDEN. My knowledge is basically engineering but I am a problem solver and I have worked in the forefront of our scientific development and, more recently, have gotten into the banking field. From that I found some very interesting things that I think our country does not know about.

Mr. STARK. So did we when we heard Mr. Lance's operation.

Mr. OGDEN. Money is free and that interest is wrong and that interest to most of us is a cost in our society. To a manufacturer it is one of the costs like labor that go in to make up the cost of his product. Our prices on products and prices of our society are based upon cost plus a reasonable profit, competition putting a reasonable squeeze on profits.

But I find in the total manufacturing industries there is about $3,000 of invested capital per man per job. With a 10-percent interest rate on money, that means $30,000 of cost or interest in the production of goods for every man employed in the production of goods. If the man is making, including all his fringe benefits $20,000, what we are really saying is interest is a cost of products equal to 1½ times the labor costs.

Since money is free and money is just bookkeeping, and interest rates can easily be dropped to 1 percent so the interest cost is something like 15 percent instead of 150 percent of their labor cost, you will in the process automatically reduce the cost of products by approximately 15 percent and therefore their price by about 50 percent. If the cost of all the goods produced in our society comes down by 50 percent, we will have eliminated most of the income maintenance problems the country faces. As a matter of fact, the last speaker spoke of the huge segment of our society.

Mr. STARK. What will you do about the unemployment of bankers?

Mr. OGDEN. I once addressed myself to that question with a banker in Salt Lake City. I said if I was going to build a couple of $50,000 homes and borrowed $190,000 to build them to rent the homes, how much does your bank have to charge in the way of interest except for risk to cover your costs plus your profit on the same kind of scale that you expect the average businessman to function, cost plus profit equals price?

The answer was: We can make a profit on a $100,000 loan at three-eighths of 1 percent.

Mr. STARK. That sounds like the guy who told me how he made his first million dollars marking up his merchandise 2 percent. Nobody believed him for a long time, and he said it was true. The longer we investigated, he said, "I will show you." This happened to be in the softgoods business. "These sheets I buy for a dollar and sell for three. I just add 2 percent to everything and that is how I make my profit."

Mr. Ogden, it tends to be something that we would have to refer to our colleagues on the Banking Committee, who have more jurisdiction over the area you are concerned with. But as an alumnus of the Banking Committee——

Mr. OGDEN. I passed out some excerpts when you were at the hearings before the Federal Reserve hearings.

Mr. STARK. Mr. Burns, I am sure, will be interested also.

Mr. NOLAN. The nation of China does not charge any interest, neither does Russia.

Mr. OGDEN. A friend told me over there, their interest rate is maximum 1 percent, and I notice they never pay more than 1 percent when they borrow from the World Bank. I am aware at my ranch, where we are putting in a water distribution system, taking water out of the irrigation and supply ditches, that we are getting money from the Interior Department at 1 percent. The dams and the big construction projects going on in this country are all financed at 1 percent and that is not a subsidy program; it is simply that any time you look at money from the standpoint of monetizing physical assets instead of loans the cost is zero. The cost is zero to the bankers. Therein lies the secret.

Mr. STARK. Bert Lance did it for all his relatives. I do not know why we cannot do it for all the citizens in the country.

I have to interrupt now. You will have to put your written remarks in the record because Ms. Page has a complex problem. Would you summarize and then we will add later if you would like to write me a letter on it.

[Additional material is in the subcommittee files.]

STATEMENT OF MINNIE PAGE, OAKLAND, CALIF.

Ms. PAGE. I am a welfare recipient of 1 year. I am still on eligiblity. The problem is it is quite frustrating. For 22½ years I was an Army dependent and worked for Civil Service, so I had some education and some ability to work.

I have facts, I have a whole suitcase to support what I want to ask quetions about.

I have problems with food stamps. To my dismay, I moved and was actually evicted from one place because I was a welfare recipient. Even though the housing authority was going to pay my rent—and I am a sober woman; I do not drink or smoke; I have one child with me—I have two children—and they evicted most of the people in the building even though the housing authority would have paid my rent.

I did not have much help from the welfare office in that. I have a lot of things that are not kind to say about the welfare office in my case.

The Legal Aid Society was no help even though my husband is a manager of a company. Also I am authorized to get half of my husband's retirement. He is retired and I do not get it. My daughter's father is an executive and could get help, but I get no help from Legal Aid. I have documents to support this. I should not be on welfare.

Mr. STARK. Where do you live?

Ms. PAGE. I live two blocks away now. I have moved quite a lot.

Mr. STARK. I think really part of what we should be doing—and I apologize to my colleague—either myself or Congressman Dellums I think could help you, through one of the members of our staff here,

and that might serve you better if you make sure we have your name and address, because these other gentlemen will return to New York and Hawaii and Minnesota, and I think perhaps we could help you with some of your problems and help you prepare a statement to include in the record.

Ms. PAGE. Here is another problem. Even though you are qualified, I am not old enough, I am not disabled enough, I am not in the right city when it comes to a job. Just an hour ago I was turned down for a job because I am a woman.

STATEMENT OF IRIS MITGANG, NATIONAL VICE CHAIRPERSON, NATIONAL WOMEN'S POLITICAL CAUCUS

Ms. MITGANG. I am Ms. Iris Mitgang, national vice chairperson of the National Women's Political Caucus and I happen to be an attorney practicing in the East Bay.

Hearing this woman speak leads directly into the testimony that the caucus has already presented to the committee in Washington. I would like to add that today in feminist circles there is a statement that "every woman is just a man away from welfare." I think there is some truth to that.

In my own practice, I see women who are newly divorced and have to deal with child support and so on, often unenforceable. These women are often without sufficient schooling and are likely to go on welfare rolls, some women are widowed, some in poor health.

My concerns are with several things. One of them is the inhumanity of the system to women: the lack of perception in terms of, in particular, AFDC and the CETA programs that directly affect women. From our statistics that some 90 percent of AFDC recipients are in fact women. You are dealing under AFDC with single heads of households, whose forced life patterns end up perpetuating in the worst way cycles of poverty and of frustration. Unless the baseline for receiving welfare can be amended or altered to consider the needs of child care for such persons, you are going to have a problem in having women fruitfully reenter the job force and in getting them off welfare entirely in the first place. And unless the system is streamlined in some way so that the integrity of the process is maintained, quickened and dishonestly discouraged, and the people who wish to indeed get out of the system can do so, that is, find help only on a temporary basis, which should be all they need, then those cycles are going to be perpetuated.

Unless the CETA program, for example, deals realistically with job training, that is, with women being taken seriously and being trained for what are for women nontraditional positions, so that the cost of living is met for such persons—note here the cost of living for a female head of household is indeed the same as for a man and is not discriminatory as are so many vestiges of our culture, but is less likely to be able to get a job as an electrician, and so on and will be kept otherwise without training in the very lowest paying jobs then she will stay a financial cripple.

I am concerned not just with job training, but I am concerned with those on the decisionmaking boards who govern the policy and

money related to such training. For example, in the CETA programs or those programs in the cities where decisions are being made that do not take into consideration the actual needs of women or helping women to perceive where they belong or could go potentially in a restructured work force the patterns will be perpetuated in cycles of poverty which helps no one. I hope you will look to creative solutions. And to women to help you to find them.

I thank you very much.

Mr. STARK. Thank you. I am aware that your organization has testified in hearings held in Washington, and I hope you will keep us advised. It is going to be a different bill.

Ms. MITGANG. I hope so. I think there is much which needs to be addressed to make the bill really responsive in assisting all people in getting off welfare and in looking at welfare as a temporary solution in a productive way rather than as a way of life which helps no one least of all the people intended to be served.

Mr. STARK. Thank you very much.

I want to make note of a letter that Mr. Boland has submitted, which we will make a part of the record and he will review later. Mr. Boland indicated he did not want to testify but he wanted to make us aware of the letter.

STATEMENT OF FRANK E. BOLAND, SAN FRANCISCO, CALIF.

Mr. BOLAND. If you have any questions with it, I would be glad to answer it.

Mr. STARK. I appreciate it. Let us take a look at it and be in touch with you.

[The letter referred to follows:]

SAN FRANCISCO, CALIF., *April 5, 1977.*

JIMMY CARTER,
President of the
United States of America,
Washington, D.C.

DEAR MR. PRESIDENT: By way of introduction, my name is Frank E. Boland. I am not running for President. I am a computer buff, and as such, tend to think and speak in terms of the logic and vernacular of the computer world. Having said that, I shall proceed.

In application and complete understanding of the monumental task that becomes the responsibility and onerous burden of the man who occupies the oval office in the White House, as the leader of our great country, may I take this opportunity to congratulate you for courageously stepping forward to seek, and win, the job of coping with, and solving, the myriad problems (social, economic, environmental, energy, housing, etc.) facing our nation today.

The same eagnerness to accept the challenge, which motivates you, is also inherent in me; and so it is that I have developed, over a considerable period of time, a very well-thoughtout and comprehensive program designed specifically to deal with many of the aforementioned problems.

Each day, in the media, we hear or read about the deplorable conditions that plague the various segments of our society, individually and collectively, in every city and State across this broad land; we are made aware, all too often, of the sincere but futile efforts made by various branches and levels of government to remedy the situation, at costs ranging into many billions of dollars; we are also told of many fraudulent schemes being perpetrated upon/against the government by unscrupulous individuals and organizations; expressions of desperation are voiced by the citizenry and officialdom alike; the question has been posed at many public hearings, "why can't somebody do something, and do it fast?—we, the people, are hurting!" we must also bear in mind the many millions of our people, who through no fault of their

own, or circumstances beyond their control, cannot make their frustrations known to persons in authority such as you, Mr. President.

When one ponders these obvious and undenible facts from an objective view point, only one logical conclusion can be drawn, and that is, whatever we are or have been doing must be wrong, or quite possibly, we have been attempting to do it the wrong way. I, personally, prefer to think in terms of the latter and therefore feel it incumbent to make my program known to you.

The program is unique in origin and profound in its simplicity, though by its very purpose and nationwide scope, is necessarily massive and involves billions of dollars, as do all major Federal programs; consequently the first of many questions (the reason why we should meet to discuss the details and implementation of the program) which you will quite naturally ask, is "how do I propose to fund such a huge program?"

The following partial agenda indicates a priority relationship quite contrary to general opinion and, therefore, demonstrates the error in our attempt to achieve effective solutions.

1. Immediate creation and implementation of a worthwhile program which will insure the fundamental human rights and dignity of every citizen (at this point I respectfully refer to the second paragraph in the Declaration of Independence because, poverty and degradation, virtual confinement in the squalor of a dingy flat or hotel room for fear of venturing forth, can hardly be construed as the unalienable right to life, liberty and the pursuit of happiness).
2. Immediate creation and implementation of a totally adequate health care program which is urgently needed; and which can be controlled to prevent the increasing incidence of fraud (not to mention the problem of consumer fraud).
3. Stimulation of the national economy.
4. Reduction of unemployment—with eventul elimination of this stigma from our society, as our ultimate goal.
5. Reduction of crime in our streets—with the same ultimate goal (the list goes on and on adinfinitum).

The interrelationship of these problems is not readily apparent; but because of that relationship, they can be dealt with within a single program which I refer to by the acronym DITTY; the key to this program is the social secuirty card.

It is with a deep sense of humility that I present to you, Mr. President, the following brief outline of DITTY, which stands for Dignity in The Twilight Years; and since our society already recognizes the seniority system as the best way to establish precedence of position and the right to benefits and privileges, it is not only fair, but common decency demands that, when it comes to solving people's problems, we should start with those of the senior citizen; and thus, by fulfilling our moral obligation to those to whom we owe our very existence, we can automatically solve many of our current problems.

First, regarding funding—DITTY is not intended to be an additional burden to be placed on the already overburdened taxpayer; it is rather, intended as a replacement for the many existing and already funded programs, agencies, etc., which are not producing the desired results.

Second, to channel this enormous amount of money to where it will do the most good, the senior citizen becomes the conduit, so to speak, and in the process becomes the recipient of all its benefits; this is accomplished by means of the social security card; the social security card is transformed into a master-charge card and a monthly credit of ample amount is set up for the senior citizen at his/her local bank; the sum should be ample, rather than the present pittance, for very sound reasons; first of all, the senior once again becomes competitive in the marketplace, for housing, food, goods and services (including medical) of his/her own choosing; then once again becomes a dignified individual; simultaneously, the economy is stimulated to any desired level, limited only by the degree of gratitude indicated by that word ample; and you, Mr. President, have a firm handle on the stimulus; to say nothing of the warm spot reserved for you in the hearts of millions of Americans; the economic stimulation is assured by the virtue of the fact that the monthly credit must be spent or any remaining balance cannot be saved or passed on to relatives or friends; checks to the senior, often delayed or stolen, are eliminated, and best of all, a complete computerized record of all expenditures is available at any time.

Third, reduction in unemployement is accomplished by virtue of the fact that now millions of senior citizens, who are in need of an infinite variety of services and assistance, are able to afford them; all an unemployed person has to do is find a senior citizen to help register at the local agency for that purpose; the youth of our Nation will learn to treat the senior citizen with respect instead of contempt and

neglect; they will literally be climbing over each other to assist and protect the senior; and in return the senior can afford to be very good to our youth; imagine the wonderful atmosphere that will prevail throughout the land; and again, a complete computerized record is available.

Fourth, reduction of crime in our streets will be substantial, with so many youthful people eager to watch over and protect the lives and property of so many senior citizens. The senior citizen will then be able to look forward to old age with head held high and with great anticipation; instead of increasing fear of approaching a nightmare.

We, as the most affluent nation on earth, have been endowed by our creator with ample resources to provide those unalienable rights of life, liberty and the pursuit of happiness to each of our citizens, and with dignity, in their twilight years.

Waiting to hear from you, Mr. President, I remain

Sincerely yours,

FRANK E. BOLAND.

Mr. STARK. We have just 6 minutes and we promised the supervisors we would be out of here so they would not have to keep their maintenance crew. We have Linda Gregory here. Her statement has been distributed.

Can you help us get out by 5?

STATEMENT OF LINDA GREGORY, BUSINESS AGENT, DISTRICT COUNCIL 57, AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES, AFL-CIO

Mr. STARK. We will excuse the present witnesses. We will make your statement a part of the record, and proceed as you wish.

Ms. GREGORY. I am Linda Gregory and I am business agent with District Council 57 of AFSCME in San Mateo and Santa Clara Counties in California. I know our International President Wirth has testified before this committee in Washington and has given a fairly broad overview on AFSCME's position on H.R. 9030. I know this is the end of the day nd I am grateful that you will hear me.

I would like to deal with two areas where we are in disagreement with the proposed legislation. Elsewhere in the State I know there will be hearings and in Los Angeles AFSCME also will testify.

I would like to address the areas of the lack of responsiveness of the present SSI system as it might be projected to cover present AFDC recipients. We represent social workers and eligibility workers who deal with SSI recipients presently. There are incredible delays and mixups in payments in SSI, for which there does not seem to be any human way to bring about a remedy in less than 3 months. There is now a system in the counties, which you may have heard about, in which a recipient in desperate need can come to the county and get a general assistance payment and have a loan put on from SSI. That is less likely to happen with the present SSI recipient than with the AFDC because the elderly and the totally disabled are very unlikely, relatively speaking, to experience a lot of changes in address, a lot of change in income status. But with AFDC families this is a monthly occurrence sometimes.

As to a system which is already operating almost like a parallel system in the counties would become a totally parallel system and result in I cannot imagine what savings to either the counties or the Federal Government in terms of the number of immediate responses that would have to be made by the counties. It just seems very foolhardy to federalize the determination of those assistance

payments and the isssuance of those checks. That is not only because we are talking about jobs but we are talking about responsiveness to those families.

The other part of the plan that our members are really disturbed about is the public jobs portion. That is because the jobs seem to be designed, and are designed, as minimum wage jobs. I do not know if you are aware of the present problem that they have in the public sector with the CETA program but there are multiple violations. There is a consistent tendency to cut out all vacant positions and replace them with CETA workers. Ths law clearly has no mandate for maintenance of effort. If the stated aim of the CETA program is to provide for employment in an area rather than just delivering employment at lower pay, I cannot imagine how, if that program cannot do it, this program can.

A revolving door of unemployment cannot be looked at with this program. I cannot imagine that the goal of this program is to allow people to see the receiving end of public assistance who would have under no other circumstances been on the receiving end of public assistance and to provide a revolving door of employment.

So I really think those two layers of the plan have to be looked at. AFSCME as an organization will be speaking in Los Angeles. I thank you for hearing me today.

[The prepared statement follows:]

STATEMENT OF LINDA GREGORY, BUSINESS AGENT, DISTRICT COUNCIL 57, AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES, AFL-CIO

Mr. Chairman and members of the subcommittee, I am Linda Gregory, business agent for District Council 57 of the American Federation of State, County and Municipal Employees, AFL-CIO, 537 Middlefield Road, Redwood City, Calif.

I speak today on behalf of the 6,000 workers represented by AFSCME in San Mateo and Santa Clara Counties; in county, city, school, and special district areas of government, and in private sector transportation and health care as well.

Because I know that most of the general statements regarding AFSCME's support and disagreement with the current proposal have been conveyed to you by AFSCME International President Jerry Wurf on October 12, 1977, I will confirm my presentation to the position of our local membership regarding the appropriateness of Federal administration of aid payments to families with children, and to the effect of the proposed plan on total area employment (income level and the number employed).

In the county of San Mateo, AFSCME represents all human service workers, including the social workers and eligibility workers employed by the Social Services Division of the Department of Health and Welfare. Since the federalization of old age security and aid to the totally disabled, services to those recipients of those categorical aids have continued to receive title XX services from social workers in county social service agencies. The experience of those social workers in county social service agencies has been interesting and revealing. Checks are often delayed for periods of 3 months, and a clients account with the Social Security Administration may be in complete turmoil for up to a year. Bear in mind that these clients, the elderly and disabled, are the least mobile, and the least likely of all public assistance recipients to experience quick changes in income or status. Even in these cases, however, the federalized system has been almost criminally slow to respond.

The workers believe strongly that this will be but the tip of the iceburg once AFDC-eligible and working poor families become involved in an SSI-type system. The need for quick response to changes in circumstances and address is an everyday one in these cases.

The social workers and public guardianship-conservation officers who deal with clients of both the federalized SSI program and the locally administered AFDC program feel that, judging by the performance of the former, it would be disasterous to federalize the latter. The granting of county general assistance funds with a lein on future SSI payments that now occurs when SSI fouls up a recipient's account would become an avalanche with the addition of AFDC to the system, and one which would be complex and expensive to administer.

Another major component of the plan, the public jobs provisions, would, from our standpoint, have an effect far different from its stated purpose—that of providng more jobs for persons now employed. The current CETA programs have tried to accomplish the aim, through the maintenance of effort provisions of the CETA act, that more jobs should be provided in any given area rather than just different ones at lower salaries. In that aim, and even with public sector unions as watchdogs, CETA has been only partially effective. There has been widespread violation by public agencies desperate for funds—layoffs and cuttings of temporary vacant positions followed by immediate hiring of lowerpaid CETA workers has become a common occurrence—and Unions have had to respond defensively, even with the clear legal guarantees and evident spirit of the act. And, of course, many of those who have suffered through layoffs are the poorest paid workers, and others for whom the unions have only recently gained a decent wage.

How much worse will the situation be with an elimination of CETA and its legal safeguards, through which there is at least some avenue of appeal? How much worse when there is no mandate for public agencies to "maintain their work effort" in employment? How much worse when one decently paid worker may laid off and replaced by another who earns only the minimum wage? How can anyone in the Federal Government believe that this revolving door of unemployment will be progress, or that exchanging one or two persons in deadend positions working for a minimum wage for a permanent worker at prevailing wages and benefits constitutes enlightened social planning or a betterment of the local or national economy? The jobs listed in the proposed H.R. 9030 are nearly all present functions of local and State government. It is impossibly naive to believe that financially troubled agencies, lacking even the weak prohibitions of the present CETA law will not take immediate steps to reduce their work force in the areas listed in H.R. 9030, in anticipation of hiring under the new provisions.

We strongly urge that another look be taken at the real economic and social impact of the jobs section H.R. 9030, and that it be rewritten to guarantee better jobs and more jobs, rather than a return to a Depression style economy in the public sector.

Mr. STARK. Thank you very much.

I would like to thank all of you for your patience, and the members for their assistance, and the staff for their help.

We stand adjourned.

[Whereupon, at 5 p.m., the task force adjourned.]

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