



CONGRESSMAN'S REPORT

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I believe that the American people feel that with the high production of which we are now capable, there is enough left over to prevent extreme hardship and maintain a minimum standard floor under subsistence, education, medical care and housing, to give to all a minimum standard of decent living and to all children a fair opportunity to get a start in life.

--Sen. Robert A. Taft, 1949

A Scandal Called Welfare

President Nixon calls it a "monstrous, consuming outrage;" **Time Magazine**, "a living nightmare;" Governor Reagan of California terms it "a cancer eating at our vitals." It's a monster which affects the lives of 13 million Americans, costs more than \$14 billion a year and gets bigger and costlier every day. And it's the subject of my first newsletter on the big issues before Congress in 1971.

I'm talking, of course, about a national scandal called *welfare*. In 1970 I worked and voted for the House-passed version of President Nixon's Family Assistance Plan to reform the existing welfare system. Our bill died from "coronary filibusteritis" in the Senate at Christmas-time -- along with much other legislation -- and thus we must start over again.

You might think no country would long tolerate a system for dealing with a major national problem if it had even one glaring defect. Welfare has at least three shortcomings which defy all logic and common sense.

First, all of our big cities are overcrowded, near bankruptcy, and jobs for the unskilled are scarce. Yet the welfare system, like a huge magnet, draws millions of poorly-trained, poorly educated people off the farms and out of the rural areas of our country and into the already crowded cities. There many of them, whether they want it or not, end up on welfare. Compounding the crush, we have not one welfare system, but 50 -- a different set of rules for each state.

Thus a deserted mother of three living in Mississippi, where farm jobs have been mechanized, will receive \$840 a year if she tries to keep her family together at home among her relatives and friends. But if she can get to Tucson with her children, she will receive \$2,004. And if she had gone to Newark she would have received \$4,164.

Second, as welfare developed it incorporated a basic evil principle which often forces an unemployed, or *underemployed*, father to abandon his family so that his children may eat. And that includes millions of men who willingly work, but don't earn enough to feed their families. How can anyone defend a system designed to drive families apart?

Third, welfare's stated goal has always been to provide temporary help until a family could get back on its feet. But in practice welfare rules usually penalize those who try to work themselves off welfare. Suppose our Mississippi mother goes to Newark and gets \$4,160 a year in welfare. But she hates welfare and wanting to get off, let's suppose, finds a \$4,800 a year waitress job. But here comes the rub: transportation, uniforms and day care for the children come to \$1,200 a year. Thus if she takes the job she may become ineligible for *any* welfare, though she's worse off by \$500. The senseless result: she may become a permanent rider of the welfare rolls. Common sense would suggest that we encourage her to take the \$4,800 job and let her keep perhaps \$1,500 of the welfare check. The taxpayers are ahead by \$2,600, she's ahead, and eventually she may get off the rolls entirely. But common sense isn't so common in the welfare jungle.

ROADBLOCKS TO REFORM

Since its piecemeal creation in the dark days of the Great Depression of the 1930's, the welfare system's chaotic features have been damned on all sides: the taxpayers who are burdened but support it, social agency workers who administer it in frustration, and the poor who must depend on it, often in mounting anger.

So it might be easy, one would think, to junk a system which outrages Ronald Reagan (who sees it bringing ever higher taxes and giving benefits to shiftless people who won't work) and John Lindsay (who sees an evil system bankrupting his city, breaking up families, demeaning the poor, and inflicting suffering on hopeless children).

It ought to be easy -- but unfortunately it isn't. Sadly I must report the 1971 outlook for passage of any meaningful welfare reform is only fair. In this report we will discuss what the Family Assistance Plan (FAP) is and what it isn't, its cost, and some reasons why passage may be difficult.

The three main roadblocks to passage are these:

- * Some *liberals* who agree that the present system is a mess, but say that FAP doesn't go far enough, and that its support levels are ridiculously low. They are linked in a strange alliance with
- * Some *conservatives* who think that FAP is "something for nothing" and amounts to a guaranteed annual income for people who don't deserve it.
- * A big push by the country's mayors and governors (including Gov. Jack Williams, here in February) for a massive revenue sharing plan. Along with many others here, I'm beginning to wonder whether the best way to get more federal dollars for cities and states might be for Uncle Sam to pick up the whole welfare check for all levels of government. . .including the \$7.5 billion paid this year at local levels. This would quickly relieve states of a huge and growing drain on their budgets and free a lot of

local tax dollars for education, health and crime control. So these two big issues have become entangled and perhaps we'll have to solve both together.

WELFARE SYSTEM: WHAT IT IS

Every society in history has had its unfortunates -- the blind, crippled, poor, those too old to work. And every society has devised ways to help those left at the bottom of the economic barrel. Until the 1930's the American system worked mainly through churches, groups like the Salvation Army, and occasionally through tax-supported institutions -- the fabled county poorhouse. In the Great Depression, with perhaps one-fourth of our breadwinners out of work, all this suffering was greatly intensified, local governments were broke and the federal efforts began. In those unhappy days the federal welfare program was born. Since then, we've constructed a patchwork system which satisfies no one and alarms everyone.

Here are just a few exhibits from the modern chamber of horrors:

** 13 million Americans now receive some kind of public assistance. This is up from 7.7 million just five years ago. In those five years the cost has skyrocketed from \$5.3 billion to \$14 billion.

** The U.S. today has the largest number of people drawing public aid since the 1930's. Ironically, the explosive growth of welfare rolls came during the late 1960's in a period of full employment and peak prosperity.

** If present trends continue to 1975, more than 16 million Americans will be on welfare, collecting something like \$25 billion each year. New York City's welfare population includes one-seventh of the city population -- 1.1 million people. That city's welfare bill this year will total \$1.7 billion, a jump of 600% in just one decade.

** California and New York, our two largest states, combine for a total welfare load of 3 million people. They distribute almost 37% of the nation's welfare money. In Los Angeles, one of eight residents draws a welfare check, and in the face of a faltering economy and heavy layoffs in the aerospace industry, welfare rolls climb by as much as 15,000 new cases every month.

** Faced with many of those same strains, Arizona's welfare budget has soared nonetheless from \$10.8 million to about \$26.1 million a year in the last decade.

** The frightening rise in welfare budgets is forcing many states to cut back on schools and other desperately needed services.

** Part of welfare's staggering costs arise from a fantastic administrative apparatus, enlisting an enormous army of caseworkers required to visit homes and pry into people's lives. The whole monster is controlled by a jungle of laws and regulations which could and does baffle Philadelphia lawyers.

Trapped in this sort of a maze, we can't know where all this is taking us, but one thing is clear to me: unless something drastic, fundamental and far-reaching is done we can be sure that next year, and every year, costs and taxes will go up and up in a deadly drain of the nation's resources. I think it's vital that we come to grips with the real problems here. If we can set aside misconceptions, and partisanship, and come up with a new approach, we may be able to break the cycle of welfare, cut costs and provide sensible, practical help to those who actually need it.

WELFARE: WHAT IT ISN'T

One of the greatest barriers to devising a new system is the tenacity of a whole set of public attitudes about poor people and welfare.

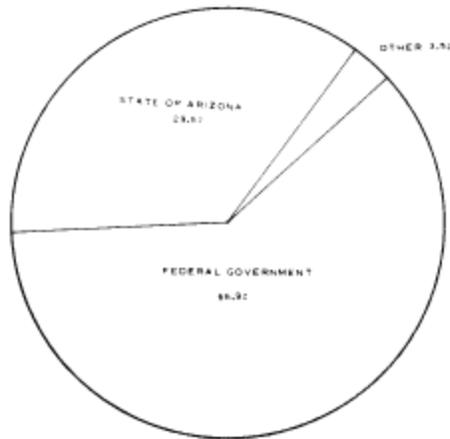
Backed by songs and anecdotes telling of shiftless, clever people collecting huge monthly checks, most Americans have accepted a fixed set of firm beliefs. The problem is that fixed as they are, the beliefs *simply are not true*. In the popular view a typical welfare family is probably black, recently arrived in a major city from Mississippi for the purpose of drawing a fat welfare check, and is a family headed by a woman who has a baby each year by a different father. Another popular stereotype has the family headed by an able-bodied but lazy man who could work but prefers the pool hall, allowing his children to be supported by hardworking, taxpaying neighbors. In the conventional view almost anyone can cheat his way onto the welfare rolls and live high on the hog -- usually even better than if he were employed.

Of course, there are cheats in the welfare system. I suppose some of them do drive Cadillacs, but study after study by all sorts of impartial groups shows that the truth about Americans on welfare is far different. President Nixon has recognized the falsity of these popular misconceptions, but in my view the welfare system will never be improved until the *taxpaying public* is also prepared to reject those comforting myths:

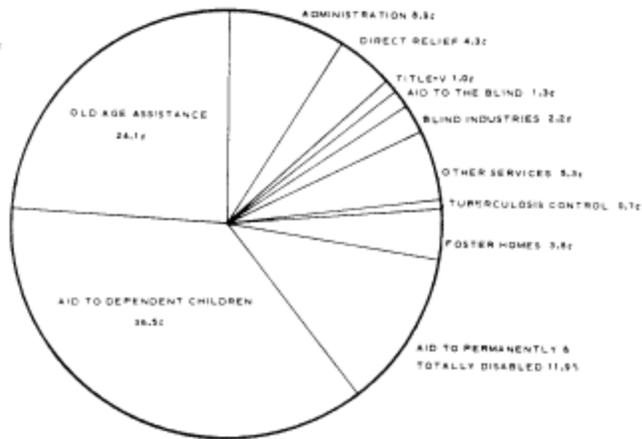
* The fact is that most welfare clients are not black. At least 60 out of every 100 are white. Poverty and unemployment are not racial, although minority groups are forced to bear a heavier burden.

* The fact is that most welfare recipients are *not* cheaters. Impartial studies show conclusively that the level of fraud nationally is about 2 per cent. Yet we devote hundreds of millions of dollars and much of our administrative efforts to a huge investigative apparatus involving flagrant invasions of privacy and in the process stir the deepest kind of hostility and deception between recipients and caseworkers. It tells me something when half the caseworkers in the country, fed up with the system, quit each year.

**WHERE THE ASSISTANCE DOLLAR CAME FROM
1968 - 69**



**HOW THE ASSISTANCE DOLLAR WAS SPENT
1968 - 69**



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* It is a myth that most welfare mothers are immoral women who deliberately bear more children merely to boost payments. No doubt a few mothers *are* exceptions, and of course there *are* large families receiving aid for dependent children. But two-thirds of the families drawing welfare in the national system have 3 children or less. In Arizona the average AFDC family has 3.3 children. Large families are most frequently the result of moral opposition to mechanical birth control techniques or just as often lack of information about birth control techniques and devices and the money to pay for them. If you stop to think about it, it's really illogical to suggest that a Tucson welfare mother of 5 children, deserted by her husband and living on \$213 a month in welfare aid would deliberately go through all the problems and pressures of another pregnancy to collect an additional \$23 a month.

* It is *not* a fact that welfare recipients want to stay on those rolls permanently. Every study has shown that while there are a few welfare cheats, the vast majority of the needy would do anything within reason to get off welfare and into a self-sustaining job. This is where the system has failed perhaps more than in any other way: it largely fails to provide training and job opportunities for the millions of unskilled and poorly educated welfare recipients who want nothing more than the dignity of a decent job.

FAP: A NEW BASIS FOR HELPING POOR FAMILIES

One of the basic facts about welfare and the Family Assistance Plan is widely misunderstood. FAP isn't just an enlarged welfare system -- it is founded on some fundamentally different principles than is "welfare" as we now know it. As our present system grew, *a basic principle was fostered forbidding any help to an able-bodied adult, or to children dependent on him.* In recent years this concept has begun to change and will be altered even more under FAP.

It is important to understand why that change is necessary. Two basic American beliefs are that work is good for an individual, and that able people ought to work. Coupled to those beliefs is the attitude that an able-bodied person willing to work *can* find work and therefore needs no

public aid or charity. This set of attitudes has formed the bedrock of our welfare system since the 1930's. If you are physically able to work, the logic goes, you don't get welfare; if there is an able-bodied man in your house, he can work, and if he can work, he ought to work and you do not need welfare. Thus from the start the system offered aid only to certain categories of needy adults -- the blind, the aged, the crippled, i.e., *those physically unable to work*. Our welfare system continues to care for these people today. We provide aid to 81,000 *blind* persons across the country, and 230,000 *disabled* draw public assistance, while 2.1 million *elderly* receive public assistance payments.

But our national character has always had a soft spot for hungry or neglected children. And so we added a further category, *aid to families with dependent children* (AFDC), which now supports 9 million people. And at the heart of today's problem is this AFDC program, for until very recently we carried forward into AFDC that basic notion of refusing help, in theory at least, to all able-bodied men and their dependents. Thus in many states AFDC will help no child if there is an able-bodied working man in the house capable of contributing to the child's support. This attitude may have made some sense in a rural society or in simpler times, but the FAP challenges the idea that it makes good sense in the 1970's. Let's see why this is:

The army treats its seriously hurt, but it also cares for the "walking wounded." And, economically speaking, there are 10 million Americans today who are "walking wounded." These are people who *want* to work, and who work hard, but who remain desperately poor and so their children suffer.

As former Labor Secretary Willard Wirtz put it, "the majority of those who live in poverty do so not because the head of the family is unemployed, but because he doesn't get a decent living for the work he does."

Yet consider these statistics:

** If the head of a family of four worked 40 hours 52 weeks a year at the federal minimum wage of \$1.60 an hour, he would earn \$3,328 (the current federal poverty level for a city family is \$3,967). Unfortunately, there are more than 10 million jobs in this country, including many offered by state and local governments, which do not pay even that federal minimum wage. For example, you could earn the minimum wage prescribed by Arizona rules and earn for fulltime retail employment the staggering sum of \$1,372 a year.

** The median earnings of domestic or household workers in 1969 was \$1,061; for laundry workers, \$2,729; restaurant employees, \$2,147; health service workers, \$3,156. America badly needs people who will work in these jobs -- and yet our present system often says two crazy things:

*
one -- we'll help the children of men who desert them, and who don't work at all;

* -- but, on the old theory that it is immoral for a man to receive "something for two nothing," we *won't* help the children of men who *don't* desert their families and *do* work fulltime, but don't earn a living wage.

When these "working poor" look around and sometimes see people on welfare drawing as much money for not working as they get for their toil it is little wonder there is temptation to join the welfare way of life. The heart of the FAP is that all of this will be changed. We will help both kinds of poor families; *and*, there will be job training and incentives for people to work their way out of welfare. Maybe in this way in time we'll reduce the staggering costs and administrative nightmares we now face.

FAP: A NEW SYSTEM

The Family Assistance Plan is a long and detailed piece of legislation. In a brief report I can highlight only a few main features.

It will combine and streamline assistance programs for the blind, aged and disabled.

It will junk the existing Aid to Families with Dependent Children program as a means of helping children of the poor. In its place we will have a new agency to administer a new FAP. It will be a system designed, as President Nixon said, to "place a floor under the income of every family with children in America -- and without those demeaning, soul-stifling affronts to human dignity that so blight the lives of welfare children today." Every poor family of four will now have a guarantee of at least \$1,600. Food stamps will push their purchasing power up to \$2,400. This guarantee will come regardless of the health or presence of a father. This plan will reduce snooping, it will have a much reduced bureaucracy and eliminate many other evils of the present system.

In return, beneficiaries of the FAP would be expected to meet one requirement -- to register and be available for work. Mothers with pre-school children would be exempt from that requirement, naturally. A parent who refused to register would lose his benefits under the FAP, but the children would not be penalized (as now) and payments for them would continue. This work requirement might well be coupled with a program of federally subsidized public service employment. Instead of hopeless, idle people on the dole, we can provide desperately needed helpers in public service: teacher's aides, day care workers for parents who want to take jobs, hospital aides, people to beautify our parks, and other similar services badly needed today by the public.

My office sees each year a whole parade of officials and individuals seeking "federal grants" -- grants to cities for building sewers, grants to students to pursue an education, grants to farmers to stabilize production and improve the land. These are all subsidies given for the "welfare" of particular people. (Indeed, that well known indigent, the Penn-Central Railroad was in Washington recently trying to collect \$750 million of "welfare" for itself.)

In each of these cases we grant federal money because society supposedly gets something valuable in return: agricultural stability, an educated nation, clear water. Maybe we will have to

come to look on welfare as a "people subsidy" given in return for family stability, healthy children and for work the public needs.

FAP: A SMALL PRICE FOR HOPE

I suppose almost everyone can applaud the grand goals: eventual reduction of the costs of welfare; hopeless people given hope and jobs; incentives to work; a slowdown of the human hemorrhage pouring into already overcrowded cities. Much of this can happen if the new plan works, and I believe that there is a good chance for success.

Of course there is a price tag on all of this. It is estimated that the latest FAP version from the President will cost some \$4 billion more a year at the start. And that's a lot of money.

But it is only one-fourth of what we are pouring into Indochina this year; it's just a little more than the space budget for 1971. And, I think that it is a small price to pay for trying to hold millions of families together, and possibly bringing some of our unfortunate citizens back into the mainstream of society.

I'm convinced it's a good investment, and I'm inclined to support a plan of this kind. As the 92nd Congress progresses, I'm sure that I will have honest policy differences with President Nixon. But I am happy to be able to start out in an area of agreement. He has rejected the old myths of welfare, and seeks a better solution. So do I.

As always, I'll appreciate your comments.

A handwritten signature in black ink, appearing to read "J. Edgar Hoover", with a long horizontal line extending to the right.