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WELFARE REFORM IN THE 1970s

Department of
Social Development
and World Peace

United States
Catholic Conference

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WELFARE REFORM IN THE 1970s

Department of Social Development and World Peace
United States Catholic Conference

February 25, 1977

The Department of Social Development and World Peace issued a letter on reform of the welfare system in this country on February 25, 1977. The letter was in response to a request by the Department of Health Education and Welfare soliciting the views of the United States Catholic Conference on present problems in the welfare system and methods of resolving them. The Federal Government has undertaken a major study of welfare problems and alternative approaches to public assistance programs, and has invited insights and recommendations from religious, civic and governmental organizations.

Since the 1930s the Bishops of the United States have participated in discussions on public welfare assistance. In 1969 the USCC presented testimony before Congress on a proposal entitled: the Family Assistance Plan. This measure signaled the first attempt of the Federal Government to substantially revise public assistance programs. The proposal, however, never reached enactment.

With the recent initiatives of the Department of HEW, the subject of welfare reform is again in the forefront of national debate.

In submitting its position on this timely question, the USCC has called for national policies which reflect the values of human rights and social justice while placing primary attention on assuring family values. Welfare reform, the USCC asserts, must also include commitments to the provision of jobs for those who can work and adequate income assistance for those who cannot.

The text follows:

The Department of Social Development and World Peace, United States Catholic Conference welcomes the opportunity to contribute to

discussions on the reform of the welfare system in this country. As religious leaders and pastors, the primary concern of Catholic Church leadership is with the human and moral dimensions of welfare policies, rather than with specific technical or administrative provisions of public assistance programs.

We are not new participants in the national debate on public welfare assistance. The Catholic Bishops of the United States, through the U.S. Catholic Conference and its predecessor, the National Catholic Welfare Conference, have been involved in this issue since the 1930s. More recently, the USCC presented testimony in the United States Senate and the House of Representatives on the Family Assistance Plan of 1969 and on full employment and national economic policy in 1976.

We bring to these discussions two important resources: a rich heritage of Catholic social teaching and over two centuries of experience in providing for the needs of the poor of this country. Through their pastoral statements and anti-poverty efforts, the American Bishops have continually called attention to the needs of the poor. Moreover, the Catholic Charities agencies throughout the country constitute one of the largest and most effective network of voluntary providers of social services in this nation. Through this involvement and experience we have come to appreciate the extent of poverty in America and the hardships that many of our citizens face in meeting their daily needs.

America must seek to protect her greatest resource—her people. To accomplish this, there must be jobs for all those who can work and adequate income assistance for those who cannot. In providing for those who cannot work, we firmly believe that our nation's policies should reflect the values of human rights and social justice while placing primary attention on assuring family stability. These principles must guide our consideration of welfare reform proposals.

Unfortunately, we are presently far from achieving the goal of providing all citizens with an adequate income. Too many American families suffer from the devastating effects of unemployment and of poverty. The human costs of our failure to provide an adequate income for all Americans are tremendous. Suffering, alienation, the breakdown of family life, alcoholism, and drug abuse are only some of the ramifications of acute poverty. Unemployment and poverty statistics are not simply numbers, but represent our nation's underdeveloped and lost potential.

We must all—government officials, religious leaders, professionals and citizens—work to assure that every American receives a just share of our earthly goods. It is for this reason that we are eager to contribute

to this most recent national effort to address the needs of the poor. In our response we will draw upon our tradition and experience in order to examine several elements of welfare reform including: a discussion of those welfare reform issues which we find most troublesome; an outline of nine basic principles against which we believe any welfare reform proposal should be examined; and a statement of several policy considerations.

ISSUES AND CONCERNS

As most of us well know, there are numerous problems inherent in establishing a fair income assistance program. This fact is evident from the present welfare system as well as the debate surrounding alternative approaches. We do not intend to address all of these problems, but only those which we believe most directly bear upon the moral and human dimensions of welfare reform.

Inadequacy And Inequity Of Assistance

We are greatly disturbed by the inadequate benefit levels and inequities of benefit distribution across the country. Presently among the states there exists a wide disparity in the amount of payments received by those eligible for assistance through the Aid to Families with Dependent Children (AFDC) program. In some states, families are forced to live on substandard incomes. The variations in benefit distribution is such that a family of four in one state can receive \$60 monthly, while in another state a family of the same size is eligible to receive \$476. This disparity of benefit distribution is most evident in the case of families with unemployed fathers. In only half of the states are these families eligible for AFDC benefits. Perhaps the greatest injustice of the existing system is that there is no permanent or adequate program to provide support for the head of household working full-time whose wages are insufficient to support a family. Reform of the welfare system must mean the elimination of inequity and arbitrary disparity in benefits among the states.

Employment

The employment of the poor has a critical bearing on any efforts to reform our public welfare system. We share the belief of most Americans including many of the poor themselves, that the poor should work for a living if they are able to do so. The vast majority of the underemployed and unemployed seek the dignity, security, financial gain, and the measures of success which useful work provides. Our nation must guarantee that no one seeking work will be denied an opportunity to earn a livelihood. Yet, the problem of providing adequate employment is not one that can be solved simply by short-term job creation and

occasional economic stimulus. As the Catholic Bishops declared in their statement, *The Economy: Human Dimensions*, (1976) "An effective national commitment to full employment is needed to protect the basic human right to useful employment for all Americans." Through comprehensive economic planning, sound job creation in both the private and public sectors and coordinated fiscal and monetary policies, our nation should move swiftly and directly toward an economic policy which harnesses the talents and energies of all of our people to meet basic human needs.

The Family

In their recent statement on moral values entitled, *To Live In Christ Jesus*, the United States Bishops asserted that "every human being has a need and right to be loved, to have a home where he or she can put down roots and grow." The family, the Bishops continued, "is the first and indispensable community in which this need is met." As such a community, it is the primary moral, social and educational institution of our society; and, therefore, its health and stability are of critical importance to our nation. Our present welfare system often contributes to the destruction rather than the strengthening of family life by not assuring an adequate income; by creating incentives for a father to leave his family; by not sufficiently providing for the basic needs of some families, particularly those of low income working men and women. Any proposed welfare reform should include measures to rectify the provisions of our present system that are detrimental to family life. It should reflect a recognition of the importance of parents being in the home and of parental responsibility for the care and welfare of their children. The well-being of the family should be a primary focus embodied in any welfare reform program.

Administration

Administrative complexities and inefficiencies impact the human dimensions of welfare. Complex forms, multi-agency processing, variations in regulations and requirements between programs not only create confusion and frustration for recipients, but also impede efficient administrative practices. Such complexities make program oversight difficult; promote overzealous, abusive and demeaning surveillance of recipients; and increase the possibility of fraud and administrative abuse. Simplified procedures and the greater coordination of programs should reduce the difficulty of applying for assistance and the need for an intensive monitoring program to assure the proper distribution of funds. Moreover, these changes would help to keep administrative costs under control, as well as facilitating accountability of public assistance administrators to the public.

Special Needs

It must be recognized that among the poor there are populations with special needs—migrant workers; American Indians; those not protected under unemployment or disability compensation programs, minimum wage laws, or old age social security benefits. Some of these needs can best be met by expanding existing programs and protections, such as by the extension of the social security program. The response to the needs of certain others however, should be integrated into any welfare reform or employment programs.

PRINCIPLES

In view of the problems of the present welfare system, we believe that there is an immediate need for change. Our heritage of Catholic social teachings and long experience in providing services to the poor, provide us with a sound basis from which to address the problem of poverty in our society. Based on these traditions, we believe that there are certain principles which should be reflected in any approach to welfare reform. We will evaluate proposed reforms in light of the following norms:

- I—Every human person has the right to an income, sufficient to insure a decent and dignified life for one's self and one's family.

The earth and all its goods ought to be shared by every human being, not just a select few. As a nation, we must recognize our responsibility to assure that all citizens share this wealth. Every individual and family should have an income or income assistance, as well as additional program support, in order to assure them adequate food, clothing, medical care, shelter, care of children, personal well-being and the resources to exercise community responsibilities.

- II—Welfare reform should be developed in conjunction with broader economic policies directed toward the development of a genuine full employment economy that serves all our people.

The problem of welfare reform is related to the overall inequitable distribution of jobs, income, wealth, economic and political power in our society. The richest twenty percent of our people receive more income than the bottom sixty percent of our people combined. Unemployment and underemployment fall disproportionately on the young, minorities and women. Inflation erodes the economic security of all of our citizens, but particularly those on fixed incomes. To alleviate these problems and to provide for effective welfare reform, what is needed is sustained governmental action to achieve a genuine full employment economy.

III—Our nation must provide jobs at a decent wage for those who can work and a decent income for those who cannot work.

Work is valued both because of the income it provides and for the sense of self-worth and dignity it affords the individual. Accordingly, we believe that those who can work should be provided with meaningful jobs through the private or public sector. Where there is no employable household member or where requiring the employment of a household member would damage the family structure our nation must assure these individuals an adequate income.

IV—The maintenance and revitalization of family life should be a primary concern.

We are deeply concerned about the impact of poverty and our present welfare system upon the family. Since family life is the primary source of our moral and social education, it is essential to the proper functioning of society that the family be sustained. Public authorities should regard the maintenance and protection of the integrity of the family as a vital responsibility. Programs should be structured so as to support the presence of both parents in the home rather than encouraging desertion by a parent in order to obtain assistance for the family.

V—Income assistance should be available to those who are employed but who do not receive an adequate income.

One of the greatest tragedies in our society is the fact that there are many Americans who work hard, but for a variety of reasons do not receive an adequate income. Public assistance should be given to these individuals and to their families, solely on the basis of need. Job training and suitable employment opportunities should also be available to the low income working men and women. This supplemental income program should be designed so as to avoid creating work disincentives.

VI—Income assistance should be determined solely on the basis of need.

Assistance should be available to all those in need. There should be no discrimination against families or persons because of race, creed, sex, ethnicity, age, marital status or family size.

VII—Any income assistance program should permit the poor to manage their own income and personal needs.

About half of those who receive assistance under the present system are adults. Yet, through certain eligibility requirements and programs that specify how benefits are to be spent, e.g., food stamps, the government directs the purchasing patterns of the poor. This system

can be demeaning to the recipients. The poor should have the right to manage their income just as any other citizen does.

VIII—The processes through which welfare policies and regulations and standards are formulated should involve the poor as participants.

The determination of state and national welfare policies affect the quality of life of millions of poor people. We believe that they should be able to participate in the policy-making that so directly affects their lives. Involvement of the poor should be required in the development and operation of any welfare program.

IX—The administration of welfare assistance should be improved and simplified.

Uniform minimum standards for welfare benefits should be established on a simple formula and benefits distributed through understandable and nondemeaning procedures. An evaluation mechanism should be set up to check administrative abuse and inefficiency and to reduce the possibility of recipient fraud. National minimum standards should be created to assure that all Americans receive a basic income.

POLICY

While we recognize that these principles are not exhaustive, we do feel that they should be reflected in any reformed welfare system. Based on these principles we also believe that the following policy provisions should be part of a comprehensive reform of the welfare system.

A Full Employment Economy

In order to protect the basic human right to employment of Americans, what is needed is a comprehensive full employment program which includes: comprehensive economic planning; mechanisms to create jobs in the private and public sector; job training and placement programs as well as just economic, monetary and fiscal policies. These strategies ought to be implemented in order to reach a level of genuine full employment.

Full employment will not eliminate the need for an income assistance program as there are individuals who cannot work. Employment should not be used as an excuse to harrass the unemployable. We also believe that there are cases, such as the single head of household with a preschool or school age child, or the single head of household with a disabled dependent where competing responsibilities may make it desirable that the individual be allowed to choose whether to work full-time, part-time, or not at all.

While full employment will not solve the entire welfare problem, it will assure that for those who are employable there are jobs at a sufficient income to provide for their families; it will reduce the human and financial costs of unused talent; and it will generate economic growth.

National Income Assistance Program

To provide for those who cannot work, there is a need for a national income assistance program substantially funded by the federal government to assure a universal guaranteed income at a level less than but not substantially disproportionate to the median family income. The program should be primarily supported by the federal government to assure benefit levels, greater uniformity of assistance levels across the country and sufficient resources. States should be encouraged to supplement the program by providing for special needs and for the cost of additional regional variations above the nationally established assistance level. The basic federal assistance level and actual recipient benefits should reflect changes in the cost of living.

Distribution of Benefits

Benefits under the national income assistance program should be distributed solely on the basis of need. Families with unemployed fathers and low income working men and women should be eligible for assistance. For those who can work, but whose income is insufficient; those who can only work part-time; or those seeking job training for future employment, the benefit reduction system should be structured on a sliding scale that provides a positive work incentive. Benefit reductions should not be so great as to make dependency on income assistance more profitable than working.

We recognize that there are some who abuse the present welfare system. Although elimination of such abuse should be one of the purposes of welfare reform, reform should not lead to diminished assistance to those in need or signify a decreased commitment to the poor in our society.

Participation of the Poor

Where possible provision should be made for the participation of the poor on task forces, policy making committees, and supervisory boards which treat state and federal benefit assistance policies, standards, and regulations. We were disappointed by the initial failure to include low income individuals and welfare recipients on the Administration's welfare reform task force. We hope that the role of the poor will be expanded and that henceforth they will be considered by the Administration as necessary participants in any welfare reform or programmatic efforts.

State and federal governments should continue to support self-help and community development efforts by the poor. These provide the opportunity for community groups to determine and respond to local needs of a broader scope and magnitude than individual income assistance.

Special Benefit Programs

All benefit programs, such as low income housing, food stamps, medicaid should be integrated with a reformed welfare system. While responding to specific needs of the poor some of these programs limit the ability of the poor to choose how to spend their money and in some cases those programs do not meet actual family needs. (For example, by providing a family of four with \$153 worth of food stamps and \$47 for the rest of their expenses.) Many present non-cash benefit programs can be replaced by providing a family with an adequate income. Where those programs are replaced or phased out an equivalent level of cash benefits should be made available. We continue to support the need for low income public housing and rehabilitation and housing maintenance programs, the purpose of which is to increase the supply of available housing to the poor, while recognizing that there are other housing subsidies which might be replaced by direct cash payments to the poor. These changes, however, should not be designed to eliminate large numbers of recipients from the benefit rolls or to reduce benefit levels. In the case of the food stamps and other similar programs, the substitution of cash payments for in-kind services should not be made until equivalent cash payments can be provided. We believe that the poor should have the same right as every other American—to determine family needs and expenditures.

Administration and Accountability

The primary concern of those providing services through the income assistance program should be to respond to the needs of their clients. To facilitate the distribution of benefits, forms, application and appeals procedures should be easily understood; should not discriminate on the basis of race, sex, ethnicity; and should not be applied in a punitive manner. A system of administrative evaluation and accountability should be established to assure the prompt processing of applications and appeals, the delivery of benefits to those in need, and review and control of administrative costs.

Proper administrative procedures and safeguards are necessary to assure that those in need receive their benefits; that abuse of the system be held to a minimum; and that administrative waste and inefficiency are curtailed. We do not believe that these problems require the intensive surveillance of welfare recipients or elaborate application

forms and procedures as are now used. Rather, a simpler system would permit easier and less offensive checks for fraud and inefficient administration.

IN CONCLUSION

In this memorandum our focus with respect to principles, issues and policy has been on the human dimensions of welfare reform. This perspective is reflected in our earlier Congressional testimony and in numerous documents that have been issued by the USCC during the past few years, including: *Human Life In Our Day* (1968); *The Economy: Human Dimensions* (1975); and the resolution passed by the USCC in 1970 supporting the overall direction of the Family Assistance Plan legislation.

Too many Americans today suffer the devastating effects of poverty and unemployment. This country has been blessed with many God-given gifts and abilities. Our present challenge is to utilize our talents and resources to provide for a true reformation of our economic and welfare policies. Such a change will require that we direct our energies toward providing jobs for the employable and adequate assistance to those in need.

As religious leaders, we feel an obligation to speak out on this matter in the hope that our insights will contribute to the public discussion of this subject. We shall continue to pray that our nation succeeds in this most important endeavor.