



Summary of Welfare Reform Hearings-1986

**Advisory Commission on
Intergovernmental Relations**
1111-20th Street, NW
Washington, DC 20575

SR-3
June 1987

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(June 1987)

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Preface and Acknowledgments

On June 5, 1987, the Advisory Commission on Intergovernmental Relations recommended that welfare be viewed as a shared responsibility among federal, state, and local governments. In addition, the Commission said that achieving self-sufficiency is the shared responsibility of both the welfare recipient and the provider. The action rescinded 1969 and 1980 recommendations that called for full federal funding of welfare.

Three factors prompted ACIR to reexamine its position on welfare financing: the persistence of large federal budget deficits; the new emphasis on promoting self-sufficiency among welfare recipients; and a growing appreciation for the innovativeness of state and local governments in dealing with poverty problems. Therefore, the Commission now believes it is necessary to mobilize the ideas and resources of national, state, and local governments, as well as private and community organizations, in a cooperative effort.

A large body of research was considered in the Commission's recommendation for a new direction, and one significant aspect of the research was a series of ten hearings on welfare reform. This summary of the hearings was written by ACIR Director of Communications Bob Gleason, based on his review of the approximately 1,800 pages of transcripts, and attendance at all but two of the hearings.

A special note of thanks is due the Commissioners who took time from their busy schedules to participate in the seven regional hearings held at the request of the Domestic Policy Council. In addition to Chairman Hawkins, these were: Gilbert Barrett, John Bragg, James Dwight, Philip Elfstrom, Ferd Harrison, William Hudnut, David Nething, and Gwen King (on behalf of Commissioner Mitchell Daniels).

Robert B. Hawkins, Jr.
Chairman

John Shannon
Executive Director

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Introduction

Since its inception, the Advisory Commission on Intergovernmental Relations has monitored public assistance programs, particularly the intergovernmental arrangements and fiscal relationships involved in those programs. In March 1985, the Commission decided to look once again at the shape of the nation's public assistance programs and the condition of public welfare in general. Changes in public assistance programs since 1980, new thinking about the effectiveness of public assistance programs, and numerous proposals for welfare reform made it necessary to reexamine the intergovernmental structure of public assistance.

As part of this study, ACIR conducted a series of hearings in which testimony was invited from experts in the field of welfare, and from relevant government officials. Three Commission hearings were held during 1986. Each was held in conjunction with a regular quarterly Commission meeting. In April 1986, the Domestic Policy Council requested that ACIR hold more hearings to include members of the general public so that testimony could be considered as part of a welfare study the Council was preparing for the President. The Commission voted to honor that request, and seven more hearings were held across the country.

This report summarizes those hearings. The first section is devoted to the Commission's own hearings; the second section is devoted to hearings held at the request of the Domestic Policy Council.

Hearings Held in Conjunction with ACIR Commission Meetings

(Washington, DC, February 5, April 18, and June 27, 1986)

Witnesses at the Commission's own hearings represented a distinguished cross-section of academics, economists, elected officials, and practitioners in the field of public welfare. (A list of witnesses can be found in the Appendix.) Because of their varied backgrounds, the testimony encompassed a broad range of interests and views on public assistance. The following summary attempts to incorporate these disparate perspectives into five sub-topics: (1) defining poverty, both from a historical and statistical perspective; (2) the causes of poverty, both social and economic; (3) proposals for getting people out of poverty (emphasis on workfare/employment/training); (4) what we have learned about welfare and the need for diverse solutions; and (5) the intergovernmental aspects of public assistance funding and delivery.

Defining Poverty

Several witnesses addressed the issue of what constitutes modern poverty and/or the question of whether current statistical measurements are accurate.

Allan Matusow of Rice University said that it is inaccurate and misleading to "conceive [of] poverty as a fixed or absolute condition, when considering how people lived in past ages or how they still live in portions of developing continents. When the harvest fails, people die. Poverty of this kind hardly occurs any longer in advanced industrial societies." He contended that while poor people have enjoyed substantially enhanced standards of living throughout this century, "they continue to lag just as far behind everybody else as before" because of general advances in standards of living. "To state this point statistically," Matusow said, "the bottom 20% deemed poor by society have received approximately 5% of

the national income throughout this century. They received approximately 5% in 1920, 5% in 1964, and 5% in 1984.”

To further illustrate this phenomenon, Matusow quoted three major sources from different time periods in the 20th century:

- In the 1904 book *Poverty* author Robert Hunter said: “In all probability, no less than 20% of the population in industrial states are poor.”
- In 1925, economist, and later U.S. Senator Paul Douglas established a poverty standard for larger cities that translated into about 20% of the population.
- In 1964, the Council of Economic Advisors estimated that 20% of the population still lived in poverty.

Yet, as a countervailing trend, Matusow offered the example that, “80 years ago, only wealthy Americans had cars, central heating or refrigerators. By 1970, 41% of poor people had cars, 62% had central heating and 99% had refrigerators.” Therefore, Matusow maintained, “poor people chase [not] a receding poverty boundary, but a fixed one, and while individuals may rise above it and fall below it, the poor, as a group, do not catch up.”

As a corollary, Leslie Lenkowsky of the Institute for Educational Affairs said: “Over an extended period of time, such as a decade, a relatively large number of Americans—approaching 25%—are likely to be poor at one time or another. Most of them do not suffer this hardship for more than a brief period of time, while only a tiny fraction—approximately 3% of the population—are poor persistently.” In a similar vein, Blanche Bernstein, a former Commissioner of the New York City Human Resources Administration, said:

Analysis of the profile of poverty in 1984 leads me to divide the poor into two groups: one which will benefit from an improvement in the general level of the economy, a reduction in unemployment, some tax changes, or some relatively modest changes in the social insurance and welfare programs. The other, which in the main will not benefit from such developments, [is one from which] we must seek a change in social behavior.

The first group includes the elderly, [and] intact families with children The second group includes the female-headed families, particularly with children under 18, as well as the smaller number of such male-headed families and unrelated individuals, especially those 18 to 25 years old.

Other witnesses took exception to how the national government defines poverty.

John Weicher of the American Enterprise Institute said that "the use of the Consumer Price Index [to adjust the poverty threshold for inflation] was a mistake, because the CPI mismeasured the cost of owning a home . . . particularly badly during the periods of inflation." Because the rising cost of homes and mortgage interest rates only affects the cost of living for the small number of people buying houses in any given year [and of those, only really affects first-time buyers], Weicher explained, the inclusion of the cost of home ownership in the CPI exaggerated inflation for the rest of the population. Thus, the adjustment of the poverty level for CPI overstated the number of persons below the poverty line. The CPI was changed in 1983 by substituting the cost of renting rather than owning, but by that time, Weicher contended, the official poverty index was inflated by 10%. He concluded that: "By the official rate, a seventh of the population is now poor, 14.4%. By the correct rate, it is about an eighth, 12.6%."

Along with other witnesses, Weicher also said that not counting in-kind benefits has inflated the percentage of the population considered below the poverty line. "Back in 1965 all we had was a little public housing, so it didn't matter too much whether you counted it or not Now the poverty rate, when you count in-kind benefits as income, has come down much more rapidly than the official rate, especially during the 1970s." June O'Neill of the U.S. Civil Rights Commission said that one reason "why transfers have not had a greater effect on the overall poverty rate is that a growing share of all transfers is given in the form of non-cash benefits, which are not counted as income for the purposes of measuring the official poverty line The Census Bureau, however, now provides estimates of the poverty rate based on a definition of income which includes an estimate of the value of these benefits. In 1984 this adjusted poverty rate, in which non-cash benefits were measured by their market value, was 9.7% compared to the unadjusted official rate of 14.4%."

Noting Weicher's contention that if in-kind benefits were counted, and if the CPI had been applied more accurately, the poverty level would be one-half now what it was in 1965, Commissioner Joseph Riley made the observation that both sides in the welfare spending debate might use the statistics differently. "On the one hand," Mayor Riley said, "[there are] those who would argue that the antipoverty programs failed. They would point out that there has been no diminution in poverty. And on the other hand, [there are] those who would argue that [there have been reductions while] pointing out the fact that it is still high. But it seems to me what you're saying is that there has been a tremendous reduction in the percentage of Americans that are in poverty in the last 20 years."

Causes of Poverty

Testimony as to the causes of poverty fell into three broad categories: family break-up, disincentives built into public assistance programs, and inadequate job opportunities.

Concerning single-parent families, Bernie Stumbras of the Institute for Research on Poverty said: "In the last 50 years, there has been virtually no change in the percentage of female-headed households who are below the poverty level. Fifty to 54% of all households headed by women with children have been in poverty year after year for the past 50 years. That has not been changed. What is new is that in the 1980s we have twice as many households headed by females with children as we had in the 1970s. Half the children born today are going to live with a single parent before they turn age 18. Ninety percent will be with a female. [Because] women who are working full-time make 60 to 64% of the income that a male does working full-time, salary inequity produces child poverty."

Blanche Bernstein said that "we need to try to change social behavior, particularly to prevent teenage pregnancy and school dropouts and promote family stability. These are the major causes of long-term poverty. There are a variety of programs in place [to address teenage pregnancy], but mainly these are designed to help the pregnant teenager or teenage mother, when the first priority ought to be to prevent the first pregnancy." Speaking on behalf of the American Public Welfare Association, Brian Baxter said: "Perhaps no single phenomenon poses more of a threat to increasing the level of self-sufficiency among poor families than does adolescent pregnancy. For the child of a teenaged mother, the chances of being reared in a stable family environment or learning lessons about self-support from parents, of even being as healthy as a child born to more mature parents are all substantially reduced. The single most reliable indicator of long-term welfare dependency continues to be the age of the mother when her first child is born. A significant reduction in the number of adolescent births each year would mean a significant reduction in the number of persistently poor families with children."

Bernie Stumbras spoke of the need to make fathers responsible for supporting their children: "Fifty percent of children not living with their father get [no financial support from the father]. Forty-three percent get something [but] 20% of the family income comes from the father, 80% from the mother." To correct this, he called for automatic withholdings from wages, saying that for younger male workers, this experience would teach them that "there's a price to pay" for fathering children out of wedlock.

Some witnesses spoke of welfare benefits, and conversely the loss of benefits when a recipient finds work, as being disincentives to getting off

the welfare roles. Richard Vedder of Ohio State University said: "As welfare benefits rise, [t]he 'tax' of foregone welfare benefits incurred by lower income workers gets larger." He used as an example a worker earning \$220 per week who can get the equivalent of \$180 in public assistance payments. "Because she saves the costs associated with working, and because she gains leisure time," Vedder contended, "in a material sense, she may be nearly as well off with \$180 on welfare as with \$220 working. By choosing welfare, our mythical person is in effect choosing to be in poverty. The existence of relatively liberal public assistance programs means in this example that a person actually moves from above the poverty line to below it. Being poor is just too lucrative compared with the option of being barely not poor. It is important to note that we are not condemning persons who choose the poverty condition in situations such as that outlined. Indeed, their behavior is rational."

Vedder then presented his theory that while higher benefits obviously provide more immediate income, increases in benefit levels can increase the poverty rate. "There is some level of public spending for public assistance," he said, "which minimizes the poverty rate. The evidence is that we reached this 'threshold' point at the beginning of the 1970s." He also compared the "tax" of leaving the welfare roles to the disincentives of the marginal rates on individual taxpayers: "[L]ooking at the positive taxes that we pay as individuals outside of the welfare system suggests that perhaps [at a marginal rate of] 20 to 25% the disincentive effects are not too pervasive. When the rates get up to 50 or 60%, they have severe disincentive effects. Part of the problem with welfare programs is that [the effective marginal rates] are in the 50, 60, and 70% range."

In a similar vein, June O'Neill said that the 18% of the women who remain on welfare for longer than five years were "more likely to live in a high benefit state." She added that "the data strongly suggests to me that rising welfare benefit levels are associated with the increase in welfare participation Differences between the North and the South in the share of families headed by women may also be traced to differences in welfare levels. The percentage of black families headed by women was 40% in the South [where welfare benefits are generally low] but 48% outside the South."

James Gwartney of Florida State University said that in studying poverty, his major findings were that, "during the 1970s the poverty rates of female-headed households and of young households decreased in the low benefit states and that the poverty rates of those same categories increased in the high benefit states, and now the highest poverty rates are in precisely the states that have the highest benefit levels." In response to Gwartney, however, Morton Sklar, a former Director of Jobs Watch, said that "there are a great many reasons why that correlation may exist other than the simple fact that rates go up and poverty goes up."

Witnesses also spoke of the fluctuations in the incidence of poverty as a function of changing economic conditions. O'Neill said: "The relation between the economy and poverty is a long-standing one. It was basically the remarkably high rate of economic growth during the 1950s and 1960s that caused the poverty rate to decline by close to two-thirds over the post-World War II period Between 1970 and 1983, [however,] the poverty rate rose from 11.7% to 15.3%. The recent rise in poverty was brought on by the deep recession in the period between 1979 and 1983 which was marked by a sharp decline in productivity as well as a sharp rise in unemployment. The real income of the average American male was lower in 1983 than in 1979. So it should come as no surprise that the income of those at the lowest portion of the income distribution also fell, resulting in a rise in poverty." John Weicher said: "Poverty looks more like an economic problem, a problem of the business cycle, less like a social problem."

Other witnesses placed a different emphasis on work vis-a-vis poverty. Michael Dowling of the New York Department of Social Services said that: "Having a job, despite the popular conception or perception, is not a guarantee against poverty. Most of the poor are working poor. Almost two-thirds of the nonelderly poor live in households where someone works." Morton Sklar said: "Whatever we do with work incentives, and even if what we do involves a considerable amount of improvement in producing more jobs, we still will be left with significant problems for a large segment of the welfare population. The long-term welfare mothers, school dropouts are going to be welfare recipients for some time to come." Brian Baxter of the American Public Welfare Association said that "the routine of job seeking and job retention are not routine in some families because no one in that family has ever held a job."

Getting People Out of Poverty

As could be expected, a great deal of testimony on getting people out of poverty related to employment, training, and workfare. Michael Bangfer spoke on behalf of the Manpower Demonstration Research Corporation, which conducted evaluations of work/welfare programs in eleven states beginning in 1982. Some of his observations were:

- Concerning the kinds of programmatic responses the states have adopted, he said that in many states programs have been run in selected counties rather than statewide. Many have directed their programs not to the entire caseload, but to those who have children over age six. Some states are directing their programs to new applicants only or to a portion of the WIN mandatory caseload Some states are implementing mandatory programs; others have implemented voluntary pro-

grams. Those that have implemented mandatory programs have generally imposed a short-term obligation. There is some education and training, and several states have implemented [a system] in which welfare grants are used to finance wage subsidies for on-the-job training programs. "So what we've seen," Bangfer said, "is some cautious experimentation on the part of the states."

- As to whether these programs made a difference, he said that they did, "but very modestly so Employment rates tended to increase by about 5 percentage points over [what would have been the case in the absence of the programs]." The earnings of training and employment participants "translated into a modest welfare savings." The study found that earnings tended to be greater for AFDC women rather than the AFDC-UP males; that increases in employment tended to be greater for people without recent employment experience; and that the effect of the programs tended to be greater for people who would have done worse on their own.
- Concerning the cost effectiveness of the programs, he said that the cost of the programs tended to be more than offset by the savings in AFDC payments and increased tax revenues. However, this is not true in all cases. In the short term, the programs are likely to cost rather than save money, and while all levels of government benefit financially in the long run, the benefits accrue disproportionately to the federal government.

Many other witnesses expressed wide-ranging views on the merits of work requirements. Robert Carleson, former Special Assistant to President Reagan for Policy Development, said that workfare "is not really controversial with the public; it is controversial with the people who are in the welfare industry." He also said that "with workfare you have no work disincentive because [recipients] have to work to earn the benefit." Michael Dowling said that "very few women with young children are actually involved in employment and training programs. The welfare system has ignored them. We need to focus on that group. The legitimacy of ignoring women with young children no longer holds." He also said that "we need to build into the welfare system the concept of mutual obligation I believe that for employable clients on public assistance, who fit into the category of employable, that they actually be required to participate in an employment and training activity."

Others, however, were less favorably inclined to the concept of workfare, particularly mandatory participation. Allan Matusow said that because there is a finite number of jobs, job training programs do "not reduce overall unemployment, [they] simply redistribute the

jobs [Training programs can only] make some more employable, at the expense of other poor people." Matusow recommended that "if you want to help them, the thing that the government can do that works is give them cash." Dowling said that traditionally, employment and training programs "focus on people who are easier to serve than on people who are more difficult to serve because many of the employment and training programs have performance requirements." Lee Bawden of the Urban Institute said that the Institute's research found that, "work experience is very beneficial for some welfare mothers," but not beneficial to others. For this reason, he said that "I wouldn't make workfare mandatory for everybody because it isn't beneficial for everybody and it costs some money. Even though you don't pay wages, it costs money."

Lessons/Targeting/Diversity

Commenting on the functioning of the current welfare system, Bernie Stumbras maintained that "the safety method we have now is neatly arranged on a cement floor. You have to fall to the floor before we raise the net Most people on welfare should not be on welfare today [and the thrust should be toward] preventing people ever being on welfare." Other witnesses reiterated the theme of welfare prevention. Blanche Bernstein said that the money we spend for social services is spent too late, "in disastrous situations." Governor Michael Castle of Delaware said that we need to "refocus attention and money on good prevention programs." As a corollary, and as part of a proposal for restructuring the financing of public assistance, Senator Daniel J. Evans said that "a transitional federal assistance program should be established and administered by states for localities with the least fiscal capacity."

June O'Neill said that while "publicly funded social welfare expenditures increased from 11% to 19% of GNP over the period 1965 to 1983, [one reason] this massive change in the transfer system did not reduce poverty to the extent one might expect is that a large share of these transfers were not directed exclusively at poor people. The social insurance programs, including social security, Medicare, public retirement programs, unemployment compensation, make up more than half of all social welfare expenditures." Similarly, Michael Dowling argued that "it is not terribly surprising that we didn't reduce poverty among children and the poor in the last decade. We didn't really spend that much money. Most of the money that we did spend went for people who are not poor Per capita social welfare spending on the elderly is three times the per capita social welfare spending on children."

The concept of "social contract" was also addressed in the context of targeting. Speaking on behalf of the American Public Welfare Association, Brian Baxter said that "the welfare rights of the 1960s must be sup-

plemented by the welfare responsibilities of the 1980s." He said that state welfare commissioners believe that "poor individuals have an obligation both to themselves and to society to take advantage of opportunities to become self-sufficient." Governor Castle noted that "the notion of a social contract recognizes that the system serves individuals with a wide range and variety of needs. We have learned from the programs that there is real value in the notion of services prescriptions and contracts tailored to an individual's needs and circumstances Today's programs were designed another time for another era." Morton Sklar maintained that "the welfare population is a diverse population. If we have one approach, it's not going to prove very effective. Unfortunately, the approach that has been emphasized in hearings like this on Capitol Hill and with the Reagan Administration in the past has been the emphasis on workfare as the single one-dimensional approach" He also said that we need to target the hardest to serve because a large number of welfare recipients is going to leave the welfare roles in any given year through natural circumstances. Several witnesses stated that a basic component of targeting must be remedial training, such as language and math. Lee Bawden, for example, said that "we've learned that skills training is a failure for many—probably most—welfare recipients, because they don't have the basic skills to benefit from skills training."

Departing from the theme of individualistic packaging of welfare benefits, Allan Matusow recommended that welfare consist solely of giving poor people cash. This, he said, is the best way to reduce poverty, because "what you do is reduce government paternalism and increase freedom, but that means that some of the money could be unwisely spent."

Intergovernmental Aspects

As the lead-off witness at the first hearing on February 5, Senator Daniel J. Evans presented the recommendations of the Committee on Federalism and the National Purpose, which he co-chaired with former Virginia Governor Charles Robb (the "Evans-Robb Report"). The key provisions are:

- That the federal government establish national minimum benefit levels and eligibility standards for AFDC and Medicaid. A national benefit floor should be established and maintained for AFDC and food stamps. The floor should be between 75 and 90% of poverty-level income.
- That the federal government assume full policy responsibility for AFDC and Medicaid as well as 90% of the financial responsibility for the minimum benefit levels. States should maintain administrative responsibility for these programs.

- To promote more cost-effective and efficient service delivery, the nonmedical component of long-term care for the elderly should be separated from the rest of the Medicaid program. This segment should be converted into a federal block grant to the states, indexed for changes in the program's cost and the population it serves.
- While the federal government assumes greater policy and financial responsibility for AFDC and Medicaid, it should devolve other program responsibilities to state and local governments Specifically, states and localities should assume full financial, policy and administrative responsibility for many community development, local infrastructure and social service programs. Thus, the more than 200 remaining inter-governmental programs funded by the federal government at less than \$100 million either should be consolidated into block grants or absorbed into existing programs.
- In order for states to meet their present and future service obligations, the federal government should provide general support grants targeted to states with low fiscal capacity.

Senator Evans stated that part of the reasoning for this proposal is that "the current inequalities in AFDC are disgraceful." He noted the vast differences in monthly benefits among the states and said that "to be poor and hungry in New York is not much different than being poor and hungry in Mississippi, Maine or Missouri." Governor Castle said that the nation's governors supported the concept and are calling for "a comprehensive national income security program, including a minimum benefit level [t]o ensure equitable treatment across state lines." Maryland Budget Director H. Louis Settler, representing the National Association of State Budget Officers, said that "the federal government should establish a minimum benefit floor . . . [and] preserve the entitlement nature of welfare programs . . . [and that budget officers] support well-balanced and carefully integrated workfare programs . . . and a stronger federal role in financing welfare." Speaking on behalf of the Council of State Governments, Delaware State Representative Jane Maroney emphasized that even though the federal government should assume greater funding responsibilities, states and localities are "more efficient in administering welfare programs than the federal government because we know our people and are best able to allocate our resources to meet their needs."

Nevertheless, there was much expressed opposition to the Evans-Robb approach, though in varying degrees and for disparate reasons. Some witnesses contended that the opposite approach should be taken. Leslie Lenkowsky said that "if the research on welfare prompts any generalization, it might be that the solutions to the problems identified by

every president since Kennedy can only be found locally . . . what is necessary for a successful welfare reform is not a new national program, but hundreds of new local ones." Robert Carleson said that "when the federal government makes all the rules, [administration at the state level] is simply a clerk effect such as you have in the food stamp program. So a welfare program must be designed and administered at the local or state level . . . [Sending welfare to] Washington means, in my opinion, that [state and local officials] abdicate a problem that can only be solved at the state and local level of government." From an economic standpoint, it was noted earlier, Richard Vedder maintained that higher benefit levels lead to higher poverty rates. From this he reasoned that "attempts to nationalize and standardize the AFDC system should be resisted. A federal AFDC system would almost certainly lead to higher benefit levels in a large number of states. That, in turn, would lead to an increase, not decrease, in the incidence of poverty in the United States."

Former ACIR Executive Director William Colman said that while he had originally favored the nationalization of welfare, "by the mid-seventies I had concluded that such a step was fiscally unwise, because of the wide disparity in living costs and the apparent unwillingness of the Congress ever to agree to incorporate regional or other cost differentials into federal salaries or any financial transfer programs to individuals." He also expressed concern about the federal government assuming a much higher percentage of financing because "if all or most of the cost of AFDC were assumed by the federal government, energy and resources at state and local levels now directed toward reorienting welfare toward employment, in contrast to income maintenance, might be expected to falter and decline; the fiscal pressures for change would no longer be felt as strongly as at present."

Local officials expressed opposition to returning grant-in-aid programs to the states as a "swap" for welfare. John Gunther, Executive Director of the U.S. Conference of Mayors, said that "it is not likely that we will soon see a reordering of our system which appropriately places the financial responsibility for income security programs at the federal level. It is important, however, that we do not compromise our principles in the meantime, that we do not start making swaps." Speaking on behalf of the National Association of Counties, Prince George's County (MD) Councilmember Hilda Pemberton said: "The interaction of our experience with block grants, the Gramm-Rudman pressure on the budget, and the possible loss of a program that is increasingly filling in the gaps for human services—General Revenue Sharing—makes it impossible for NACo to accept any swap proposals at this time. If indeed proposals are offered, they must be fiscally neutral for local governments and not a disguised attempt at reducing the federal deficit."

Hearings Held at the Request of the Domestic Policy Council

(Boston, July 2; San Francisco, July 14;
Pittsburgh, August 4; Atlanta, August 25;
Chicago, September 8; Washington, DC, September 11;
and Denver, September 22)

The context in which these hearings were held should be noted. First, anyone who wished to testify was permitted to do so. The Commission was able to accommodate all persons who had not previously requested a time slot. Second, the Commission defined its role as one of listening. While some witnesses tried to get the commissioners to engage in a policy dialogue, the Commission sought only to ask questions in order to build the record. Finally, it was not the Commission's mission or desire to draw any conclusions.

This is a summary of the extensive testimony heard from 158 witnesses. The first part outlines the thrust of testimony from major categories of witnesses; the second part details some fundamental differences in views within and among the categories of groups testifying; and the third part addresses testimony relating to special topics and issues.

Categories of Witnesses

Welfare Rights Advocacy Groups and Other Individuals Concerned with Welfare

Testimony by welfare rights advocates fell into three broad issue areas: (1) that welfare benefits are generally not adequate; (2) that welfare reform should not be used to cut benefits; and (3) that there needs to be more federal government involvement in welfare. Also mentioned were concerns about the homeless, a lack of adequate housing, a lack of ade-

quate employment opportunities, and criticisms of various workfare programs.

While witnesses spoke of how AFDC payments do not bring recipients above the poverty level, of perhaps more concern was how inflation had eroded the purchasing power of benefits. Therefore, there was sentiment for indexing benefits for inflation. There was also a call for expanding many other entitlement programs, and particularly for mandating AFDC-UP (welfare eligibility even if there are two parents present in a household). Adequacy of benefits, said a University of Chicago professor, should be the overriding consideration in welfare reform; other principles, such as family stability, economic dependence, dignity, and self-esteem, should be secondary. He stated that: “[t]he most credible and fundamental test of [welfare success is] do poor families have at their disposal the income to establish the basic necessities of life? . . . [I]ncome transfer programs will never solve [economic problems].”

Throughout the hearings, there was a stated concern that the underlying goal of many welfare reform proposals was to cut federal expenditures. Thus, welfare rights advocates gave little support to decentralizing mechanisms, such as block grants. Indeed, almost all of the welfare rights advocates called for more federal government action—from federalization of all welfare to a mandated federal floor, to increased eligibility and spending on all entitlements.

Though not a welfare rights advocate *per se*, Nicholas Lemann of the *Atlantic* magazine said that “the next wave of poverty programs should be federal programs, not local ones,” because the national legislature is more efficient than 50 state legislatures.

Concerning the homeless, the witnesses in this category contended that the problem is growing, and that more needs to be done by the federal government. A clergyman in Chicago said that people’s mental and physical conditions deteriorate in the shelters. Concerning housing, some witnesses observed that there is a shortage of low-cost units, particularly in metropolitan areas that have a high cost of living.

Relative to employment opportunities, there were statements that the national economy is not producing enough jobs to get people off the welfare roles, and some witnesses called for New Deal-type programs, such as the WPA. At the same time, witnesses expressed opposition to work requirements in welfare programs.

Welfare Recipients

Welfare recipients testified primarily about what they saw as deficiencies in public assistance arrangements. They said that the level of benefits is inadequate, and many attributed at least part of the problem to past inflation. They also emphasized the stigma of welfare, the loss of self-

esteem, and the stereotyping of recipients. "Being totally dependent on the state is the most humiliating, degrading experience for a human being," said one woman in Boston. Another said, "I would like to attempt to smash the negative stereotype of welfare recipients as lazy, ignorant and stupid."

Another problem stated by this group was that absent fathers often are not paying child support. And, as with AFDC payments, child care support payments can be subject to erosion by inflation.

State Officials

A number of state officials spoke about workfare and employment/training programs. At the San Francisco hearing, former California Health and Welfare Secretary David Swope (Republican), and state Assemblyman Art Agnos (Democrat), testified jointly on how they had achieved bipartisan support for a workfare/training program called Greater Avenues for Independence (GAIN). Further details on workfare/training will be provided later in the summary.

Although there were major differences of emphasis among witnesses—along with some disagreements—state officials spoke of the financial and administrative deficiencies in the intergovernmental welfare system. Several expressed their opposition to curtailment of both the number of entitlement programs and their funding levels.

State officials also spoke of how inflation, particularly in the 1970s, eroded the value of benefits. However, unlike advocates and recipients, they were not as uniformly adamant that benefits should be raised substantially. For example, the citizen Chairman of the Virginia Board of Social Services said that "[m]inimum subsistence levels, in our judgment, need not be as high as the federal poverty level. Therefore, in talking about including more people or whatever, we don't need to raise the benefits to the levels of the highest states." He added, however, that "the AFDC-UP component should be mandatory throughout the [country]."

State officials testified that federal welfare programs fail to provide flexibility for differing needs across the country. Illinois Governor James Thompson, for example, said that "when the federal government participates in funding welfare programs or in regulating the ways that they are administered . . . [it] sometimes doesn't take into account the very diverse situations that people find in different states. Sometimes those rules get in the way." The Administrator of the Department of Public Assistance and Social Services in Wyoming argued that "the welfare system in this country varies dramatically by geographic location The work programs are going to have to be designed to meet the needs of individual states. You can have the requirement, but you cannot tell us, on the fed-

eral level, how to make it work in a rural state, when we have many different needs.”

The Secretary of the Maryland Department of Human Resources, speaking on behalf of the American Public Welfare Association, reported on an APWA survey of state human services commissioners. Asked about their views regarding the most significant barriers to improving administrative effectiveness, they cited “the negative public perceptions of welfare programs and the poor, a lack of resources, [and] program complexity—the inconsistent regulations across the major benefit programs, particularly food stamps and AFDC.” The survey also revealed that welfare commissioners felt that: “Society’s responsibility is to provide for basic needs and to promote opportunities for the poor to attain self-sufficiency. As to the responsibilities of the poor toward society, they responded that the poor are responsible for taking advantage of opportunities offered, particularly education and job training.”

The issue of flexibility will be addressed in more detail later in the summary; however, it should be noted here that several state officials supported the concept of federal waivers in certain welfare program requirements.

Local Officials

(including agency providers and staff social workers)

Local officials generally emphasized a need to maintain and enhance local decision making and flexibility. For example, the Director of the East Orange, New Jersey, Welfare Department said that their slogan was “Keep Local Assistance Local.” Some spoke of the complexity of programs, and of the need to combine programs.

Local officials called for a higher level of benefits, more day care, and more federal involvement. Others said that social workers have an overload of casework. Some local officials also called for mandating AFDC-UP, and one, the Assistant Director of the Fresno County Department of Social Services (California has AFDC-UP), called for eliminating the rule that if a parent works over 100 hours a month, the family is not eligible. “Right now, we have a system where the AFDC-UP program in this state is established as almost a guaranteed annual wage for an unemployed person because they will not accept a job since that job will provide them with less income than what they are currently receiving from public assistance,” she said.

The Director of the Kenosha County, Wisconsin, Department of Social Services expressed concern about the migration of welfare recipients to states with higher benefits. (Kenosha County shares a common border with Lake County, Illinois.) “[B]ecause states have different levels of welfare benefits,” he said, “over the last several years we have been im-

pected by a phenomenon in migration, people moving from more urban areas like Chicago and from some of the southern states where benefits levels are considerably lower." He called for a regionalization of benefit levels.

Public Employee Unions

Public employee representatives opposed workfare on the grounds that participants replace regular government employees. It was also said that the participants are doing menial, "meaningless" work, and that the programs are not working.

Crosscutting Concerns

A major recurrent theme across the categories of witnesses was concern over the deterioration of the traditional family structure. Some witnesses attributed family break-up to a lack of AFDC-UP in about half of the states. A Bishop representing the U.S. Catholic Conference said: "The message that society gives our children . . . is that fathers are expendable." The Manager of the Department of Social Services for the City of Denver said: "The demise of the AFDC-UP program in the State of Colorado mainly caused an increase in two-parent families in shelters." At the Pittsburgh hearing, Senator Arlen Specter outlined legislation he is sponsoring (SB 2578 & 2579), part of which "changes the provision that if there are two adults in a household, you cannot get AFDC. [I]t provides that AFDC can be obtained if one of the adults enrolls in a job training program."

A different, but major contributor to the deterioration of the family structure was said to be teen pregnancies. Here there is no family break-up due to the welfare system; families just simply never form. At the Boston hearings, a representative from the YWCA said: "Teenage pregnancy is at a crisis level across this country Teenage mothers, for the most part, are children who have not completed high school, often times not supported by their families, are confused, in need of daycare, housing and financial support." The Director of the Division of Family and Children Services for the Georgia Department of Human Resources said: "When we started looking at those who have been on welfare for longer than five years, what we found out was that they were teenage mothers and that the cycle tends to continue We've had some cases where there's four generations, [a]nd the mother's a 49-year-old and she's a great-grandmother."

In Pittsburgh, the Executive Director of the local Urban League observed that "in the black community, the reason why there are so many female-headed households is simply because black males aren't working So if we create opportunities for black males, and I assume

that the same would be true for white males, we would begin to hopefully move them into the marriageable pool; and the marriageable pool is made up of people who work."

Despite agreement on the fundamental problem of family deterioration, in other areas the hearings uncovered some divergent views that underscore the difficulties involved in attempts to promote welfare reform. These problems are outlined below.

Divergent Views on Welfare Reform

The Family/Dependency

AFDC/Medicaid Benefits. Witnesses spoke of how many (or most) welfare recipients could not match the dollar value of their benefits (particularly Medicaid) with the salaries that they could earn in low-paying jobs—on which they would then have to pay taxes. Yet, many witnesses also called for higher benefits. It was noted that while higher grants can be a disincentive to work, a certain amount of disincentive is tolerable in order to have adequate benefits. It was also noted that cultural values are just as important as economic incentives in getting people into the work force. The negative income tax first imposed in the early 1960s was cited as a possible reform.

Day Care. Many witnesses called for expanded day care, arguing that it is essential to getting welfare mothers into the work force, and that, at present, government day care centers only meet a fraction of the need. Some witnesses contended, however, that welfare mothers should not be forced to put their children in day care. A representative from Wider Opportunities for Women said: "Traditionally, women have been allowed to stay home and care for their families until the child is maybe six and has started school. I think it should be the woman's choice—if she feels comfortable with staying home and raising that child" Citing an Academy of Pediatrics' study, the Catholic Bishop said that "day care may involve serious health risks [and] poor children, who are already at substantially higher risk for serious illness . . . should not be placed at further risk because of government policy."

In a contrary statement, the Kenosha County, Wisconsin, Director of Social Services said: "[A ruling] that a mother on welfare does not have to work, at least in the State of Wisconsin, until her children have reached the age of five, puts that parent in an interesting minority category because only about a third of the parents in the total state are able to stay home and care for their children given the demands of supporting families in this age." A witness from the North Carolina Community Action Agency Association said that he did not agree with the Bishop's contention about day care health hazards, and added: "I know so many

women, in the middle class, including my own wife, who have worked all their life and who have made arrangements for the children. I personally don't think my children are worse off for it."

Cash Benefits as Opposed to In-Kind Benefits. Some witnesses spoke of the "social stigma" of food stamps. Others observed that the number of programs and attendant regulations are too complex. Still others criticized the fact that certain necessities, such as medical supplies and cleaning materials, cannot be purchased with food stamps. Yet, several witnesses expressed opposition to cashing-out benefits and giving dollars directly to recipients. A representative from OMB Watch said: "Welfare reform must maintain basic entitlement rights [and] the cashing out notion, in essence, becomes a cap." He added that "welfare reform should not undercut the nation's service delivery system by simply cashing out services, as well as in-kind benefits." In Chicago, a representative of the League of Women Voters said: "we oppose the megablock for cashing out welfare. It will inevitably be less money . . . and will result in 50 unequal systems as states do or so not vote supplements. Further, the assumption that cash-only welfare can compete in the marketplace for eliminated services such as day care is an example of serious ignorance." Other testimony indicated that opposition was strongest to cashing out Medicaid.

Nevertheless, opposition to cashing out was by no means unanimous. A representative of United Charities of Chicago said: "We are convinced that in order to really help families to maintain themselves in a decent manner that promotes their sense of well-being, we need to provide cash for them to go into the market place and to purchase what they need. In time, programs like food stamps will not have a place in a system that really wants to promote independence and self-sufficiency." A representative of the Hunger Action Coalition in Pittsburgh said: "Eventually, we would like to see the current hodge-podge of programs replaced by a single, simple cash grant system similar to that used in other western industrialized countries." A representative from the Hunger hotline in Boston said that she did not favor cashing out other programs, but that welfare reform should "truly give low income families dignity and remove the public stigma of food stamps by discontinuing the use of coupons and consider a cash-out or credit card system."

Workfare/Employment

Workfare Goals. Many of the witnesses emphasized that the purpose of training and employment programs is to get people off welfare and into full-time employment. Some witnesses, however, suggested that these programs were perfunctory because the people who achieve self-sufficiency would have done so even without the programs. In response to

a question from Commissioner Philip Elfstrom, the University of Chicago professor said that he agreed that the good results of employment and training programs would happen just by people wanting to get a job. However, the executive director of the Coalition on Human Needs said that low-income persons "all evidenced a desire to work and be independent, and viewed welfare benefits as a necessary evil."

Meaningfulness of Work. We heard several comments that workfare participants were not performing "meaningful" jobs. In Pittsburgh, a representative of the Citizens Advisory Committee said: "They send people out to jobs, what they call meaningful work experiences, and actually it's sweeping up a floor, it's shoveling snow . . . This is not teaching anybody anything." One witness in Chicago complained that her son was required to work 40 hours per month for his General Assistance check in "a restaurant where he sweeps floors, washes dishes, washes walls . . . There was no training . . . He occupied a job slot that the owner of this restaurant would have had to hire someone to fill."

However, establishing a concept of what constitutes "meaningful" work was much more elusive. In response to a question, the Citizens Advisory Committee representative in Pittsburgh said that "one would certainly grant [jobs like shoveling snow and sweeping] need to be performed." However, he said, people "who have previous work experience and may be semi-skilled are wasting away in a job like that." Union representatives claimed that workfare recipients are performing jobs formerly done by regular employees.

Voluntary or Mandatory Workfare. Some witnesses expressed the opinion that workfare programs should be voluntary. A representative of the Northern California Anti-Hunger Coalition and Economic Rights Task Force said that a mandatory component of the GAIN program "is a punitive requirement that is not directed at getting a person a job." A witness in Chicago said: "You are not teaching or re-creating self-sufficiency or economic dependency by having people work for a welfare check." A representative of the Colorado League of Women voters said that "there's too much room for abuse in a mandatory situation."

Others expressed doubts as to whether such programs can work if they are run on a voluntary basis. The *Atlantic* magazine journalist who proposed a WPA-like program said: "I haven't thought about it enough, but I would lean towards making it mandatory." In response to a question about his job training legislation, Senator Spector said: "We have not addressed work requirements, but I think it's an excellent idea. I think it is realistic and useful to impose them, providing there are jobs which people can undertake." Commenting on the California GAIN program, David Swope said: "In our opinion, this program should be mandatory." He then related that in San Diego County, "I posed the question to partici-

pants, I said, 'how many of you think this program should be mandatory?' And every single one of them raised their hands, and they said they wouldn't have been there had the program not been mandatory but once they got there, they saw the benefits that the program was going to provide."

Administration

Flexibility. A broad cross-section of witnesses called for greater state and local flexibility in administering welfare programs. A Boston witness said that the program complexity is a "dehumanizing process." Governor Thompson said: "We would like to seek from Washington, clear-cut rules, fewer complex regulations and less duplication of effort Quality programs that are tailored to the needs of individual states can lead to effective welfare reform."

However, there was also much opposition to certain mechanisms, such as block grants, that might be created to provide that flexibility. Several witnesses said that they were against block grants because they would be used as a vehicle to cut spending. In Pittsburgh, representative of the United Way said: "We believe that block grants, while they may be helpful in equalizing benefits, would ignore the specialization of social services and would require a cut in cash assistance at a time when our country does not give its poor enough money and food stamps to reach the poverty threshold."

Nevertheless, state officials said that they would like to work with Washington to tailor programs for their individual states, and some witnesses expressed support for megawaivers. The Executive Director of the Colorado Department of Labor and Employment and Social Services said: "We would hope (HHS) approves a waiver that we're asking for to give the states flexibility in using medical assistance I think the federal government ought to be playing [the role of] saying 'here's a program in Massachusetts.' or in Colorado, in California, wherever it happens to be working, 'we think it makes sense. Why don't you try it?'" A representative from the Wyoming Department of Health and Social Services said: "In terms of whether we could design our program in Wyoming better, I think we probably could, because we're very different from other states."

Costs. As previously noted, there were many calls for higher benefit levels and enacting new programs. However, when asked by panel members, witnesses were not able or were unwilling to provide statistics as to what their proposals would cost. Indeed, the University of Chicago professor testified that: "Costs were the thing that killed welfare reform [in the Carter Administration]. And the high cost was not attached to the

grant at all but to the work/training program, which was totally unacceptable."

Special Topics and Issues

Women/Children/Elderly (Special Concerns)

Some witnesses spoke of the "feminization of poverty." A representative of Wider Opportunities for Women said that: "Over 94% of adult Aid to Families with Dependent Children recipients are women." She also stated that: "Women and minorities are affected disproportionately by illiteracy. Twenty-three percent of adult females are illiterate as compared with 17% of adult males. Half of the heads of households below the poverty level cannot read an eighth grade book, and a third of the mothers receiving AFDC are functionally illiterate. This lack of basic skills is a barrier to women's entry and successful participation in training programs and delays a woman's progress once in a training program." Other witnesses said that women are disadvantaged in the labor market because of discrimination, and tend to find jobs with low pay and no fringe benefits.

A witness in San Francisco said: "Welfare has become a system which requires many women in our society to marry the welfare department and desert the male person who could provide them with support, encouragement, and a good father image for the children in the family." At the other end of the life-cycle, a Catholic nun from the Archdiocese of Denver said: "I see an intergenerational kind of thing happening—that women tend to live longer than men, and so we're beginning to see more and more women in poverty beyond the child bearing age."

Concerning children, a witness for a New York State children's advocacy organization said that: "Welfare, after all, is primarily a children's program." For this reason, she said that she was opposed to workfare because "we have to think about what happens [to] the kids during the day." She further stated that a federal role is necessary to protect children, and that "cashing out at this point, I think could be extremely dangerous, particularly because it will leave children very vulnerable and totally unprotected." A representative of the Child Welfare League of America said that "in 1983 we had 13.8 million children living in poverty in this country, approximately one out of five children." The Executive Director of the Colorado Children's Campaign said: "If the objective of welfare reform is simply to reduce dependence on public systems, then it is a misguided emphasis. Our objective must be on raising children and families out of poverty." A witness in Boston said: "It is very essential that children born and raised under the current welfare system feel a sense of self-worth and respect for themselves, as well as others, since in

most cases a feeling of inadequacy stems from poverty. It's unfortunately carried on to adulthood, preventing them from functioning as a productive adult."

Partially overlapping the special concerns for women and children were concerns for the elderly. A witness in Denver said: "Women and children are the major groups in need of governmental programs of cash assistance, but the elderly, both male and female, become increasingly poor as they are blessed, question mark, with longevity." Obviously, many issues concerning welfare reform—such as training and employment, family break-up, etc.—are not relevant to the elderly. However, what most concerned advocates for this group is the high cost of living relative to incomes (often fixed). The President of the National Council of Senior Citizens said: "Poverty among the aged continues to be a serious problem, with 1985 census data revealing 12.6% of persons 65 and over falling into poverty. Nearly 21% of the aged population fall just below 125% of the poverty line Subgroups of the elderly are even more vulnerable in poverty—women, minorities, persons living alone, and the very old, generally considered those aged 85 and over. All of these subgroups are growing more rapidly than the overall elderly population, a phenomenon which will present new challenges to the welfare system in the coming decade."

Of particular concern to a number of other witnesses was the prohibitively high cost of rental housing for the elderly.

Innovations

During the course of the hearings, witnesses spoke of a number of things that states are doing administratively to streamline their welfare systems. While these streamlining activities did not follow any particular pattern, it is useful to present them as a "laundry list" in welfare reform considerations:

- A pilot program in Reading, Pennsylvania, has introduced the use of a "smart card" approach to delivering welfare benefits, that is, an electronic funds transfer card is used in lieu of food stamps. Also under development, in the Philadelphia area, is an electronic transfer system that will accommodate both food stamps and welfare payments. Employing the same general technology, the system can be used for Medicaid. New York City has contracted for electronic transfers of AFDC, food stamps, and heat emergency assistance payments through a network of existing financial institutions.
- The use of performance-based contracts in the California, Massachusetts, and Illinois workfare/training/employment programs is noted in the next sub-section. In Pittsburgh, a non-

profit employment agency provides integrated training and employment services for welfare recipients. Based upon a formula, the State of Pennsylvania pays a finders fee for each individual placed in a job. In effect, this is a privatization of job placement.

- Pennsylvania has developed a teen pregnancy parenting program to help pregnant teenagers and teenage parents remain in school and graduate, or receive education and job training. It provides support services, such as day care, health care, counseling, and parent training.
- Utah is developing a "Self-Sufficiency Office" that will provide a single-stop service office, offering coordinated, comprehensive services. The client will see only one counselor instead of a variety of welfare workers. The counselor will assist the client in the development of a written plan to include daycare, emergency transportation needs, emergency clothing, job referral, training, and possibly a welfare grant. It was said that the purpose is to transform the welfare office into a place where the client goes to get help in taking care of himself or herself, not to be taken care of.
- Fresno County, California, has instituted a system of staggered payments of welfare checks so that the issuance of benefits is spread throughout the month. This has reduced administrative costs, as well as alleviated long lines at the welfare office and in the community (e.g., at supermarkets). It also reduced the risk of robberies because the postal service is not delivering all the monthly welfare checks on the same day.
- Pennsylvania has instituted a system of local direct delivery sites in lieu of using the mail for distributing welfare checks. This has reduced the incidence of fraud and robbery.
- Illinois passed new state laws making it more difficult for non-custodial parents to escape their child support obligations and to increase the state's ability to collect child support. It was reported that in 1980, Illinois collected less than \$14 million in child support, while in 1986 the state collected a record \$76 million.
- San Francisco is using centralized warehouses as an innovation in food delivery so that the various distributing organizations can reach more people with more food.
- Pennsylvania has launched a new program for health care delivery in which welfare recipients in South and West Philadelphia can receive care from a doctor of their own choice from a

list of participating doctors. The program is paid for by a capitation fee per recipient, and is contracted through a private organization.

Workfare Experience

California. As noted earlier, former California Secretary of Health and Welfare David Swope and state Assemblyman Art Agnos reported on the Greater Avenues for Independence (GAIN) program in California. Both witnesses emphasized similar themes in the program. Swope said: "The word 'choice' is important . . . because throughout recipients are enabled to exercise some degree of choice and some degree of control over their own destiny But always—and this is the other side of the coin—with a degree of accountability built into their choices so that they must live up to their choice of a training assignment; they must live up to the kind of commitment to productive training that the program implies." He further stated that: "The other word that is implicit throughout the GAIN system is the word 'contract.' There is a contract, not only between government and the recipients—recipients to fulfill their obligations, government to fulfill its for child care, transportation, and the various training opportunities . . . [b]ut there is also a contractual relationship between government and the trainers. [T]he trainers must contract and commit to making sure that they are providing training towards a meaningful, full-time job in the private sector."

Assemblyman Agnos echoed the importance of individualized assessment of each participant and said: "I think that GAIN is a program that's designed for the 21st century because it doesn't take the old kinds of work notions of public works programs and CETA programs For the next 25-30 years when an employer tells us what kind of person they need, we can adapt a training program, tailor it for that work force, and train people to go to work in that area." Agnos also emphasized the right of participants to negotiate as equal partners in the program, the need to create a sense of obligation for the clients, and the importance of performance-based training and education contracts.

Massachusetts. At the Boston hearing, Terry Bergman, the Assistant Commissioner of External Affairs in the Massachusetts Department of Public Welfare, reported on the state's Employment and Training, "or ET Choices program." She said that: "Through ET more than 25,000 welfare recipients have obtained full or part-time jobs, mostly in the private sector. The average wage for ET placements is over \$5.00 an hour and the average annual salary for full-time ET placements is over \$10,000." As with the California witnesses, she emphasized the wide range of choices for participants, and the use of performance-based con-

tracts. Unlike California, however, the ET Choices program is not mandatory.

Illinois. At the Chicago hearing, Governor James Thompson reported on Illinois' Project Chance. He said that: "Through Project Chance we have contacted employers to find out what qualifications they want prospective employees to have And then we contract with training facilities to train and prepare welfare recipients for the available jobs that we know are there [The program] uses performance-based contracts for training and placement of welfare recipients. Funding for the contracts from the private sector is tied directly to the number of recipients placed in jobs." Governor Thompson added that: "During the [1986] fiscal year we placed nearly 38,000 welfare recipients in full-time employment. And [in FY 1987] we hope to place another 40,000 recipients in full-time employment."

Other States. Though the programs are less developed, other examples of testimony relating to work and training were Pennsylvania's use of JPTA and other initiatives; locally initiated work incentive programs in East Orange, New Jersey; the Utah Self-Sufficiency effort; a new work/training program in Arizona called Arizona Works; and efforts to start a work/training program in Wyoming.

Taken as a whole, these innovations and experiments by states and localities demonstrate diversity in the American federal system. The problems attendant to poverty and welfare vary considerably across the country according to such factors as population density, climate, and economic bases. By holding hearings in six major regions of the country, the Commission was able to uncover not only the problems, but also the creativity of state and local governments. It is for this reason that ACIR believes that the oral and written testimony presented at these hearings provides a valuable reference for any national welfare reform effort.

Participants at Hearings Held in Conjunction with ACIR Commission Meetings

Washington, DC, February 5, 1986

Daniel J. Evans, *member of the United States Senate*
Leslie Lenkowsky, *Institute for Educational Affairs*
Thomas Marchant, III, *member of the
South Carolina House of Representatives*
(testifying on behalf of the National Conference of State Legislatures)
Jane Maroney, *member of the Delaware House of Representatives*
(testifying on behalf of the Council of State Governments)
Jack C. Vowell, *member of the Texas House of Representatives*
Bernie Stumbras, *Institute for Research on Poverty*
Louis Settler, *State of Maryland, Department of Budget*
Hilda Pemberton, *member of the
Prince George's County (MD) Council*
John Gunther, *U.S. Conference of Mayors*
William G. Colman, *Government Affairs Consultant,
former ACIR Executive Director*
Richard K. Vedder, *Ohio State University*

Washington, DC, April 18, 1986

Michael Castle, *Governor of Delaware*
(testifying on behalf of the National Governor's Association)
Allan Matusow, *Rice University*
June O'Neill, *U.S. Civil Rights Commission*
John Weicher, *American Enterprise Institute*
Robert Carleson, *former Special Assistant to
President Reagan for Policy Development*
Michael Dowling, *New York State Department of Social Services*

Washington, DC, June 27, 1986

Blanche Bernstein, *Consultant on Social Welfare Policy and
former Commissioner of the New York City
Human Resources Administration*

Michael Bangfer, *Manpower Demonstration Research Corporation*

James Swartney, *Florida State University*

Lee Bawden, *Urban Institute*

Brian Baxter, *American Public Welfare Association*

Morton Sklar, *former Director of Jobs Watch*

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<i>The Transformation in American Politics: Implications for Federalism</i> , A-106, 8/86, 400 pp.	\$10.00
<i>The Agricultural Recession: Its Impact on the Finances of State and Local Governments</i> , SR-1, 6/86, 60 pp.	\$3.00
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<i>Intergovernmental Service Arrangements for Delivering Local Public Services: Update 1983</i> , A-103, 10/85, 138 pp.	\$5.00
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What is ACIR?

The Advisory Commission on Intergovernmental Relations (ACIR) was created by the Congress in 1959 to monitor the operation of the American federal system and to recommend improvements. ACIR is a permanent national bipartisan body representing the executive and legislative branches of Federal, state, and local government and the public.

The Commission is composed of 26 members—nine representing the federal government, 14 representing state and local government, and three representing the public. The President appoints 20—three private citizens and three federal executive officials directly and four governors, three state legislators, four mayors, and three elected county officials from slates nominated by the National Governors' Association, the National Conference of State Legislatures, the National League of Cities/U.S. Conference of Mayors, and the National Association of Counties. The three Senators are chosen by the President of the Senate and the three Representatives by the Speaker of the House of Representatives.

Each Commission member serves a two-year term and may be reappointed.

As a continuing body, the Commission addresses specific issues and problems, the resolution of which would produce improved cooperation among the levels of government and more effective functioning of the federal system. In addition to dealing with the all-important functional and structural relationships among the various governments, the Commission has extensively studied critical stresses currently being placed on traditional governmental taxing practices. One of the long-range efforts of the Commission has been to seek ways to improve federal, state, and local governmental taxing practices and policies to achieve equitable allocation of resources, increased efficiency in collection and administration, and reduced compliance burdens upon the taxpayers.

Studies undertaken by the Commission have dealt with subjects as diverse as transportation and as specific as *state and local taxation of out-of-state mail order sales*; as wide ranging as the *transformation in American politics* to the more specialized issue of *local revenue diversification*. In selecting items for the research program, the Commission considers the relative importance and urgency of the problem, its manageability from the point of view of finances and staff available to ACIR and the extent to which the Commission can make a fruitful contribution toward the solution of the problem.

After selecting specific intergovernmental issues for investigation, ACIR follows a multistep procedure that assures review and comment by representatives of all points of view, all affected levels of government, technical experts, and interested groups. The Commission then debates each issue and formulates its policy position. Commission findings and recommendations are published and draft bills and executive orders developed to assist in implementing ACIR policy recommendations.