

PROBLEMS IN ADMINISTRATION OF PUBLIC WELFARE PROGRAMS

HEARINGS
BEFORE THE
SUBCOMMITTEE ON FISCAL POLICY
OF THE
JOINT ECONOMIC COMMITTEE
CONGRESS OF THE UNITED STATES
NINETY-SECOND CONGRESS
SECOND SESSION

PART 2

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PROBLEMS IN ADMINISTRATION OF PUBLIC WELFARE PROGRAMS

WEDNESDAY, MAY 3, 1972

CONGRESS OF THE UNITED STATES,
SUBCOMMITTEE ON FISCAL POLICY,
OF THE JOINT ECONOMIC COMMITTEE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10 a.m., in room 859, the Federal Building, Detroit, Mich., Hon. Martha W. Griffiths (chairman of the subcommittee) presiding.

Present: Representative Griffiths.

Also present: Alair A. Townsend, technical director; Sharon S. Galm, staff counsel; Patricia Kelly, legislative assistant to Representative Griffiths; and Walter B. Laessig, minority counsel.

OPENING STATEMENT OF CHAIRMAN GRIFFITHS

Chairman GRIFFITHS. This morning the Subcommittee on Fiscal Policy of the Joint Economic Committee begins 3 days of hearings on the administrative aspects of public welfare programs. These Detroit hearings are the second of three sets of hearings to be held in different cities, the first held in New York last month and the third to be held in Atlanta next month.

These hearings are part of a 2-year study of all public welfare programs. Our scope includes public assistance, the social insurance programs, veterans' programs, and food, health, and housing programs. What we are focusing on is how these programs actually work together to meet the needs of those less fortunate members of our society for whose benefit they are designed. For years we have examined these programs one by one. Yet we in the Congress and representatives of the executive branch are becoming increasingly aware of the fact that we can no longer afford to legislate and administer the programs in a piecemeal fashion when so many of them affect the same persons.

To truly understand the operation of this multitude of programs, which affects over 60 million persons and costs \$100 billion a year, we must leave Washington and go where the programs have their impact. The gigantic administrative morass consisting of many different programs and literally hundreds of Federal, State, and local statutory provisions make it imperative that this subcommittee, for the first time, take a hard look at how welfare programs look from the bottom up, instead of the top down.

No doubt there will be those who will be disappointed that our witnesses, this week, are drawn exclusively from the various levels of the city and State program administrations. But we have done this

deliberately. Sweeping proposals and opinions, and broad-brushed national pictures of welfare are common. These hearings, on the other hand, will attempt to detail the administrative apparatus of public welfare from the front line of the agencies facing the public up through higher and higher levels of supervision. It is only from such persons that we can learn what problems are created by having such an extremely complex set of laws and regulations. And it is only from these persons that we can learn the procedures that are followed. We will start this morning and afternoon with the workers who first interview prospective program beneficiaries and who verify the information. Tomorrow morning we will move on to program officials. In the afternoon we will hear testimony from workers involved in employment-related programs. Friday morning we will hear testimony from Federal and local housing officials. We will terminate the hearings Friday afternoon with testimony from State officials administering the Michigan Department of Social Services and the Michigan Employment Security Commission.

I might point out that we began in Washington on March 20 with testimony from top Federal officials concerned with welfare. But day-to-day administrative responsibility of public welfare programs rests ultimately at the local level where the client meets the welfare establishment.

Paralleling these hearings, the subcommittee will be issuing a series of studies of public welfare, the first of which was released last month. It reveals a maze of interconnected and overlapping programs. In the circumstances it is particularly fitting to hear from five persons who start the whole process by interviewing potential beneficiaries. Our witnesses this morning, all from the Wayne County Department of Social Services, are the following: Magnolia Bates, food stamp certifier; Shirley Mickens, eligibility examiner for ADC; Marilyn Sanders, medical assistance unit; and Jeannette Wimbley, eligibility examiner for ADC.

We also have Mrs. Shirley Gay, who is an intake supervisor and who has graciously agreed on short notice to substitute for Mrs. Judith White, who is ill. I wish to thank you, Mrs. Gay, for coming, and to send our recovery wishes to Mrs. White. I would like to thank each and every one of you for being here. Mrs. Bates, will you begin, please.

**STATEMENT OF MAGNOLIA BATES, FOOD STAMP CERTIFIER,
WAYNE COUNTY DEPARTMENT OF SOCIAL SERVICES, DETROIT,
MICH.**

Mrs. BATES. The food stamp program was primarily designed to assist large, low-income families. This federally funded supplement enables the eligible families to enjoy more nutritious, wholesome food leading to a more healthful physical and mental attitude toward daily life.

Although the program has its assets, it also has liabilities. It fails to help the working mother who supports herself and has one or two children. It seems this person (the working mother) is most discriminated against. The maximum income limitations are so low and unrealistic that the only incentive given the working mother is to quit her job, and to apply for and receive aid to families with dependent

children. This is a serious problem. This mother, who is struggling to better herself and her offspring, is not given the understanding and concern, the push forward, the simple, positive attitude needed to move her into a state of well being. Instead this mother, tired of trying to, shall we say, "make it" in today's world, resigns herself to the fact that the program isn't going to help her and there is only one way out—ADC. And with her ADC grant—bingo—she and her family are eligible for food stamps.

Now, look at this with an open mind. Does the above example ring a bell? Yes, it does! And if it doesn't, it better, because the example is real and the situation happens every day.

Let's look at another example. Many people who apply for the food stamp program feel they are entitled to the benefits because their net income isn't sufficient to pay their bills: i.e. a man employed at one of the "big three" auto companies has a \$60 or larger credit union deduction taken out of his weekly paycheck for a car payment or a loan; has a family of eight people, and his income is still in excess of our maximum limit. This man feels his credit union deduction should be discounted.

Other situations:

Senior citizens with fixed income (i.e. social security, pensions, et cetera) at times do have liquid assets. Many of these elderly applicants are leery of reporting such assets, probably because of a misunderstanding or fear that what they have will be confiscated and the Government will make well of their possessions. Many of these people save their money for burial or medical problems unforeseen. Of course, we must realize their plight. These people should be allowed to purchase a set amount of food stamps, per period, for a minimal sum of \$1. Some are on special diets or are diabetics.

Also, working mothers who receive child support do not care to report this income. Why? Because of fear and misunderstanding. These mothers need the support income to maintain their standard of living, however meager it may be.

We must also view the working applicant whose wife is also employed. This applicant will not report the extra income because he is aware that if he does, automatically he is ineligible for the program. And if the applicant does not report the income, there is no way the food stamp worker can check or prove there is another supplemental income.

With due concern we attempt to view the problem of the addict. Whether be it drugs, or alcohol, the addict should not be permitted to purchase food stamps—let alone be certified for the program. These people are not in need of food, but in need of supporting their habits. Drug and alcohol addiction is a medical problem. It is simply ridiculous to permit an addict to purchase food stamps only to sell them to obtain money for a fix or a bottle.

Another aspect of this program is the training of the food stamp worker. There is a need of proper instructions for the E.E. 06 (eligibility examiner) and other experienced workers, especially in the area of U.C.B. (unemployment compensation benefits) and subpay.

Many of the "big three" workers do receive subpay and do not report it. Many of the food stamp workers are unaware of this income and if the worker does not ask the applicant, of course the applicant

will not divulge this source of income. With subpay and U.C.B. combined, the applicant receives 85 percent of his base weekly wage. This, of course, leaves the applicant ineligible for the food stamp program unless he has a very large household.

The certification offices also must be brought into light. The offices are inadequately staffed and the staffs overworked. The multitude of applicants for interviews, the clients for reviews, the paper work involved—especially the new forms soon to be used—all add up to rushed compilation of cases, tired workers, and irate clientele. A worker cannot spend adequate time with a client to sufficiently understand and help the client with the problems facing him because the worker doesn't have the time. Basically, the worker is employed to service the client and without sufficient time for implementing the service aspect of the interview or review, the worker and client may end up in a misunderstanding but without the needed time to resolve or solve the problem in question.

The program needs more workers, workers with sufficient training and understanding, with more previous time, so that the worker may be able to help the applicant to the fullest possible capacity of assistance.

Chairman GRIFFITHS. Thank you very much. Mrs. Mickens, please proceed.

**STATEMENT OF SHIRLEY MICKENS, ELIGIBILITY EXAMINER—
ADC, WAYNE COUNTY DEPARTMENT OF SOCIAL SERVICES,
DETROIT, MICH.**

Mrs. MICKENS. I am employed as an eligibility examiner 06—income maintenance worker—in the ADC Department at 640 Temple Street, Detroit, Mich. My caseload ranges from 320 to 347 families, although the recently added staff will reduce my caseload to 200–225 cases, I have been told. The area which I service is in the northwest section of Detroit, which indeed is a rapidly growing area, and therefore the caseload is continuously climbing.

The duties of an EE are mainly to ascertain that a family is eligible for financial assistance as well as various other needs of the client. In my case I determine the continued eligibility. In determining this, certain prerequisites are mandatory. Listed are a few of them: 1. There must be a deprivation factor, that is, unwed mother, absence of father or husband, or unemployment of same, divorce, imprisonment, death, and so forth; 2. relationship; 3. amount of income available as opposed to budgetary need, income must be near or at the poverty level.

It is rare that an EE makes a home visit because most of our information gained about clients is done through the mail on our "re-determination of eligibility" form DSS 328. It is this form on which I'd like to elaborate.

This form I feel is probably the most important yet the most complicated and thus the most easily falsified whether by intent or misunderstanding on the part of the client.

This form determines a recipient's present status—that is, marital status, support, income, rent, and so forth, as well as pertinent social aspects of the client, that is, name, address, date of birth, social security number and so forth. In short the continued eligibility of a client is

solely based on what is written on this application which ultimately determines the amount of the budget.

This form is usually returned to us with a tremendous amount of errors as well as omissions, and therefore it necessitates our telephoning the client to make "over the phone" corrections or requesting by mail that they correct the form and return it through the mail. This of course requires a tremendous amount of time. I feel strongly that this form entices our borderline fraud cases to take advantage. I might even go as far as to say encourages fraud, and because of the fantastic caseloads we carry, it is almost impossible to follow up on any suspicions that may arise through completion of this form. Therefore I have tried to set up a system whereby I schedule one to two reviews per day. I request my clients to bring in their birth records on all members of the grant as well as proof of those who are 18 years old or older who are in school, pay stubs, rent receipts and whatever other forms that are deemed necessary.

I spend "special" time on those clients who move frequently (who are about one-fourth of my caseload) and those who continually have children out of wedlock. It must be remembered that one of the main jobs of ADC is to keep close tabs on husbands and/or alleged fathers.

Unfortunately due to the diversity of the duties of an eligibility examiner's schedule, it is almost impossible to maintain this schedule. Emergencies are constantly arising, electric or gas turnoffs, evictions, foreclosures, dental problems, children running away, drugs, alcoholics, fires, husbands finding and assaulting wives, alleged stepfather rape cases, lost checks, no refrigerators, stove or washers, and countless other emergencies, and of course these emergencies must be dealt with either at or soon thereafter the time they are reported.

Consequently, in my efforts to satisfy a client's emergency needs, the time allotted to my reviews is seriously curtailed.

After a redetermination of eligibility form has been reviewed and all questions have been answered, it is followed by completing a DSS 329 (eligibility determination—ADC). All questions on this form must be answered in accordance with the manual requirements and when these answers do not correspond, we must take steps to make sure they do. For instance, if a redetermination of eligibility shows we know the whereabouts of a husband/alleged father, necessary forms are sent to court service to try to gain support for the family. Once we have gained support through the actions of court service, we then request that the client "assign support" to our agency. Upon doing this the budget amount will remain the same whether the husband does or does not pay support. The husband/alleged father payments are watched closely by the court service. We then go back to the 329 and annotate under "support action" what action we have taken. Upon completion of DSS 329, the case is checked as eligible and the client continues to receive assistance.

RECOMMENDED CHANGES AND PROBABLE RESULTS

I feel if we could do a person-to-person interview on redetermining eligibility rather than through the mail we would probably:

1. Lessen desires to be fraudulent, by being able to interpret policy and procedures to clients.
2. Lessen telephone calls and correspondence.

3. "Feel out" the client for her capacity and willingness to relate honestly to us.

4. Form a relationship whereby the client feels we, too, are people and not just an agency.

5. Encourage borderline fraud cases to know of our interest in their welfare and willingness to help her gain whatever she needs to operate more adequately—through gainful employment, house owning, education, and so forth.

6. Be able to present client with a packet on dental, optical, house-buying needs along with a telephone number of a service worker indicating that anytime she's in need she should contact the service worker. I feel this would eliminate the "feelings" EE06's and service workers (09's) have toward each other, and once removing these feelings doing a better job for the client.

But as it stands now the client has come to know the EE06 as her service worker, which in fact she is not qualified to handle—according to civil service qualifications. The client then contacts the EE06 for all needs, conversations, advice, and we do, in fact, become social workers—or a close similarity. In 6 months employed as an EE06 I have made one home visit and that one was on a suspected fraud case. The client showed no intentions of committing fraud. In fact, in view of her large family, she felt two checks—one from welfare and one from ADC, our error—were about fair for her financial needs. The client was found to be clean, neat, and in complete control of herself throughout the 40-minute interview.

We solved the intentions of fraud—which is an EE06's responsibility—and at the same time solved needs on special medical care, putting her son in big brother program, budgeting, and various other things. We did remove her other (welfare) check, but from time to time, because of her active and large family, she may request bus tickets to get to and from doctors or various other places, and some stamped self-addressed envelopes to encourage her to communicate with us when she has a change in her circumstances.

I truthfully feel that this client would have not accepted two checks if:

1. She had been advised somewhat of how the social service system works.

2. Advised that we do handle some "special medical" as well as special social conditions.

3. We do help with the electric and gas bills after she has paid her budgeted amount, and so forth.

On my second and final example I'd like to show what personal contact can do. A complaint was filed against this client by her sister accusing her of being a heroin addict, the baby born with withdrawal symptoms, and client living with the father—who was reported, whereabouts unknown—who, too, was an addict. The client is in her early twenties. The client was summoned for a review, and to answer the charge. The client confirmed the charges that: (1) she is an ex-heroin addict; (2) doctors exam proved baby's withdrawal symptoms negative; (3) boyfriend lived somewhere else. Client was extremely emotional—we spoke often on phone and finally we met, she was nervous, shaky, and seemed in severe agony.

I, of course, suspected heroin withdrawal. I immediately made known to her her rights and what she was entitled to through ADC. We worked together on each need, that is, getting beds, linen, et cetera. The case was then referred to service after I was certain she was eligible for ADC.

This client's attitude was accusing and suspicious. Finally, after much conversation and contact, she relaxed to the point where she called me every day. She moved out of her sister's home and then her alleged sister-in-law's home and into her own apartment and as fate would have it someone stole her check in that apartment. Because there was no substitute money available we could only offer her a food order. She ultimately moved back into her mother's home. My latest contact with her revealed that she is interested in buying her own home. This client's attitude is very matter-of-fact, her intelligence appears way above average and most of all her motives and aims are, as she says, "all upward." She has finally been able to let the boyfriend go his way while she stands facing all problems alone.

I have over 300 clients—some like these, some not—but all human. I therefore feel very strongly that when we deal with humans, EE's or not, we become involved in their personal hurts as well as their gains. It is very difficult during an interview to cut off a sentence and say "save that statement for the service worker," because the client then begins to wonder why the whole world needs to know her personal business. Yet, I am aware that it is necessary for a client to remain within the eligibility bracket no matter what her human needs are.

For instance if a client has not paid the budgeted amount of electricity, her lights are off, and we will not pay the bill unless she pays the budgeted amount. So the client remains without heat or lights, and yet one of our goals is not to punish the children.

I remember a fraud case that was transferred to me after proof of fraud. We still determined the client eligible, as per the manual, because of the children, but at the same time when a family is left without lights and heat we won't assist them until she's paid the amount in her budget for the same. The consistency here escapes me.

SUGGESTED RECOMMENDATIONS

1. Cases should be coded as to which ones need closer follow-up. Those who are stabilized could be reviewed every 6 months while reviews done every 4 months (I think a tighter control is needed here in view of constant changes and instability) on the cases where this would be indicated.

2. Reviews done on person-to-person method, with caseloads at a size where this could be managed.

3. At reviews give client a name of service worker with sufficient and proper training whom they can contact for service, or train EE to properly handle services.

4. Issue a packet on the free dentists we patronize (Memorandum 72-3), legal aid service, housing, and so forth.

5. This is not mentioned in my report. Set up a code system so we will know unquestionably when and to whom we release information.

6. Revise review form in total but particularly in rent section of form DSS 328, to read "FHA share of mortgage," "your share of mortgage," so as to avoid allowing the maximum housing payment when in fact the client is not entitled to partial housing payment.

7. Allow food stamps to be purchased with emergency orders in view of the fact that these food orders are issued on a pay back basis.

8. Provide sufficient and trained service workers to handle the cases needing services so as to free the eligibility worker of these situations.

9. Provide the best and most skilled workers in the intake department so that better initial evaluation of eligibility and better interpretations of the agency and its function can be made to the client at the time she first applies for assistance.

Chairman GRIFFITHS. Thank you Mrs. Mickens. Mrs. Sanders, you may begin in your own way.

**STATEMENT OF MARILYN SANDERS, MEDICAL ASSISTANCE UNIT,
WAYNE COUNTY DEPARTMENT OF SOCIAL SERVICES, DETROIT,
MICH.**

Mrs. SANDERS. Thank you. The medical assistance program is geared to the goal of the assurance of complete, continuous medical care of high quality to those people who are unable to pay for it themselves. Emphasis is focused on medical care as a comprehensive plan of services designed to help people maintain the greatest possible degree of self-sufficiency and independent functioning. Medical assistance is committed to a program which:

1. Makes services readily available to all eligible persons.
2. Assures that medical and related services will be of high quality.
3. Develops methods to insure that medical assistance will be furnished in a manner which respects the dignity and individuality of each person.
4. Will provide a full range of medical services by 1975.

The legal base of medical assistance is provided for in title XIX of the Social Security Act, added by the Social Security Amendments of 1965, Public Law 89-97, approved July 30, 1965, providing grants to States for medical assistance programs. Act 321, Public Acts of Law, Public Act 280, sets forth the States' medical assistance (MA) program. Section 105 of Act 321 states:

The state department shall establish and administer a program for medical assistance for the medically indigent under title XIX of the Federal Social Security Act as amended * * * and shall be responsible for determining eligibility under this act.

The following people are eligible for different levels of services: (1) Money grant recipients; (2) Category-related; (3) Other categorically needy persons under age 21.

Eligibility for money grant category clients is automatic on the basis that they are categorically needy. Eligibility for medical assistance only is determined by assessing the client's eligibility for related category requirements and assessing his income and property in accordance with protected income and property levels established under title XIX and Public Act 280 amended by Act 321, Public Acts of 1966.

The client must be eligible by reason of the eligibility factors in one of the public assistance categories which include: old age assistance (OAA, client must be 65 years of age), aid to the disabled (AD, client must be certified disabled by the agency medical consultants), aid to the blind (AB, client must be legally blind), aid to dependent children (ADC, absence of one or both parents by reason of death, continued absence from the home, or physical or mental incapacity of the parent), and aid to dependent children of the unemployed father (ADC-UF, families deprived of support or care of the father by reason of unemployment).

Category-related clients include persons who meet all of the requirements for a categorical grant, except school attendance. Example: Children in ADC families between the ages of 18 and 21 but not attending school.

In order to qualify as other categorically needy under 21, the client must be less than 21 years of age, his family group must be in financial need on ADC standards, he must be a resident of Michigan, and may not be an inmate of a public institution for TB or mental diseases.

Having met the above requirements, the client then must have income and property less than the protected and property levels.

Protected income level (medical assistance manual item 314)

Number in family group :	Annual net income
1 -----	\$1, 900
2 -----	2, 700
3 -----	3, 120
4 -----	3, 540
5 -----	3, 960
6 -----	4, 380
For each additional person, add -----	420

Protected property level (medical assistance manual item 312)

Number in family group :	Amount
1 -----	\$1, 500
2 -----	2, 000
3 -----	2, 200
4 -----	2, 400
5 -----	2, 600
6 -----	2, 800
For each additional person, add -----	200

Property exempted from consideration includes one homestead, clothing and household effects, one automobile if used for transportation to employment and \$1,000 cash surrender value of family life insurance.

Medical assistance coverage is divided into group I and group II services. Certain covered services are common to both groups. They are:

1. In-patient hospital care (semiprivate room) in approved hospitals.
2. Ambulance service to and from an approved hospital when ordered by a doctor or an emergency (except maternity cases).
3. Medical services needed on an emergency basis given by a doctor or hospital
4. Costs of certain diagnostic tests.
5. Home health service.

In addition group I provides the following services :

1. Out-patient care from a doctor in a doctor's office, clinic, or in the clients home.

2. Most drugs and prescriptions ordered by a doctor.

3. Family planning services, including drugs, supplies, and devices, under supervision of a doctor.

4. Oxygen.

There are certain exclusions for group I and group II they are :

1. Dental services.

2. Eye examinations and prescriptions for glasses.

3. Purchase or rental of physical aids such as crutches, wheelchairs, hearing aids, or walkers.

4. In-patient and out-patient care for tuberculosis or mental conditions unless the client is 65 years old.

5. Medical services provided by a hospital outside the State of Michigan unless approved in advance by the Department of Social Services or needed because of an emergency.

6. Immunizations.

7. Routine physical examinations not medically necessary for diagnosis or treatment of an illness or injury, or for the prevention of a disability.

8. Psychiatric services.

9. Care or service available from other governmental or voluntary health programs.

In addition to payment for hospitalization, pharmaceutical services, and physicians' services, medical assistance covers home health services and skilled nursing home and medical care facility services. Payments for skilled nursing home and medical care facility services are made on behalf of eligible group I and group II clients age 18 or older in certified facilities on the basis of intensity or level of nursing care and services which the patient requires and receives and the capability of the facility to provide that care.

Money grant recipients automatically receive group I services based on their categorical need. In cases of category-related and other categorically needy persons under 21 years of age, the budget is completed on the assistance standards of the category to which they are related to determine their group of services.

(See attachment No. 1, "Monthly Assistance Allowances", Public Assistance Manual item 333 and attachment 2, budget sheet). Clients whose net monthly income is less than their total monthly requirements on assistance standards receive group I. Those clients who have income greater than their total requirements but less than the protected income level receive group II.

(The material referred to follows :)

MONTHLY ASSISTANCE ALLOWANCES

Item 333
Table 1, Zone I

NUMBER OF PERSONS IN ELIGIBLE GROUP	TOTAL NEEDS A (B + C)	PERSONAL NEEDS B	HOUSEHOLD NEEDS C (D + E)	HOUSEHOLD NEEDS	
				HEATING FUEL D	UTILITIES E
*ONE - Householder, living alone (Adult)	\$ 79	\$ 58	\$ 21	\$ 14	\$ 7
*ONE - Householder, living with others, no other grant	74	53	21	14	7
*ONE - Householder, eating in restaurant (Adult)	92	71	21	14	7
ONE - Living with others, personal needs only (Adult)	--	53	--	--	--
ONE - With others, personal needs, eating in restaurant (Adult)	--	71	--	--	--
ONE - With self-supporting relative (ADC Child)	60.75	--	--	--	--
Legal dependent (all categories)	46.00	--	--	--	--
**TWO	115.50	93.50	22	14	8
THREE	165.25	140.25	25	15	10
FOUR	216.00	187.00	29	18	11
FIVE	263.75	233.75	30	18	12
SIX	313.50	280.50	33	20	13
SEVEN	360.25	327.25	33	20	13
EIGHT	407.00	374.00	33	20	13
NINE	453.75	420.75	33	20	13
TEN	500.50	467.50	33	20	13
ELEVEN	547.25	514.25	33	20	13
TWELVE or more	Add \$46.75 for each additional person.				
* Householder is client primarily responsible for maintenance of home (either husband or wife if only one is a recipient).					
** Allowances for two or more are to be used in budgeting for eligible persons in ADC. Columns D and E (only) are to be used for all categories when there are two or more grants in the same household. (Refer to Item 318.5)					

MONTHLY (4.3 WEEKS) SHELTER MAXIMUMS

Board and Room \$ 105
All other family-type shelter \$ _____

If heat or utilities or both are provided by landlord, add the appropriate amount(s) from Columns D and E to the shelter maximum above to determine whether the total actual shelter cost can be budgeted. (Not applicable for sleeping room or board and room.)

* Upkeep of owned home 5.00
See Item 318.38(2)

MISCELLANEOUS ALLOWANCES

Hospital sundries 9.00
Telephone, OAA, AB, AD 4.00
Special diet, OAA, AB, AD 6.00
Household operations (householder only),
OAA, AB, AD 5.00
Guide dog, AB 10.00
Incidentals, ADC 20.00
Incidentals, adults, long-term care 20.00
Incidentals, adults, room and board, permit
home, home for aged, or residential care
facility 23.00

Rev. 12-10-71

BUDGET SHEET

State of Michigan - Department of Social Services

CASE NAME	CASE NUMBER
CROSS INDEX	INDEX NUMBER

A. NUMBER OF PERSONS			C. INCOME																	
1. Eligible			35. Person(s) Rec.																	
2. At Table			36. Source																	
B. ASSISTANCE BUDGET			37. Gross																	
1. Principal & Interest	Shelter		38. Amount Disregarded																	
2. Taxes (+ 12)			39. Adj. Gross																	
3. Upkeep			40. Exp. of Emp. (DSS-5 Item 42)																	
4. Homestead Total			41. Net Income																	
5. Rent			42. Total Budgetable Income (DSS-5 Item 43)																	
6. Total Needs		43. Total needs of Legal Dependents (List name and age in Section D)																		
7. Personal Needs		44. Income to Assiat. Budget (Enter amount on Line 28)																		
8. Board and Room		D. REMARKS AND COMPUTATION																		
9. Congregate Care																				
10. Adult Incidentals																				
11. Hospital Sundries																				
12. Household Needs																				
13. Heating Fuel																				
14. Utilities																				
15.																				
16. Laundry																				
17. Household operations (Adult)																				
18. Medical Needs																				
Per _____																				
19. Special Diet																				
Per _____																				
20. Telephone																				
Per _____																				
21. Food	GA only																			
22. Incidentals																				
23. Clothing																				
24.																				
25.																				
26.																				
27. Total Requirements																				
28. Income																				
29. Deficit																				
30. State Grant																				
31. Supplemental																				
32. Worker																				
33. Approved by																				
34. Date of Budget																				

Redeterminations of eligibility are completed every 12 months in cases related to adult categories (aid to the blind, aid to the disabled, and old age assistance) and every 6 months in cases related to families with children—ADC and ADC-UF. See attachment 3 and 4 for re-determination for MA. This is done to determine the client's continuing need for medical assistance and for group I or II services. A change in group services would occur if the determination revealed changes in need an income resulting in a deficit or surplus of income in relation to the newly determined total requirements on assistance standards.

(The material referred to follows:)

APPLICATION FOR ASSISTANCE**(ADULT PROGRAMS ONLY)****MICHIGAN DEPARTMENT OF SOCIAL SERVICES**

DO NOT WRITE HERE

1. Registration Number _____
2. Case Number _____
3. Pool Number _____
4. District Office _____
5. Application Worker _____
6. Date Filed _____
7. Register Page _____
8. Line _____
9. By _____

1. GIVE YOUR FULL NAME (Last, First, Middle)	TELEPHONE NUMBER	RETURN THIS FORM TO: _____
MAILING ADDRESS (Number, Street, Route Number)		
City or Town, State & Zip Code	County where you live	
IN CARE OF (If in Nursing Home, Home for the Aged or other institution)		

2. NAME AND ADDRESS OF COURT APPOINTED GUARDIAN (If you have one)

3. BIRTH DATE (Month, Day, Year)	4. SEX (Check one) <input type="checkbox"/> Male <input type="checkbox"/> Female	5. RACE	6. I HAVE LIVED IN MICHIGAN SINCE: (Month, Year)	7. I INTEND TO LIVE IN MICHIGAN (Check one) <input type="checkbox"/> Yes <input type="checkbox"/> No
7. SOCIAL SECURITY NUMBERS: Account Number (Number on your Social Security Card)		CLAIM NUMBER (Number on your check and letter of award or Medicare Card)		8. RAILROAD RETIREMENT NUMBER (If you have one)
9. ARE YOU A VETERAN? <input type="checkbox"/> Yes <input type="checkbox"/> No		BRANCH OF SERVICE	DATE OF DISCHARGE (Month, Day, Year)	VA CLAIM NUMBER
10. MARITAL STATUS: <input type="checkbox"/> Never Married <input type="checkbox"/> Married Now <input type="checkbox"/> Separated <input type="checkbox"/> Divorced <input type="checkbox"/> Widowed				

11. THIS SECTION IS ABOUT YOUR HUSBAND OR WIFE, IF YOU WERE NEVER MARRIED, GO TO SECTION 12.

FULL NAME (Last, First, Middle)	DATE OF BIRTH Month _____ Day _____ Year _____
HUSBAND OR WIFE'S MAILING ADDRESS (Number, Street, Route Number, City or Town, County, State, Zip) If same address as yours write "same"	
IN CARE OF (If in Nursing Home, Home for the Aged or other Institution)	

SOCIAL SECURITY NUMBER OF HUSBAND OR WIFE ACCOUNT NUMBER (Number on Social Security Card)	CLAIM NUMBER (Number on Medicare Card)	RAILROAD RETIREMENT NUMBER (If your Husband or Wife has one)
MILITARY SERVICE (If husband or wife is a veteran Branch of Service)	DATE OF DISCHARGE (Month, Day, Year)	VA CLAIM NUMBER

12. THE FOLLOWING QUESTIONS WILL HELP US UNDERSTAND YOUR REASONS FOR NEEDING ASSISTANCE

Are you now receiving or have you ever received Public Assistance help from the welfare department? <input type="checkbox"/> Yes <input type="checkbox"/> No	IF YES, GIVE LOCATION (Most Recent)	WHEN (Most recent date)
ANSWER YES OR NO FOR EACH QUESTION		
Are you blind? <input type="checkbox"/> Yes <input type="checkbox"/> No	Are you 65 years of age or older? <input type="checkbox"/> Yes <input type="checkbox"/> No	Are you under 65 but so ill or disabled you cannot work? <input type="checkbox"/> Yes <input type="checkbox"/> No
If you are blind, do you agree not to solicit alms? <input type="checkbox"/> Yes <input type="checkbox"/> No		

13. IF YOU ARE BLIND OR DISABLED, IT WILL BE NECESSARY FOR US TO GET A REPORT FROM YOUR DOCTOR.

May we contact him? <input type="checkbox"/> Yes <input type="checkbox"/> No	DOCTOR'S ADDRESS
WHAT IS THE DOCTOR'S NAME	

14. THIS PART IS ABOUT YOUR CHILDREN AND PARENTS: It may be necessary that we contact your parents, or your children who are over 21 years of age to find out if they can help you financially. May we contact them? Yes No
 List all of your children over 21 years of age below. Fill in addresses if different from yours. If address is the same as yours, write "Same". Check whether or not they are employed.

NAME	ADDRESS (Note: If address is unknown, when did you last see or hear from them)	EMPLOYED	
		Yes	No

IF YOU ARE 65 YEARS OF AGE OR OLDER, YOU NEED NOT COMPLETE THE REST OF THIS SECTION, GO ON TO SECTION 15.
 Fill in information about your parents below. If they are no longer living, write "Deceased" in the address section.

NAME	ADDRESS	EMPLOYED	
		Yes	No

Fill in information about your husband or wife's parents below.

NAME	ADDRESS	EMPLOYED	
		Yes	No

15. THIS PART TELLS US ABOUT YOUR PROPERTY: List all the property except your home you and your husband or wife have. If you have that property or income listed below check yes, and list value or amount. Be sure to check "No" if you do not have that property. Every item must be completed.

15A.				15B. PROPERTY TRANSFERS:	
TYPE OF PROPERTY	YES	VALUE	NO		
Real estate, not including your home		\$		Have you or your husband or wife transferred or given away any real or personal property, money, or any type of property in Section 15A to another person or organization within the past 5 years <input type="checkbox"/> Yes <input type="checkbox"/> No	
Savings Account		\$		If yes, what kind of property	
Checking Account		\$		Location of property, if real estate	
Automobile(s) (Make & Year)		\$		When	
Stocks and Savings Bonds		\$		What did you receive for this property	
Livestock and Farm Equip.		\$			
Life Estate		\$			
Trust Fund		\$			
Savings certificates		\$			
Money held by another person		\$			
Other (specify)		\$			

16. THIS PART TELLS US ABOUT YOUR INCOME:

16A. EMPLOYMENT				16B. OTHER INCOME		
YOUR INCOME		YOUR HUSBAND OR WIFE'S INCOME		NOTE ALL INCOME		
Are you employed <input type="checkbox"/> Yes <input type="checkbox"/> No		Employed <input type="checkbox"/> Yes <input type="checkbox"/> No		YES	AMOUNT	NO
If yes, name of employer		If yes, name of employer				
Wages before deduction \$ _____	How paid (Check one) <input type="checkbox"/> Weekly <input type="checkbox"/> Biweekly <input type="checkbox"/> Monthly	Wages before deduction \$ _____	How paid (Check one) <input type="checkbox"/> Weekly <input type="checkbox"/> Biweekly <input type="checkbox"/> Monthly	Social Security benefits (self)	\$ _____	
PAYROLL DEDUCTION <input type="checkbox"/> Weekly <input type="checkbox"/> Biweekly <input type="checkbox"/> Monthly		PAYROLL DEDUCTION <input type="checkbox"/> Weekly <input type="checkbox"/> Biweekly <input type="checkbox"/> Monthly		Social Security benefits (husband or wife)	\$ _____	
Income taxes \$ _____	Social Security \$ _____	Income taxes \$ _____	Social Security \$ _____	Support or alimony (monthly)	\$ _____	
Union dues \$ _____	Transportation \$ _____	Union dues \$ _____	Transportation \$ _____	Veteran's benefits (monthly)	\$ _____	
Other \$ _____	Other \$ _____	Other \$ _____	Other \$ _____	Railroad Retirement (monthly)	\$ _____	
				Unemployment Compensation (weekly)	\$ _____	
				Crops and other farm income (yearly)	\$ _____	
				Income from rent <input type="checkbox"/> monthly <input type="checkbox"/> weekly	\$ _____	
				Roomers, boarders <input type="checkbox"/> monthly <input type="checkbox"/> weekly	\$ _____	
				Interest, or Dividends (quarterly)	\$ _____	
				Workmen's Compensation (weekly)	\$ _____	
				Pensions (monthly)	\$ _____	
				Other (specify) _____	\$ _____	

17. PEOPLE YOU LIVE WITH. If you live alone, write "None".

NAME	RELATIONSHIP TO YOU	DO THEY RECEIVE OR HAVE THEY APPLIED FOR ASSISTANCE? (Check one)	
		YES	NO

17A. IF YOU OWN OR ARE BUYING YOUR HOME, HOUSE TRAILER, OR CAMPER, COMPLETE THIS SECTION. IF NOT, GO TO SECTION 17B.

How much do you pay monthly \$ _____ How much do you still owe \$ _____

If none, write NONE

Are your taxes included in your monthly payment Yes No If NO, how much are your yearly taxes \$ _____

SPECIAL ASSESSMENT: For what _____ How much \$ _____

17B. IF YOU PAY RENT, COMPLETE THIS SECTION. IF NOT, GO TO SECTION 17C.

Check the type of living quarters you rent: House Unfurnished apartment Furnished apartment Trailer lot
 Mobile home Sleeping room Room and boardDo you pay your rent by the week month

How much is your rent \$ _____ To whom do you pay your rent _____ (name)

17C. UTILITIES: (Check any of the following you pay separately for)

 Heat Gas or lights Water17D. If you receive your rent free, check this box

17E. MEALS:

Do you eat two or more meals a day in a restaurant

 Yes No

17F. LAUNDRY:

Do you pay to have your laundry done (Includes coin-operated laundry machines)

 Yes No

18. Are you now under a doctor's care <input type="checkbox"/> Yes <input type="checkbox"/> No		If yes, may we contact him <input type="checkbox"/> Yes <input type="checkbox"/> No	
If yes, doctor's name and address			
How do you get to his office <input type="checkbox"/> Bus <input type="checkbox"/> Taxi <input type="checkbox"/> Walk <input type="checkbox"/> Drive myself <input type="checkbox"/> Someone else		Do you pay for this transportation <input type="checkbox"/> Yes <input type="checkbox"/> No	
Has your doctor said that you need someone to help with your housekeeping or with personal care, such as dressing, washing, meals, etc <input type="checkbox"/> Yes <input type="checkbox"/> No		Has your doctor said you should have a telephone <input type="checkbox"/> Yes <input type="checkbox"/> No	
If you have someone who helps take care of you now, give their name, relationship to you, and amount you pay for their help.			
Name		Relationship	Amount paid per month \$

19. THIS PART TELLS US ABOUT YOUR INSURANCE: List all the insurance you and your husband or wife have. If you do not have any, write "NONE".

LIFE INSURANCE			HEALTH INSURANCE	
Name of Company			Name of Company	
Person Insured			Person Insured	
Date Issued	Face Value	Policy Number	Name of Company	
Beneficiary			Person Insured	
Name of Company			IF YOU ARE 65 years of age or older, have you applied for MEDICARE	
Person Insured			Hospital (Part "A") <input type="checkbox"/> Yes <input type="checkbox"/> No	
Date Issued			Doctor (Part "B") <input type="checkbox"/> Yes <input type="checkbox"/> No	
Face Value			Please refer to your red, white and blue MEDICARE card for the above information.	
Policy Number				
Beneficiary				

20. HAVE YOU MADE AN AGREEMENT WITH ANY PERSON OR ORGANIZATION TO PROVIDE FOR YOUR CARE

Yes No If yes, who

21. WOULD YOU LIKE TO TALK TO A WORKER ABOUT YOUR PROBLEMS OR OTHER NEEDS Yes No

22. I hereby wish to apply for assistance and certify that this application has been examined by me or read to me and the information is a true and complete statement of facts to the best of my knowledge and belief. I agree to let the County Department of Social Services know within 14 days of any changes in my property, income, living arrangements, or other information I have given, since this may affect whether or not I can receive assistance. Public Act 280. I understand that my application may be one of those chosen for investigation.

BEFORE YOU SIGN YOUR NAME GO BACK AND CHECK TO SEE THAT EACH ITEM WHICH APPLIES TO YOU HAS BEEN COMPLETED

Signature _____ Date _____
(Applicant or person acting for applicant) (Month) (Day) (Year)

Two witnesses only if signed by mark X	1. Signature of witness	2. Signature of witness
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PENALTIES FOR FRAUD: The state law provides penalties for persons found guilty of obtaining assistance for which they are not eligible by making false statements or by failing to report their true circumstances or failing to report promptly any changes in their circumstances. If evidence indicates that such individuals have willfully violated the law, they will be referred to the proper law enforcement authority for investigation and possible prosecution. Anyone who aids another person to obtain assistance fraudulently is subject to the same penalties.

Signature of person if any who helped complete this form	Address	Telephone
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**APPLICATION FOR ASSISTANCE
(AID TO DEPENDENT CHILDREN)
State of Michigan - Department of Social Services**

DO NOT WRITE HERE

1. APPLICANT INFORMATION (Please Print or Type below)				CASE NUMBER	
GIVE YOUR FULL NAME (Last, First, Middle)			MAIDEN NAME OR ALIAS (If applicable)		
MAILING ADDRESS (Number, Street, Route Number)			TELEPHONE NO.		
CITY OR TOWN, COUNTY, AND ZIP CODE			REGISTRATION NUMBER		
WHERE CAN YOU BE REACHED IF YOU ARE NOT AT YOUR REGULAR ADDRESS			TELEPHONE NO.		
NAME AND ADDRESS OF COURT APPOINTED GUARDIAN (If any)			DISTRICT OFFICE		
BIRTH DATE (Mo-Day-Year)			SEX <input type="checkbox"/> Male <input type="checkbox"/> Female		
SOCIAL SECURITY ACCOUNT NO. (No. on Soc. Sec. Card)			SOCIAL SECURITY CLAIM NO. (No. on check or Medicare Card)		
HAVE YOU BEEN IN THE ARMED SERVICES <input type="checkbox"/> Yes <input type="checkbox"/> No			DATE OF DISCHARGE(S)		
IF YES, BRANCH OF SERVICE(S)			MILITARY SERIAL NO. (S)		
MARRITAL STATUS <input type="checkbox"/> Never Married <input type="checkbox"/> Married now <input type="checkbox"/> Separated <input type="checkbox"/> Divorced <input type="checkbox"/> Widowed			DO YOU INTEND TO STAY IN MICHIGAN <input type="checkbox"/> Yes <input type="checkbox"/> No		
RAILROAD RETIREMENT NO. (If any)			VA CLAIM NUMBER		

2. GIVE INFORMATION ABOUT YOUR PRESENT OR LAST HUSBAND OR WIFE (If never married, go to Section 3)

FULL NAME OF HUSBAND OR WIFE (Last, First, Middle)	BIRTH DATE
HUSBAND OR WIFE'S MAILING ADDRESS (Number, Street, Route Number, City or Town, County, State, Zip Code) IF SAME ADDRESS AS YOURS WRITE "SAME"	

3. INFORMATION ABOUT THE STEPPARENT

A. Does the family include a stepfather or stepmother to the children
 Yes No If No, go to Section 4

B. If yes, does he (she) request financial assistance for himself Yes No
If yes, all income of stepparent must be included in Sections 7 & 8 and all property must be included in Section 9
If no, stepparent does not have to include income or property in Sections 7, 8 and 9 **BUT THE FOLLOWING QUESTIONS MUST BE ANSWERED.**

C. Does he make available a specified amount of money toward needs of the stepchildren Yes No
If yes, how much per month \$ _____

4. DO YOU OWN OR ARE YOU BUYING YOUR HOME OR HOUSE TRAILER. YES NO IF YES, COMPLETE THIS SECTION. IF NO, GO TO SECTION 4A

What is the market value of your home \$ _____

How much are your monthly payments (If none, write NONE) \$ _____ How much do you still owe \$ _____

Are your taxes included in the monthly payment Yes No If no, how much each year \$ _____

SPECIAL ASSESSMENTS: For what _____ How much \$ _____

4A. DO YOU PAY RENT YES NO IF YES, COMPLETE THIS SECTION. IF NO, GO TO SECTION 4B.

Check the type of living quarters you rent: House Unfurnished apartment Furnished apartment Trailer lot
 Mobile home Sleeping room Room rent with food included

Do you pay rent by the week month

How much is your rent \$ _____ To whom do you pay rent _____

4B. UTILITIES: Check any of the following if not included in your rent or house payment

Heat Gas (other than heat) Lights Sewerage Garbage Removal Water

5. LIST ALL CHILDREN UNDER 21 IN HOME OR NOT

NOTE: This Section extends across pages 2 & 3.

Full name of each child	INFORMATION ABOUT EACH CHILD										INFORMATION ABOUT THIS CHILD'S MOTHER					INFORMATION ABOUT THIS CHILD'S FATHER		EACH CHILD'S SUPPORT				
	Date of Birth	Sex	Race	Relationship to you	Child's Social Security number	Is this child living in home	Child attends school	Is this child's mother living in home	If yes, skip this part (If no, check proper box(es))	Is this child's father living in home	Father's name	Father's mailing address	Is this child's support received in the last 3 months	Is this child's support received in the last 3 months	Is this child's support received in the last 3 months	Amount of Social Security per month						
1.																						
2.																						
3.																						
4.																						
5.																						
6.																						
7.																						
8.																						
9.																						

6. PEOPLE LIVING WITH YOU OTHER THAN CHILDREN UNDER 21

FULL NAME	RELATIONSHIP TO YOU	Is this person dependent on you for support (Check one)	
		YES	NO

7. LIST ALL PERSONS IN ITEMS 6 AND 8 WHO ARE OVER 18 YEARS OF AGE AND WHO ARE EMPLOYED

Name of person who works	HOW OFTEN PAID		Wages before deductions (gross income)	DEDUCTIONS			Name and address of employer	Is public transportation available	If yes, cost of round trip	Type of transportation he uses	Miles round trip
	Per- week	Bi-weekly		Monthly	Income taxes (Federal, State and City)	Soc. Sec. P.I.C.A.					

7A. HAVE YOU BEEN ORDERED BY A COURT TO MAKE CHILD SUPPORT PAYMENTS YES NO
If yes, amount \$ _____ To whom do you pay it?

7B. DO YOU PAY FOR BABY-SITTING YES NO

8. OTHER INCOME: If you have the income listed check "Yes" and give the amount. If you do not have the income check "No". (Every item must be answered.)

TYPE OF INCOME	YES		AMOUNT	TYPE OF INCOME	YES		AMOUNT
	NO	NO			NO	NO	
Social Security benefits (self)			\$	Income from: (How often)			
				<input type="checkbox"/> Annuity <input type="checkbox"/> Monthly			
				<input type="checkbox"/> Dividends <input type="checkbox"/> Monthly			
Social Security benefits (husband or wife)			\$				\$
Support or allowance for self or spouse (monthly)			\$	Interest, or dividends (quarterly)			\$
Veteran's benefits (monthly)			\$	Widow's compensation (monthly)			\$
Unemployment compensation (monthly)			\$	Pensions (monthly)			\$
Crops and other farm income (yearly)			\$	Regular help from relatives or friends (monthly)			\$
Income from rent			\$	Other income (Tell what and how often)			\$
				<input type="checkbox"/> Monthly <input type="checkbox"/> Monthly			\$

9. PROPERTY: List all the property you, your husband or wife and children have. If you have that property or income listed check "Yes," and list value or amount. Be sure to check "No" if you do not have that property. Every item must be completed.

TYPE OF PROPERTY	YOURS			HUSBAND OR WIFE		
	Yes	No	Value	Yes	No	Value
Real estate, not including your home			\$			\$
Savings account			\$			\$
Checking account			\$			\$
Automobile(s) (make & year) or other vehicle			\$			\$
Stocks and savings bonds			\$			\$
Livestock and farm equipment			\$			\$
Life estates			\$			\$
Trust fund			\$			\$
Savings certificates			\$			\$
Money held by another person			\$			\$
Other (specify)			\$			\$

9B. Do any of your children have property
 Yes No
 If yes, name of child, type of property and value, use additional sheets if necessary.

9C. PROPERTY TRANSFERS
 Have you or your husband or wife transferred, sold or given away the property you live in or any type of property listed in Section 9A to another person or organization within the past year.
 Yes No

If yes, what kind of property _____ Date property disposed of _____

Location of property, if real estate _____

What did you receive for this property (cash, other property, etc.) _____

10. INSURANCE: List all insurance on yourself, your children under 21, and on husband or wife if living with you.

LIFE INSURANCE (If None, write "None")		HEALTH INSURANCE (medical, accident, disability) (If None, write "None")		
DATE ISSUED	FACE VALUE	NAME OF COMPANY	PERSON INSURED	POLICY NUMBER
	\$			
	\$			

If you are 65 years of age or older, have you applied for Medicare? (Please refer to your red, white, and blue Medicare card for the information below.)
 Hospital (Part A) Yes No Doctor (Part B) Yes No

11. ARE YOU UNDER 21 YES NO **IF YES, COMPLETE THIS SECTION. IF NO, GO TO SECTION 12.**

Fill in addresses if different from yours. If address is the same as yours, write "Same". If address is unknown, when did you last see or hear from them. Check whether or not they are employed.

FULL NAME (List your parents)	ADDRESS (If they are no longer living, write "Deceased" in the address section)	EMPLOYED	
		Yes	No

IF YOUR HUSBAND OR WIFE IS IN YOUR HOME LIST THEIR PARENTS (If they are no longer living, write "Deceased" in the address section)

FULL NAME	ADDRESS	EMPLOYED	
		Yes	No

12. MEDICAL CONDITION (This includes you and your family members)

Are you too sick to work Yes No
 If husband or wife lives in the home is he(she) well enough to work Yes No
 Are any of your family members under a doctor's care Yes No If yes, list family members.

NAME (Family member under Dr.'s Care)	DOCTOR'S NAME	DOCTOR'S ADDRESS	HOW DO YOU GET TO HIS OFFICE	HOW OFTEN DO YOU GO

NAME (Family members in the Hospital)	DATE OF ADMISSION	NAME OF HOSPITAL OR NURSING HOME	ADDRESS OF HOSPITAL OR NURSING HOME

13. TO BE COMPLETED ONLY ABOUT FATHERS WHO ARE UNEMPLOYED OR WORKING PART TIME (If living in home)

Have you worked 65 hours or more in any two weeks in a row within the last 30 days Yes No

Are you receiving unemployment compensation benefits	Have you received or were you eligible to re- ceive unemployment compensation benefits within the past 12 months	If yes, how much per week	Date benefits end(ed)
<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	\$	

Did you turn down a job or training offer within the last 30 days	If yes, give reason
<input type="checkbox"/> Yes <input type="checkbox"/> No	

Are you registered at the Michigan Employ- ment Security Commission (MESC)	If yes, what is the registration number on your MESC card	Most recent date you were at MESC
<input type="checkbox"/> Yes <input type="checkbox"/> No		

NOTE: If you are not registered and are not disabled you must register with the MESC office before your application for assistance can be approved.

GIVE A RECORD OF YOUR EMPLOYMENT OR TRAINING FOR THE LAST 4 YEARS.

IF YOU RECEIVED OR WERE ELIGIBLE TO RECEIVE UNEMPLOYMENT COMPENSATION BENEFITS WITHIN THE PAST 12 MONTHS DO NOT FILL OUT THIS SECTION. ALL OTHER EMPLOYED FATHERS OR FATHERS EMPLOYED PART TIME MUST COMPLETE THIS SECTION.

NAME AND MAILING ADDRESS OF EMPLOYER (Begin with the most recent employment)	FROM MO. YR.	TO MO. YR.	YEARLY WAGES	NATURE OF DUTIES OR TRAINING	REASON FOR LEAVING

14. SUPPORT

A. ALL APPLICANTS COMPLETE THIS SECTION

It may be necessary to initiate legal action to gain support for a child or children for whom you are now applying for public assistance. The department will, if necessary, initiate legal action unless you indicate below that you wish to initiate such action yourself.

- I wish the Department to take the necessary legal action to gain support for my child or children from their absent father.
- I will initiate within 30 days the necessary legal action to gain support for my child or children from their absent father.

B. ALL APPLICANTS UNDER 21 YEARS OF AGE, COMPLETE THIS SECTION.

The Department is required to take steps to determine the ability of your parents to contribute to your support if you are under 21 years of age and applying for public assistance. For this reason, it will be necessary to contact your parents. If you do not wish them contacted, we may not be able to proceed with your application.

May we contact your parents if you are under 21? Yes No

If it becomes necessary to initiate legal action to gain support from your parents, the Department will initiate legal action necessary unless you indicate below that you wish to initiate such action yourself.

- I wish the Department to initiate the necessary legal action to gain support from my parents.
- I will initiate within 30 days, the necessary legal action to gain support from my parents.

15.

I hereby wish to apply for assistance and certify that this application has been examined by me or read to me and the information is a true and complete statement of facts to the best of my knowledge and belief. I agree to let the County Department of Social Services know within 14 days of any changes in my property, income, living arrangements, or other information I have given, since this may affect whether or not I can receive assistance (Public Act 280). I understand that my application may be one of those chosen for investigation. I understand it may be necessary for me to take legal action to obtain support from the father(s) of my child(ren). I agree to take action as required.

BEFORE YOU SIGN YOUR NAME GO BACK AND CHECK TO SEE THAT EACH ITEM THAT APPLIES TO YOU HAS BEEN ANSWERED.

SIGNATURE (Applicant or person acting for applicant)	DATE	SIGNATURE (Husband or wife, if in the home)	DATE
TWO WITNESSES		1. SIGNATURE OF WITNESS	2. SIGNATURE OF WITNESS
IF SIGNED BY X			

PENALTIES FOR FRAUD: The state law provides penalties for persons found guilty of obtaining assistance for which they are not eligible by making false statements or by failing to report their true circumstances or failing to report promptly any changes in their circumstances. If evidence indicates that such individuals have willfully violated the law, they will be referred to the proper law enforcement authority for investigation and possible prosecution. Anyone who aids another person to obtain assistance fraudulently is subject to the same penalties.

Signature of person if any who helped complete this form	Address	Telephone
--	---------	-----------



Briefly summarizing what it is and who is eligible for it, the medical assistance program provides for medical expenses of those medically indigent persons—that is, those who have sufficient resources to meet the costs of ordinary living expenses but not enough to pay for the expenses of medically related needs—who meet the technical requirements of one of the categorical assistance programs, or are under 21 years of age. These people are divided in two groups: Group I—those who also meet the eligibility requirement of need, that is, insufficient resources to cover ordinary living expenses on assistance standards; group II—those who have more resources than categorical assistance levels, but meet the financial eligibility test of the MA program, that is, their income and property are at, or because of medical expenses fall below, the protected levels, described previously, but are above assistance standards. It should be noted that categorical eligibility must be determined in all cases, not only to test category relatedness, but also to see if eligibility exists for group I.

The problems clients have with the medical assistance program and the changes and services they request are centered mainly around two points: Group II coverages, determinations of eligibility and uncovered services.

As stated previously, total requirements are computed on assistance standards, and the net income must not exceed this amount. Medical needs, with the exception of transportation, special diets and telephones recommended by a physician, are not included in the assistance budget. Example: A client's total requirements on assistance standards may be \$109 per month. His net income from a veterans pension is \$110 per month. He, therefore, receives group II services. The cost of doctor's visits and medication total \$50 per month. He is expected to pay for \$50 in medical needs with his \$1 excess income.

The clients also feel that the protected income level should be raised. Although the cost of living has steadily increased over the last few years, as have wages and social security benefits the protected income level has remained the same. This causes many clients who have received a small income increase to be now ineligible for group I coverage and thus, ineligible for M.A. payment of the cost of their drugs and physicians' services. A suggested solution to this problem is the abolishment of group II, making any client under the protected income level automatically eligible for group I. Another suggestion is a special group which would pay for medicines and drugs for group II clients. In such cases the client could pay for doctor's services on an out-patient basis, and if over 65 years of age medicare would help with partial repayment.

Another frequent complaint concerns the low, unrealistic allowances which must be used in the assistance budgets. For instance: The present allowance for gas and electricity is \$7, not including heat which is \$14 per month. Cooking gas and lights always exceed this \$7 amount and there should be an assistance allowance comparable to actual cost.

A problem to the clients at least equal to that of group coverage is that of services not offered even under group I. Dental care, allergy treatment, and emergency care are three areas critical to clients. At present, dental care is provided only when necessary to protect physi-

cal health. That dental health is vital to everyone and can relate to medical health are known facts. An emergency is defined as a matter of life or death, but a client is not qualified to distinguish between chest pains that constitute minor ailments or a heart attack. At present dentures and glasses are obtainable through other agency sources for group I clients only. Some group II clients have these needs approved on an individual basis if their excess income is very small, but these are not covered services per se.

A problem with little apparent solution is that of trying to service older clients and many other disadvantaged clients who have difficulty understanding and coping with the department. Many cases are closed because clients are unable to complete necessary forms and fail to ask for help. Many would rather do without than to inquire about services available to them. They tend to be reluctant to "bother" a worker or are afraid they may be abused if they ask.

Also the great pressures of workers carrying an average caseload in medical assistance of 614.7 cases unavoidably cause little time for providing adequate financial and social services for each client as an individual.

Vendor problems are a particular burden upon the welfare recipient. Especially the large number who are meek because they feel the services are a hand-out not to be challenged. Many doctors and druggists refuse to take the medical card, especially from families with many children. The primary reasons are rejections of some bills submitted for payment, and long waits for payments from the State. This causes enormous hardships on the client who must go elsewhere for these services at a time when they are ill and not functioning at their best. Clients whose cases are newly opened and are eligible but have not yet received a medical card cannot get service from a doctor or a druggist. The MA worker issues a letter stating name, case number and group coverage, but these are not honored regularly.

In conclusion some statistics of interest are cited here. In 1970 approximately one-half of the \$222 million spent on the State of Michigan for medicaid was paid to nursing homes. Of the remaining 50 percent, approximately two-thirds was paid to hospitals and one-third to doctors and pharmacies. One million dollars was paid to home health services and \$1 million for physical therapy.

In 1970 medicaid provided group I services for the following number of recipients of categorical assistance:

37,840 old age recipients.....	\$23, 072, 319
1,520 blind recipients.....	624, 522
29, 700 disabled recipients.....	27, 238, 301
279,840 recipients of ADC.....	57, 123, 464

Medicaid also currently—as of March, 1972—services 19,055 cases in Wayne County alone for medical assistance to people in the community who are medically indigent but do not receive categorical assistance.

Chairman GRIFFITHS. Thank you. We will now hear from Mrs. Wimbley.

**STATEMENT OF JEANNETTE WIMBLEY, ELIGIBILITY EXAMINER
FOR ADC, WAYNE COUNTY DEPARTMENT OF SOCIAL SERVICES,
DETROIT, MICH.**

Mrs. WIMBLEY. Executing the duties necessary on a ADC case-load of 200 to 300 cases can be compared to an octopus working a maximum performance, but still lacking a sufficient number of arms to successfully achieve its goal.

It is a herculean task to even describe accurately the complete and organizing duties of an eligibility examiner 06 worker or an income maintenance worker. I am faced with the knowledge that no matter what words are utilized the enormity of the job will not be fully realized by anyone who has not actually fulfilled the duties.

I believe the best method of presenting an evaluation of the job is to first itemize the main duties: as I name each duty please try to visualize that these are continuous and similar demands which are being made by as many as 45 clients at the same time and must be completed in order to prepare for the next group of 45 or so, who will request the same need just provided.

Thirty to 40 phone calls a day—personal contact with clients averaging five to seven per day, address changes, rent verification, budget computations and changes, added newborn to grants, restoration of utilities, deposit for utilities, also shelter deposits, lost check affidavits, food sundry orders, furniture orders, home repairs, eyeglasses, and dental estimates, supplements to cover increase needs. Transportation for medical reasons, instructing clients regarding real estate. In addition, this does not include service provided to client in initial contact necessary to refer them to a service worker.

Apparently, the most important function of the job is eligibility reinvestigation—in other words “reviews”—which can be a combination of any number of the above mentioned duties, which are due every 6 months on each case. I say this, because this is the only duty we are credited with each month.

I feel that you should be familiar with all the different departments we must be in contact with each day either in person or by phone, liaison, check disbursing, payroll, food stamps, transportation, housing, and legal aid, Lansing payroll. Also one should be familiar with the different agencies that are linked with our department. ADC-I, ADC-U, old age assistance, aid to disabled, aid to the blind, WIN program, HDTA program, and also Social Security Administration, Veterans' Administration, and Michigan Employment Commission.

The attitude of the client is to be considered—intake opening by emergency checks causes inconvenience of client needs. The client has no knowledge of how the agency works so he cannot understand the rules. The problem of having to wait 6 to 8 weeks for some of his needs to be taken care of irritates the client.

In a few last words eligibility examiner 06 is frustrated, too, for he does not have enough time to take care of the needs of his 200 or 300 clients. Therefore, the client also suffers along with the worker.

Chairman GRIFFITHS. Thank you Mrs. Wimbley. And now I would like to ask some questions and I would like to begin with the medical assistance program.

Supposing a person entered the welfare department who was 29 years old; she came accompanied by her mother; she was living at home with her mother; the 29-year-old girl is herself unemployed, she is ill; her 29-year-old twin sister is paying for Blue Cross for her, but the Blue Cross does not cover everything the woman needs. The woman is bleeding from the eyes.

How do you go about getting her medicare?

Mrs. SANDERS. First of all, if she was 29 years old she would have to fall under our aid-to-disabled program. This is a process of filling out applications.

She would have to be proved disabled by our doctors. What we would do is probably refer her to one of the clinics that accept people on their ability to pay.

Chairman GRIFFITHS. How disabled would she have to be, would she just have to need medical care?

Mrs. SANDERS. No; she would have to be proved disabled by our medical consultant.

Chairman GRIFFITHS. Does she have to be so disabled she cannot work?

Mrs. SANDERS. Yes, she has to be totally disabled.

Chairman GRIFFITHS. One of the original objections to social security disability insurance, when it was written into the Social Security Act that the disabled could draw social security, was that disability was really determined to be literally paralyzed from the neck down. Does she have to be that disabled?

Mrs. SANDERS. Maybe not quite that disabled, but, pretty close to it. And, it would have to be at least for the length of time of a year that her disability would last.

If, say, she was like you said, bleeding from the eyes, if this could be taken care of in a month or two at a regular hospital, this is where we would refer her, to a clinic for medical assistance.

Chairman GRIFFITHS. You would refer her there but she would not get a medicaid card for this?

Mrs. SANDERS. No, she would not.

Chairman GRIFFITHS. How long would it ordinarily take her if you discovered that she really was disabled?

Mrs. SANDERS. On the first day we would complete the forms and give her medical forms which she would have to take to a doctor. We would pay for a doctor if she couldn't pay for it, send her to some doctors we have.

Chairman GRIFFITHS. On the other hand, if she had not entered the welfare department with her mother and her twin sister but had entered with two small children and had said, "My husband abandoned me, I want aid to dependent children," she would immediately have gotten medicaid, would she not?

Mrs. SANDERS. Yes, automatically, because she is ADC-related and she would probably get group 1 medical services also.

Chairman GRIFFITHS. Will you explain again for the record what group 1 medical care is?

Mrs. SANDERS. Group 1 medical care services cover out-patient care; generally visits to the doctor; medication, prescription medication.

Group 2 only covers in-hospital care; X-rays, about the same thing that their Blue Cross/Blue Shield would cover.

But, Group 1 would cover out-patient, she could go to a private doctor and he will accept the card.

Chairman GRIFFITHS. And be taken care of?

Mrs. GAY. I would want to say if a person came in to the welfare office and needed medical assistance and we weren't sure if they were aid to disabled-type persons, she would be eligible to go to a doctor through the general assistance program by giving them a form to take to a doctor that would accept the general assistance payment for doctor care.

Now, if she went to a hospital and had to be hospitalized there is a form that they complete and she could be covered under the "T" program, the general assistance hospital program.

Mrs. SANDERS. Under the county program, yes.

Chairman GRIFFITHS. Supposing she went someplace where all she asked for was medicaid. If she is going to be covered under general assistance, then someone whom she asked for medicaid would have to say to her, "I can't take care of it under medicaid, but, you can go apply for general assistance."

Mrs. GAY. Well, all of our intake offices would be able to give her that information, in other words, and refer her to the main office that handles the T applications or the general assistance-type medical assistance.

Chairman GRIFFITHS. And it should be done.

Well, now, the reason I bring out this particular case is because the woman died and the mother and the 29-year-old sister came to my office and discussed this with me. The truth is she never got anything. The mother, who has nothing really, was left with something like \$2,000 or \$3,000 medical debt beyond that Blue Cross coverage that the sister has given, and came weeping and asked, "Couldn't something be done?"

Many people that I talked with yesterday in the welfare department as I went around and many people in New York and many offices have said to me, "Why don't you have some kind of written instructions that tell people what they are entitled to?"

What would be the real problem in doing it, can you tell me?

Mrs. GAY. Well, it is hard enough really to train our workers, with the turnover that we have, to know all of the things that people are entitled to and the number of things they are entitled to. It is a big book and it is difficult to give, say, to the general public and have them know all of them.

I think that a lot of the welfare rights groups now are concentrating on some of the things that people receiving assistance are entitled to, and they are very helpful at this time in this regard, because they are studying it and they help the clients or the person that comes into their office to know some of the programs. But, just the general public, it is hard for them to know and to understand, shall I say, all of the material that we would have to put out on it.

Chairman GRIFFITHS. In New York the testimony showed that there is a 42-inch bookshelf of regulations on how these programs work, and that it would be almost impossible for any one worker or any person even in a top supervisory job to know exactly how those programs work together.

Is that really right?

Mrs. GAY. That is right.

Mrs. WIMBLEY. I would like to also add to that, that they change all these things, change sometimes one week to another; there is a different change in how we are going to do something or how we are going to take care of a situation, and they come so rapidly that we have to be reading the manual, almost stop and do what you are doing to be able to be ready for the change.

Chairman GRIFFITHS. How many people do you see a day, Mrs. Wimbley?

Mrs. WIMBLEY. Pardon me?

Chairman GRIFFITHS. You take in ADC cases?

Mrs. WIMBLEY. Yes.

Chairman GRIFFITHS. How many people do you see a day?

Mrs. WIMBLEY. Five to seven a day.

Chairman GRIFFITHS. How many cases do you handle altogether?

Mrs. WIMBLEY. I have 257. I had 323, but I have 257 at the monthly report.

Chairman GRIFFITHS. How long would it take you to see all of them?

Mrs. WIMBLEY. I can't see them. I mean, it would take—each problem is different and we cannot really give the proper time to each individual client.

We have to take care of the most necessary things first and we find that in the middle of the night you will wake up and say, "Oh, my, I have to do so-and-so for Miss Jones tomorrow."

Chairman GRIFFITHS. And you have forgotten?

Mrs. WIMBLEY. We take notes, we have to take notes to be sure that we take care of the most important things because it is such a race all the time.

Chairman GRIFFITHS. What are the most important things, in your mind, I mean, what are the real emergencies and what are the most important things?

Mrs. WIMBLEY. Keeping their checks coming because of the fact that they have a tendency to move quite periodically, all the time they are busy moving and moving, and we try to get the changes in so their checks will not be late, because then there is a very bad problem and we have quite a session with trying to go to different departments to get the proper forms signed, to do different lost check affidavits; food orders, sundry orders; we have quite a turmoil of trying to get the people to understand that if they move at a certain time the check will come to the other address and it will automatically come back and they move quite frequently.

Chairman GRIFFITHS. Supposing a person does move, what must be done in order to reissue the check—do you reissue the check?

Mrs. WIMBLEY. We send a form 28 to be sure, hoping that it will go to Lansing and change the address in time, besides the DS-5.

Chairman GRIFFITHS. Is that some sort of a form?

Mrs. WIMBLEY. Yes.

Chairman GRIFFITHS. Do you have copies of those forms?

Mrs. WIMBLEY. I'm sorry, I didn't bring them with me.

Chairman GRIFFITHS. You will be sent a copy of this testimony that you can check through. When you receive that testimony, will you send back copies of the most important forms?

Mrs. WIMBLEY. I certainly will.

Chairman GRIFFITHS. Because I would like to see them.

(The forms referred to follow :)

SUPPORT AUTHORIZATION					1. LOAD NO.
2. PROGRAM	3. COUNTY	4. CASE NUMBER	SUFFIX	5. WOMAN'S NAME (as in court files)	
6. CASE NAME			7. MAN'S NAME		
9. ADDRESS			9. COURT NUMBER USED FOR PAYMENT PURPOSES		
10.					
TO: <input type="checkbox"/> Friend of the court, Circuit Court File Number _____		<input type="checkbox"/> Adjustment Division, Probation Dept., Recorder's Court			
<input type="checkbox"/> Probation Department, Circuit Court		<input type="checkbox"/> Domestic Relations Div., Probation Dept., Recorder's Court			
Other: _____		Effective Date: _____			
11.					
This is to acknowledge my understanding that all checks payable to me are to be sent to the State Department of Social Services, Lewis Cass Building, Lansing, Michigan 48913. That agency is authorized and empowered to endorse my name to such checks for and in my behalf.					
FOR COURT SERVICES WORKER			13. CLIENT'S SIGNATURE	14. DATE	
12. DATE OF ORDER					
12A. AMOUNT OF ORDER					

State of Michigan
Department of Social Services

White - To Court Blue - County Department
Pink - To State Office Canary - To Client

DSS-3 Rev. 4-69 (Formerly SB-3 which may be used)

SUPPORT TERMINATION					1. LOAD NO.
2. PROGRAM	3. COUNTY	4. CASE NUMBER	SUFFIX	5. WOMAN'S NAME (as in court files)	
6. CASE NAME			7. MAN'S NAME		
9. ADDRESS			9. COURT NO. USED FOR PAYMENT PURPOSES		
10.					
TO: <input type="checkbox"/> Friend of the court, Circuit Court File Number _____		<input type="checkbox"/> Adjustment Division, Probation Dept., Recorder's Court			
<input type="checkbox"/> Probation Department, Circuit Court		<input type="checkbox"/> Domestic Relations Div., Probation Dept., Recorder's Court			
<input type="checkbox"/> Other: _____					
11.					
This is to authorize you to <u>discontinue</u> mailing support payment checks to the Department of Social Services on behalf of the client named above.					
12. AUTHORIZED SIGNATURE				13. DATE	

State of Michigan
Department of Social Services

Canary - To Court
Pink - To State Office
Blue - County Department
White - To Client

DSS-3A REV. 4-69
(Formerly SB-3A which may be used)

SB-2A-FACE SHEET

State of Michigan
Department of Social Services

County _____ Date of Application _____ Case No. _____

Surname of Applicant First Name Middle Name Birth Date Birthplace

First Name of Spouse Middle Name Maiden Name Birth Date Birthplace

Alias: _____ Cross Reference: ADC () AB () OAA () Relief () AD () MA ()

Social Security No.: _____ Applicant Spouse Nationality _____

RECORD OF PREVIOUS RESIDENCE

NO.	STREET	TWP.	CITY	STATE	SPECIFY DATE		RENTED - LOST - STILL OWNED
					FROM	TO	

MARRIAGE RECORD

APPLICANT MARRIED TO:	DATE	PLACE	BIRTHPLACE	CITIZENSHIP	MARRIAGE STATUS	
					DATE	SPECIFY

SPOUSE

INSTITUTIONAL CARE (INCLUDE PRISONS)

INSTITUTION	INDIVIDUAL	DATE			PAROLED
		ENTRY	DISCHARGE	ELIG. FOR PAROLE	

MILITARY SERVICE

NAME OF PERSON:				
RELATIONSHIP				
ENLISTED	DATE	BRANCH	RANK	TYPE
DISCHARGED				
SERIAL NO.:				

EMPLOYMENT HISTORY (Subsequent to December 31, 1936)

NAME OF PERSON	EMPLOYER	ADDRESS	FROM	TO	OCCUPATION	SOC. SEC. NO.	DEPARTMENT	WK. WG.

REQUEST FOR CATEGORY SUPPLEMENTATION

Wayne County
Department of Social Services

TO: Liaison
640 Temple - 1
Room 210

Type of request:

INSTRUCTIONS:

- (1) SOCIAL WORKER complete in duplicate forward both copies to Supervisor for approval.
- (2) Supervisor if approved forward both copies to Liaison.
- (3) Liaison indicate action and return duplicate to same.

	LOAD NO.	PRG.	CO.	CASE NUMBER
			82	
NAME - LAST, FIRST, MIDDLE (Indicate Mr., Miss, Mrs.)				
STREET ADDRESS, CITY, ZIP				
CLIENT'S PHONE NUMBER		NO. IN ELIG. GROUP		NO. LEGAL DEP.
TOTAL REQUIREMENTS		INCOME		GRANT
DELINQUENT UTILITIES (See reverse for instructions)				
<input type="checkbox"/> GAS (Amount) _____ <input type="checkbox"/> ON <input type="checkbox"/> OFF				
<input type="checkbox"/> ELECTRIC (Amount) _____ <input type="checkbox"/> ON <input type="checkbox"/> OFF				
<input type="checkbox"/> SHELTER (AMOUNT) _____ PERIOD _____				
<input type="checkbox"/> FROM _____ TO _____				
<input type="checkbox"/> LANDLORD'S NAME _____				
<input type="checkbox"/> MEDICAL (Attach Prescription or Dr. Statement) _____				
<input type="checkbox"/> LANDLORD'S ADDRESS _____				
<input type="checkbox"/> AMOUNT _____				
<input type="checkbox"/> OTHER (NAME/ITEM) _____				
<input type="checkbox"/> VENDOR'S NAME _____				
<input type="checkbox"/> VENDOR'S ADDRESS _____				

Request for Loan (See reverse for instructions):

<input type="checkbox"/> INITIAL WARRANT	<input type="checkbox"/> SUPPLEMENTAL WARRANT	
<input type="checkbox"/> REPLACEMENT WARRANT	<input type="checkbox"/> LOST CASH OR WARRANT ENDORSED BY CLIENT	NO. OF CHECKS <input type="checkbox"/> 1 <input type="checkbox"/> 2

EXPLAIN REASON FOR REQUEST:

		LIAISON USE ONLY	
WORKER'S SIGNATURE	DATE	ACTION	AUTHORIZED SIGNATURE
SUPERVISOR'S SIGNATURE	DATE	<input type="checkbox"/> APPROVED	DATE
		<input type="checkbox"/> DENIED	

INSTRUCTIONS FOR REQUESTING A LOAN

According to Memoranda #69-52 and #69-74, the following forms must accompany the WC-8 in duplicate:

I. INITIAL WARRANT

- (a) WC-1161 (Formerly SW-183R) Reimbursement Agreement (Two copies, third copy is client's).
- (b) DSS-10W ADC (Formerly SB-10W ADC) or DSS-10WC (Formerly SB-10WC) Rider. Should the initial warrant not be written, the worker should notify Liaison by memo to cancel the WC-1161.
- (c) District office only should submit duplicate of WC-8 with copy of sundry order.

II. REPLACEMENT WARRANT

Same as for #1. In addition, DSS-82WC (Formerly SB-79) Lost Check Affidavit should be attached.

III. SUPPLEMENTAL WARRANT

Same as for #1. In addition DSS-13 (Formerly SB-13) Authorization for Supplementation should be attached. The caseworker retains blue copy of DSS-13.

IV. LOST CASH OR WARRANT ENDORSED BY CLIENT

Same as for #1. In addition, worker must indicate the period of recovery, i.e. one or two checks. (If the amount requested is \$20 or less it must come from the next regular check. If greater than \$20 repayment can be made from the next check, or the next two checks.)

PROCEDURE FOR PAYMENT OF UTILITY BILLS AND SECURITY DEPOSITS

GROUP I - (Per Staff Memorandum #69-64) request for payment of utility bills and security deposits may be submitted when a shut-off notice is threatened or received and payment of a delinquent bill or a deposit is required to continue or restore service.

- (a) The last bill rendered or a duplicate utility bill together with verification of payment of utility budget allowance must accompany the WC-8. A "Statement of Account" from the utility company is acceptable when the client's receipts are not available. The WC-8 must indicate whether service is currently on or off and give the reason for the client's failure to make utility payments. The client's addresses for the last five (5) years must be given in "Reason for Request" section.
- (b) When a security deposit for gas is required, a WC-8 and duplicate bill is submitted to liaison. The worker should confirm with the client that there are no outstanding bills. A sundry order will be issued for the client to hand-carry to the Gas Company. (Sundry orders for deposits are normally not mailed.) NOTE: security deposits for electricity are not paid by this agency. However, the security deposit is waived when liaison pays the delinquent bill.

GROUP II - (Per Staff Memorandum #69-85) request for payment of utility bills may be submitted only after a shut-off has occurred and payment is required to restore service. "Threatened" shut-offs do not qualify for this type of assistance. A detailed explanation must be provided as to the reason why the recipient has not paid his budgetary allowance on utilities. The WC-8 must be accompanied by the last bill rendered or a duplicate bill from the utility company. The client's addresses for the last five (5) years must be provided in the "Reason for Request" section.

ADC RIDER

State of Michigan
Department of Social Services REGISTER APPLICATION

Case Name _____ C-82 _____

Address _____ City _____ Postal Zone _____

OPENING: New Reopening Reinstatement With Reinvestigation
 No Reinvestigation
 Effective Month _____ Elapsed Time Status _____
 Desertion or Abandonment: Yes No Receiving OASDI: Yes No
 Code No. _____ Reason _____

OPENING or CHANGE TO: Caretaker: Included Not Included Grantee is Caretaker
 Name of Caretaker if other than Grantee _____

Number Eligible _____	Adult Code _____	Incapacitated or Second Parent Information _____
Number in eligible group _____	(0) _____	No second parent included <input type="checkbox"/>
Number of eligible children _____	(1) _____	Incapacitated parent included <input type="checkbox"/>
	(2) _____	Step-parent included <input type="checkbox"/>
Name _____		

ADC - ELIGIBLE CHILDREN ONLY - ADC			
Names ADDED	Birthdate	Names REMOVED	Birthdate

(Complete each block. If no income or legal dependents, indicate None.)

TOTAL REQUIREMENTS \$ _____ Budget Sheet Line 20	OTHER INCOME (Not S.A.) \$ _____ Budget Sheet Line 44	LEGAL DEPENDENT NEEDS \$ _____ Budget Sheet Line 52
--	---	---

Check if attached: WC-6 Support Assignment Form WC-50 S.A. Termination Form HOLD: _____ 8th and/or _____ 24th Warrant

Reason for HOLD: _____

 CHANGE PAYEE TO _____ CHANGE ADDRESS TO _____ City _____ Postal Zone _____
 Rezone or Do not Rezone DENY APPLICATION or WITHDRAWN REQUEST CANCELLATION: Code No. _____ Reason _____ ISSUE KARDEX NOTICE _____ Reason _____
Month _____ TRANSFER OUT OF WAYNE COUNTY To _____ County\$ _____ Review Status _____ Months _____ Left State _____ Date _____
(Compute on grant basis)

Worker's Signature _____ Date _____

Supervisor's Signature _____ Approval Date _____

DESK SHEET
Wayne County Department of Social Services

Case Name _____ Case No. _____
 Cross Index _____ Address _____ Case No. _____
 Guardian _____ Address _____

ADDRESS	TELEPHONE	DATE MOVED	LAST REVIEW	ZONE	OPENINGS & CLOSINGS	
					FROM	TO

ASSISTANCE FAMILY	ORI <input type="checkbox"/>	GRNI <input type="checkbox"/>	BIRTH	RELATIONSHIP	NATURAL FATHER	BASIS DEPRIVATION	OTHER
RECIPIENT					SPOUSE	MARITAL STATUS	

OTHERS IN HOUSEHOLD - INCLUDING INELIGIBLES CHARGED TO GENERAL RELIEF

NAME	RELATIONSHIP	SUPPORTED BY

RESPONSIBLE RELATIVES - INCLUDING ABSENT PARENTS

NAME	RELATIONSHIP	ADDRESS	SUPPORT ORDERED	SUPPORT ASSIGNED

REFERRALS:

SOC. SEC. CLAIM # _____ ACCOUNT # _____

AGENCY	REQUEST	DATE	AGENCY	REQUEST	DATE

SUPPLEMENTS ISSUED

DATE	REASON	AMOUNT	DATE	REASON	AMOUNT

ASSISTANCE BUDGET

NUMBER OF PERSONS HOUSEHOLD	AT TABLE								
1. PRINCIPAL & INTEREST									
2. TAXES (1- 12)									
3. UPKEEP									
4. HOMESTEAD TOTAL									
5. RENT									
6. TOTAL NEEDS									
7. PERSONAL NEEDS									
8. BOARD AND ROOM									
9. CONGREGATE CARE									
10. ADULT INCIDENTALS									
11. HOSPITAL SUNDRIES									
12. HOUSEHOLD NEEDS									
13. HEATING FUEL									
14. UTILITIES									
15.									
16. LAUNDRY									
17. HOUSEHOLD OPERATIONS (A&H)									
18. MEDICAL NEEDS PER									
19. SPECIAL DIET PER									
20. TELEPHONE PER									
21. FOOD									
22. INCIDENTALS									
23. CLOTHING									
24.									
25.									
26.									
27. TOTAL REQUIREMENTS									
28. INCOME									
29. DEFICIT									
30. STATE GRANT									
31. SUPPLEMENTAL									
32. WORKER									
33. APPROVED BY									
34. DATE OF BUDGET									
INCOME									
35. PERSON(S) REC.									
36. SOURCE									
37. GROSS (DSS-S ITEM 51)									
38. AMOUNT DISREGARDED									
39. ADJUSTED GROSS									
40. EXP. OF EMP. (DSS-S ITEM 42)									
41. NET INCOME									
42. TOTAL BUDGETABLE INCOME (DSS-S ITEM 43)									
43. TOTAL NEEDS OF LEGAL DEP (LIST NAME & AGE)									
44. INCOME TO ASSIT BUDGET (ENTER AMOUNT ON LINE 28)									

REMARKS:

**EMERGENCY ASSISTANCE REQUEST
AND AUTHORIZATION**

State of Michigan
Wayne County Department of Social Services
640 Temple
Detroit, Michigan 48201

INSTRUCTIONS:

1. Complete set fully with the exception of Action, E.A. Period, and Authorized Signature.
2. Forward all copies to supervisor for approval.
3. Supervisor forward all copies to liaison if approved.
4. Liaison indicates Action, E.A. Period, Amount, Sign, forward white and canary copies to client, and make other distribution.

USE SEPARATE REQUESTS FOR EACH VENDOR

CLIENT'S
NAME
and
ADDRESS



1. Lead No.	2. Prog.	3. Co.	4. Case Number
		82	
CLIENT'S PHONE NUMBER		NUMBER OF REQUEST IN THIS PERIOD	
		<input type="checkbox"/> First <input type="checkbox"/> Second <input type="checkbox"/> Third	
NO. IN ELIGIBLE GROUP		NO. OF ADULTS	NO. OF CHILDREN
SIGNATURE OF SOCIAL WORKER		DATE	
SIGNATURE OF SUPERVISOR		DATE	
LIAISON USE ONLY			
Action		E.A. Period	
<input type="checkbox"/> APPROVED		From _____ To _____	
<input type="checkbox"/> DENIED			

Authorized Signature _____ Date _____

To any vendor:

Authorization is hereby given to provide the services described below. Payment can only be made for the services authorized and at rates approved by the county department of social services.

You may use this form to submit your bill. Itemize the services rendered giving dates and other information when appropriate. The original copy of this form must be signed and sent to Room 705, Wayne County Department of Social Services, 640 Temple, Detroit, Michigan 48201.

The Michigan Civil Rights Act of 1963, the federal Civil Rights Act of 1964, and the policies and practices of the Department of Social Services require that services and assistance granted under all programs administered by this Department are to be provided without discrimination on the basis of race, color, religion or national origin.

SERVICES AUTHORIZED					SERVICES RENDERED		
✓	Code	Circle One	Items	Amount	ITEMS	DATES OF SERVICE	CHARGES
<input type="checkbox"/>	11	New Used Repair	Cooking Stove	_____			
<input type="checkbox"/>	12	New Used Repair	Refrigerator	_____			
<input type="checkbox"/>	13	New Used Repair	Washing Machine	_____			
<input type="checkbox"/>	14	New Used Repair	Heating Equip.	_____			
<input type="checkbox"/>	21		Home Repair	_____			

Other Services or Remarks (attach one additional sheet if necessary)

Name of Vendor _____

Street Address _____

City _____ Zip Code _____

This is to certify that the services authorized have been provided as described on this invoice.

Vendor Signature _____ Date _____

DISTRIBUTION:

- White - Vendor Invoice
- Blue - Accounting
- Pink - Liaison
- Canary - Vendor Retain
- Goldencard - Caseworker

DSS-14WC Rev. 1-70 (Combines WC-88 and DSS-14 in Wayne County only)

WARRANT DISPOSITION REQUEST
State of Michigan
Department of Social Services

PRO.	CO. ED.	FAMILY NO.	SUFFIX
CASE NAME			

TO: State Office - Data Processing Control Unit

FROM: _____
County Today's Date (Mo. Day Yr.)

By: _____
(Worker's Signature) (Lead No.)

This request applies to the monthly or semimonthly pay period of: _____

1. Hold warrant in state office, instructions to follow. (White - State Office. Pink & Blue - County Office. Use Blue to issue instructions for disposition of held warrant.)
2. Credit warrant, temporarily ineligible. (White - State Office. Pink - County Office. Blue - Payroll check.)
3. Send warrant to county office for disposition. (White & Pink - State Office. Blue - held by County Office until warrant received with Pink copy.)
4. Mail warrant for this period only to following address: (White - State Office. Pink - County Office. Blue - Not required.)

Reason:

Final Disposition of Warrant:

DSS-28 (Rev. 2-72) (Previous editions may be used)

1. SOURCE OF REQUEST (SB-106) (SB-107) <input type="checkbox"/> Walk-in <input type="checkbox"/> Phone <input type="checkbox"/> DSS-106 <input type="checkbox"/> DSS-107 <input type="checkbox"/> DSS-323 <input type="checkbox"/> Letter					2. DATE RECEIVED		3. REQUEST CONTROL NUMBER	
4. NAME OF CLIENT (Last, First, Middle; use Miss, Mrs., or Mr.)					8. FORMER NAME OR ALIAS		6. DATE OF BIRTH	
7. NAME OF SPOUSE (Last, First, Middle)					9. FORMER NAME OR ALIAS		9. DATE OF BIRTH	
10. CLIENT ADDRESS (Number and Street)			11. TOWNSHIP		12. CITY		13. ZIP CODE	14. TELEPHONE NO.
15. CHILD IN HOME <input type="checkbox"/> Yes <input type="checkbox"/> No (Children) (Adult)		16. EMERGENCY <input type="checkbox"/> Yes <input type="checkbox"/> No		17. HOME CALL <input type="checkbox"/> Yes <input type="checkbox"/> No		18. MAIL FORMS <input type="checkbox"/> Application DSS-323 <input type="checkbox"/> Medical Report DSS-49 (SB-49)		19. APPOINTMENT DATE AND TIME
20. LAST DISPOSITION (Write NR if no Record)							21. CASE NUMBER	
FILE CLEARANCE								
STATUS OF REQUEST								
22. INTAKE WORKER ASSIGNED REQUEST				23. DATE		24. CASE WORKER ASSIGNED CASE		25. DATE

INTAKE REQUEST
State of Michigan
Department of Social Services

DISTRIBUTION
White - File clearance
Pink - Case Record Copy

VERIFICATION OF EMPLOYMENT
 State of Michigan
 Department of Social Services

Name: _____
 Address: _____
 Number: _____
 Load Number: _____

[_____]
 [_____]

Gentlemen:

In order to determine the above-named person's eligibility for assistance it is necessary to verify the earnings of

Name	Address
Social Security Account No.	Relationship to person named above

Will you please check your records and enter the information requested in the spaces below. A stamped, addressed envelope is enclosed for your reply. We shall appreciate your cooperation.

Very truly yours,

Date _____, Caseworker
 Wayne County Department of Social Services
 640 Temple, Detroit, Michigan 48201

Date: Employment began _____ Ended _____ Off temporarily since _____

Reason for termination of employment: _____

Kind of work performed _____

Is work temporary () or regular ()? (Check one)

Dates, Hours, and Gross and Net Amounts of Last Four Pays:

	Gross \$	Hours Worked		Gross \$	Hours Worked
Date _____	Net \$ _____	_____	Date _____	Net \$ _____	_____
	Gross \$ _____			Gross \$ _____	
Date _____	Net \$ _____	_____	Date _____	Net \$ _____	_____

Please list deductions from pay that are not a condition of employment. Do not list OASI, Retirement, Withholding Tax, or Union Dues. Use reverse side of form if necessary.

Total Gross earnings during last twelve months (if available): \$ _____

 Signature

Date _____ Title

WAYNE COUNTY DEPARTMENT OF SOCIAL SERVICES SUPPORT PAYMENTS
640 Temple
Detroit, Michigan 48201

File # _____

District
Load or Zone #
Case Name
Address
Case Number
Date

Dear Sir:

In order to establish eligibility for assistance from the Department of Social Services (ADC or GA), it is necessary to obtain information on payment of support. We shall appreciate having you consult your records and fill in the spaces as indicated below. Thank you for your cooperation.

Sincerely yours,

Telephone # _____ Caseworker

Please review record of: (Give names under which Court action taken)

Woman _____ Husband
Alleged Father

Who has been granted support in the amount of _____ per _____

for the following children _____

Court File No. _____ Friend of Court No. _____ Cashier No. _____

Please reply to items checked: _____

Dates and amounts of last four payments
date amount date amount
date amount date amount

Date of last complaint _____

Other _____

Date Signature

Title

DISABILITY CERTIFICATION
State of Michigan - Department of Social Services

 ADC AD**SECTION I (To be filled in by caseworker)**

NAME (Last, First, Middle)		BIRTH DATE	SEX <input type="checkbox"/> Male <input type="checkbox"/> Female	MARITAL STATUS <input type="checkbox"/> Single <input type="checkbox"/> Widowed <input type="checkbox"/> Divorced <input type="checkbox"/> Separated
HOME ADDRESS (Number & Street or RFD, City or Town, State, & Zip Code)				COUNTY
LOAD NO.		CASE NUMBER		

SOURCE OF MEDICAL INFORMATION

<input type="checkbox"/> 1. Physical Examination	PHYSICIAN'S NAME	EXAMINATION DATE
<input type="checkbox"/> 2. Medical Summary of Previous Treatment	PHYSICIAN OR NAME OF HOSPITAL	TREATMENT DATE
<input type="checkbox"/> 3. Social Summary	CASEWORKER'S NAME	INTERVIEW DATE

SECTION II (The remainder of the form to be completed by the medical consultant)This person does qualify by reasons checked below: ADC

1. The parent's incapacity prevents him from working full time at any job for which he is otherwise qualified.
2. The parent can work full time without unduly endangering his life or health, but there are severe limitations upon his activities or working conditions which prevent him from performing any job for which he is otherwise qualified. (A parent who is blind within the definition of the Department is in this category.)
3. The parent can work full time but the required activities of employment for which he is qualified unduly endanger his life or health.

 AD (The disabling condition must be expected to last for at least 12 months even with treatment.)

1. Because of a physical or mental impairment or a combination of impairments, he is substantially precluded from engaging in useful occupations for which he is otherwise qualified.
2. Because of a physical or mental impairment or a combination of impairments, he is unable, without the help of another person, to carry on the minimum activities essential to daily living.

SECTION III This person does not qualify for either ADC or AD because of reasons checked below:

1. Insufficient or incomplete information submitted. (Request the following additional information)
2. Medical or psychiatric findings do not justify disability to the extent that it will materially impair or affect:
 Employability Need for care from another person (AD only)
3. Estimated duration of impairment is insufficient. (AD only)
4. Refuses to accept treatment for correctable or treatable impairments which would not cause undue risk to life or health. (Pre-review necessary by State Office before denial or cancellation).
5. Statement of reason(s) for denial _____
6. Other: _____

*(Use reverse side if necessary)***SECTION IV**Can this condition be remedied by available treatment? Yes No

If answer is yes, specify: _____

Date Medical Review indicated (not necessary if disability is of life time duration) _____

Remarks _____

This certification is based on a review of both medical and social information by the medical consultant and the social services medical contact worker.

MEDICAL CONSULTANT'S SIGNATURE	DATE	CONTACT WORKER'S SIGNATURE	DATE
--------------------------------	------	----------------------------	------

FRIEND OF THE COURT
WAYNE COUNTY BUILDING
 600 Randolph Street
 Detroit, Michigan 48226

APPLICATION FOR SUPPORT

(Children born out of wedlock)

Referring Agency..... Paternity
 Docket No.

Case File No.

Known to other Agencies.....

NAME OF APPLICANT..... Telephone No.....
(PLEASE PRINT)
 Address
 Maiden name Birth Date.....

NAME OF ALLEGED FATHER..... Telephone No.....
(PLEASE PRINT)
 Address
 Marital status..... Birth Date.....
 Social Security No.....
 Employer and Address.....

NAME OF CHILD..... Birth Date.....
 Approximate date of conception..... Sex.....
 Place of conception.....
 City County State

APPLICANT'S PRESENT MARITAL STATUS: (Circle one applicable)

single married separated divorced widowed

Date of Marriage Verified Certificate No.

Date of Divorce Verified File No.

Date of Husband's Death Verified Certificate No.

CONFINEMENT EXPENSES:

Hospital:
 Amount: Paid by:

Doctor:
 Amount: Paid by:

Applicant's Signature

Date

Caseworker

(See reverse side for caseworker's supplementary data)

(Case Worker's Supplementary Data)

Has alleged father acknowledged paternity to you?.....

Has alleged father contributed voluntarily?.....

If child over six years of age, state circumstances justifying referral:

If there are other illegitimate children of this mother, list here:

<i>Name of Child</i>	<i>Birth Date</i>	<i>Name of Father</i>	<i>Alleged</i>	<i>Determined</i>
.....
.....
.....
.....
.....

ADC BUDGET: Case active since..... for woman
 and..... children for grant of \$.....
 month. Pro rata share for child of this referral is \$.....
 month.

CITY } BUDGET:
COUNTY } Case active since..... for family
 of..... for grant of \$..... per
; in addition to
 as relief
 in kind.
 Pro rata share for child of this referral is \$.....
 per.....

RECIPIENT'S PAYMENT REPLACEMENT REQUEST
State of Michigan
Department of Social Services

INSTRUCTIONS:

(1) Public assistance refer to PA Manual Item 514.
(2) General assistance refer to county instructions.

1. NAME: (Last, First, Middle Initial)			FOR COUNTY COMPLETION ONLY The last payment was replaced by:					
2. STREET ADDRESS						10. <input type="checkbox"/> CHECK NO. <input type="checkbox"/> SUNDRY ORDER NO.		
3. CITY, STATE, ZIP CODE								
4. PROG.	5. COUNTY	6. CASE NUMBER	11. AMOUNT		12. DATE			
7. <input type="checkbox"/> PUBLIC ASSISTANCE GENERAL ASSISTANCE (Check one)		8. AMOUNT	9. DATE	13. PERSON AUTHORIZING/ISSUING				
<input type="checkbox"/> GA CHECK								
<input type="checkbox"/> SUNDRY ORDER NO. _____								

RECIPIENT COMPLETE

14. Check statement which applies (give explanation in 17 below):
- I have not received the item indicated above and I have no knowledge of its whereabouts.
- The item was lost BEFORE being endorsed.
- The item was lost AFTER being endorsed.
- The item was destroyed.
15. I have contacted the post office and the postman for my area: Indicated he delivered the warrant
 Could not verify delivery
16. I have contacted and reported the lost or stolen warrant to the local police department: Yes No
17. The following report must be written in ink by the payee. It must indicate the **KNOWN FACTS** about the lost, stolen, or undelivered warrant. If the warrant was destroyed, the payee must indicate how.
- _____
- _____
- _____

18. REPLACEMENT DISPOSITION In recognition of full or partial advance payment by the county department of social services, I authorize my state replacement warrant to be sent to the county department office. <input type="checkbox"/> Yes <input type="checkbox"/> No	19. FUTURE DISPOSITION Due to mail delivery problems at my address, I wish my future warrants be sent to the county department of social services. I understand I may discontinue this at any time I choose. <input type="checkbox"/> Yes <input type="checkbox"/> No
--	---

20. **RECIPIENT'S AGREEMENT**
I agree that if the warrant, check, or sundry order in question is delivered to me or found, I will immediately return it to the county department of social services, and I will not attempt to obtain payment as I am requesting a replacement.

21. DATE OF STATEMENT	22. RECIPIENT'S SIGNATURE		
White - State Office Canary - State Office Pink - County Office Goldenrod - County Office	ON THE BASIS OF THE RECIPIENT'S STATEMENT, I RECOMMEND THAT THE WARRANT (GENERAL ASSISTANCE CHECK, OR SUNDRY ORDER) BE REPLACED.		
	23. WORKER'S SIGNATURE (ALSO SERVES AS A WITNESS)	24. WORKER NO.	
	25. UNIT	26. REGION	27. DATE
	28. SUPERVISOR'S SIGNATURE		29. DATE

STATE OF MICHIGAN



WILLIAM G. MILLIKEN, Governor

DEPARTMENT OF SOCIAL SERVICES

E. BERNARD HOUSTON, Director

Review of your application for assistance has been completed. On the basis of the information available, we find that you are not eligible at this time.

A member of the Department staff has discussed this decision with you and explained the circumstances. This letter will confirm that you are not presently eligible for the following reasons:

If your circumstances should change, you may reapply for assistance and your eligibility will be redetermined at that time.

We will be glad to answer any questions you may have concerning this action. If you then believe that the decision is not in accordance with the state law or the rules of the Department of Social Services, you have the right of appeal to the Director for a hearing. Forms for requesting a hearing may be secured from this office.

Very truly yours,



CASELOAD REDETERMINATION STATUS AND WORKER'S ACTIVITY REPORT

Worker _____ Caseload Number _____ Month _____

ACTION CASELOAD STATUS OF ZONE	NUMBER OF CASES BY PROGRAM						Elapsed Time Since Last Purposeful Service Contact for Non-ADC Child Care Cases (Payment and Non-Payment Service Status)	
	OAA	AB	AD	M A 12 Months Eligibility Period		ADC		Non-ADC Child Care Payment Cases Review Status
				6 Mo.	12 Mo.			
ELAPSED TIME SINCE LAST DETERMINATION: Zero months (R + O)								
One month								
Two months								
Three months							(or more)	
Four months							XXXX	
Five months							XXXX	
Six months						(or more)	(or more) XXXX	
Seven months						XX	XXXX XXXX	
Eight months						XX	XXXX XXXX	
Nine months						XX	XXXX XXXX	
Ten months						XX	XXXX XXXX	
Eleven months						XX	XXXX XXXX	
12 or more						XX	XXXX XXXX	
Total Cases								
Redeterminations Completed							XXXX	

WORKER'S MONTHLY ACTIVITY REPORT

- Applications Approved MA _____ PA _____
- Applications Denied MA _____ PA _____
- Applications Pending MA _____ PA _____
- Transfers MA to PA _____
- Transfers PA to MA _____
- Reinvestigations Completed _____
(Do not include review closures.)
- Canceled - with Reinvestigation _____
- Canceled - no Reinvestigation _____
- ADC Service Contacts _____

IRS ADDRESS REQUEST
(To Locate Absent ADC Parents Through Internal Revenue Service)
 State of Michigan
 Department of Social Services

INSTRUCTIONS:

The worker must determine that all qualifications (items A, B, and C in certification section below) exist for an IRS address request.

Prepare in duplicate. Forward original to State Office and retain copy for your file.

TO: LEGAL COORDINATOR
 LEGAL LIAISON
 STATE OFFICE

Please type or print.
NAME OF RECIPIENT

NAME OF ABSENT PARENT (Last, First, Middle)

Use only one numeral or letter per space as indicated. Do not include additional data, such as program code, etc.		
(1-3) 0 2 3	Social Security Account Number of Absent Parent (4-12)	
(13-16) 7 1 9 0	County Number (17-18)	Case Number (19-27)
Lead Number (28-31)	First 10 Letters of Last Name of Absent Parent (32-41)	

CERTIFICATION BY SOCIAL WORKER

I certify that information gained will be used only in administering public assistance under Title IV of the Social Security Act (ADC), and that all of the following are true relative to the above-named absent parent:

- A. The absent parent cannot be located and
- B. There is an outstanding court order for child support on which payment is not being made, or a petition for such an order has been filed (civil action in Probate Court, Circuit Court, or URESA) and
- C. The absent parent's child is being provided assistance under the ADC program.

Signature of Social Worker _____ Date _____

NOTE: The address given on the absent parent's last filed federal income tax return will be sent to you in about 10 weeks. IRS computer address checks will be run every fourth calendar week. If the social security account number is incorrect or nonexistent, the worker is to submit Form SSA-1472 or otherwise attempt to determine the correct number. An IRS address request is to be resubmitted when the correct number is ascertained unless the absent parent's location has already been determined.

Michigan Department of Treasury
T-1048 (2-7-11)

AFFIDAVIT
CLAIMING LOST, DESTROYED, UNDELIVERED, OR STOLEN
STATE TREASURER'S WARRANT

STATE OF MICHIGAN)
)
)
COUNTY OF)

Warrant No.		Date	Amount
Program	County	Case No.	Account No.
Payee			
Street Address			
City, State, ZIP Code			

I _____ being duly sworn,
depose and say: (Print or Type Name of Payee)

That I am the payee named in the above State Treasurer's warrant issued by Allison Green, State Treasurer, and said warrant has not been assigned, transferred or set over by me to any person whomsoever, and I am the true, lawful and only owner thereof.

Further, That I have not received directly or indirectly the money nor any portion of the money directed to be paid to me in the warrant.

Further, I agree that should the lost/destroyed/undelivered/stolen State Treasurer's warrant be found or come into my hands, I will promptly deliver or cause the same to be promptly delivered to the State Treasurer to be cancelled.

Further, if any of the statements contained in this affidavit are false or misleading, I acknowledge that the State of Michigan or the County may demand immediate reimbursement for any funds expended in reliance on the truth of the statements in this affidavit.

Further, If any of the false or misleading statements were made with an intent to defraud the State of Michigan or the County, I acknowledge that the State or County may request that such an act be prosecuted to the full extent of the laws of this State.

(Payee on Warrant sign in ink)

Subscribed and sworn to before me the _____ day of _____ A.D. _____

(Signature of Notary Public)

Notary Public in and for the county of _____ Michigan. My commission expires _____

The following report must be written in ink by the Payee

Report of lost, destroyed, undelivered or stolen State Warrant: **KNOWN FACTS**

White - State Dept of Social Services
Yellow - County Dept of Social Services
Blue - State Treasury
Goldendrod - Payee - Recipient
Pink - Police Dept
Green - Postal Inspector

Signed: by Payee

STATE OF MICHIGAN



WILLIAM G. MILLIKEN, Governor

DEPARTMENT OF SOCIAL SERVICES

E. BERNARD HOUSTON, Director

 WAYNE COUNTY
 DEPARTMENT OF SOCIAL SERVICES
 640 Temple
 Detroit, Michigan 48201


This is to inform you that a representative of the department made a visit to your home on _____ and _____ to investigate your application for Public Assistance. A message was left asking that you contact us. To date you have not responded.

We are, therefore, asking that if you are interested in completing your application, please contact us any weekday between 8:00 A.M. and 4:45 P.M. at 640 Temple, telephone: _____.

Unless we hear from you within five (5) days from the date of this letter, we will assume that you have made your own plans, and subsequently deny your application.

Sincerely yours,

_____, Social Worker
 Wayne County Dept. of Social Services

Zone Supervisor


 WC-1217(4-69)
 Formerly FL-79

Chairman GRIFFITHS. How many forms do you have to fill out to change that check?

Mrs. WIMBLEY. A form 28 has to be sent; the DS-5 has to be changed; the address had to be and all that has to go to Lansing to be able—they have a certain date we have to have it in—the change—a certain time, before the check is due in order for the check to go to that new home.

Chairman GRIFFITHS. Suppose it doesn't happen, then what do you do?

Mrs. WIMBLEY. They have a 10-day wait of mailing days, actual mailing days.

Chairman GRIFFITHS. You mean that if the lady does not get her check on whatever date it is due, that you have to wait 10 days?

Mrs. WIMBLEY. I can't do anything for the lady for 10 mailing days.

Chairman GRIFFITHS. I see.

Mrs. WIMBLEY. And I get a form 21.

Chairman GRIFFITHS. Ten mailing days, would that not include Sunday?

Mrs. WIMBLEY. No.

Chairman GRIFFITHS. Does it now include Saturday?

Mrs. WIMBLEY. Saturday if they have mailing.

Chairman GRIFFITHS. I see. But, if it were a Federal holiday it wouldn't include that either, would it?

Mrs. WIMBLEY. No; it would not.

Chairman GRIFFITHS. All right, now what do you do?

Mrs. WIMBLEY. Then I would hope that the check disbursing department would send me a form 21 telling me that the check is in there and then I would call, if I had the phone number, and I try to have the phone number or somewhere I can contact each one of the clients if something would happen to them, and I would call them if I could. If I couldn't, I have to actually take a stamp and send them a letter because our mailing list takes 2 or 3 days longer than actual mailing situation, to tell them to come in, that I would like to see them, they have a check.

Then they come in and they call for me and I come downstairs and if I have the 21, we go to the check disbursing and I sign the 21 and then the client signs the 21 and they are given their check if it is there.

Chairman GRIFFITHS. You have 257 people, is that right?

Mrs. WIMBLEY. Yes.

Chairman GRIFFITHS. How many of these people move a month, would you say?

Mrs. WIMBLEY. I don't know, I'm just using a fictional number, but, sometimes as high as 35.

Chairman GRIFFITHS. Thirty-five of them?

Mrs. WIMBLEY. A month; yes.

Chairman GRIFFITHS. How long does it take you to get the different forms filled out or to have them come in, how much of your day would that take up?

Mrs. WIMBLEY. It doesn't take long to take care of the forms because we are familiar with the forms, but the telephone calls and the time that we have to spend on answering the phone for whatever other problem might be with another client keeps us from doing actually—

we try to do that right then, we try immediately to do that if we can, because if we put all these address changes over here for a certain time, we don't get to it because of the 10-day limit that you have to be able to do this for this client.

We are interested in the needs, we are interested in our clients. We want to do the most for them that we can.

Some of them don't have the knowledge of knowing what to do when they have this happen to them. We tell them to check with the postman, check with the post office, and be alert to watch for the checks, be sure that they don't get into the wrong hands. We try to get them every incentive to be sure to help us to help them.

Chairman GRIFFITHS. If a woman lost a check once, I mean, not lost it, if she moved once and she realized all these problems with it, does she then tell you the next time that she is moving and here is the address, or do you have to do this over and over?

Mrs. WIMBLEY. They will tell you. They will call you and let you know they are moving. They know that is one rule. They know they cannot get their check when they move, because the postman will not leave the check when they have moved.

Chairman GRIFFITHS. Well, good. I mean, because it might get lost that way.

Mrs. WIMBLEY. Yes; it will.

Chairman GRIFFITHS. Mrs. Gay, could you describe for us the general structure of the welfare department in Detroit so we can have it in our record?

I went out yesterday and looked at some welfare offices and I was in New York and looked at some offices, and let me tell you that Detroit is far superior.

Mrs. GAY. Well, we have 10 district offices now and we are going to the unified district offices with all services with each district office.

I am at Kercheval and we have the intake department on the first floor with reception which is the first place the client is met and they are asked whether they want to see an active worker or whether they want to make an application.

They are seen by a screener who talks to them about their problems, determines the program that they are eligible for, and then they are assigned to an eligibility worker or now the assistance worker—assistance payment worker is the new term for it—and the assistance payment worker goes over the application that they have completed.

Let me go back. Now, with the simplified application the client participates in the application procedure. They will complete their application while they are waiting to see the eligibility worker. Then the eligibility worker will go over the application with the client and if there is some areas they didn't understand they help them to complete it.

We have to clear the client's name and register the application. She can get a food order on the day that she comes in.

Within 3 to 4 days we now can issue a check which is called the presumptive eligibility payment, which is the first check she receives.

Then she receives her ongoing checks twice a month if it is ADC; monthly for adult categories. If they are eligible for general assistance it is transferred to a general assistance zone.

Chairman GRIFFITHS. How many people do workers like Mrs. Wimbley and Mrs. Mickens see a day?

What is the average caseload?

Mrs. GAY. The intake offices are now taking approximately 20 applications a week per worker.

Chairman GRIFFITHS. How many people do you have in your group, Mrs. Mickens?

Mrs. MICKENS. Fantastic, we just had a review and I am presently at 347, but I am going down to 202 because we have hired quite a bit of eligibility examiners, you know, so it has dropped tremendously, but, it is work.

Unfortunately, or fortunately, I'm in the northwest area that is rapidly growing and my caseload just continuously mounts. So, it is more encouraging now that it has dropped a hundred to a hundred and fifty people, but, it is high, it is high.

Chairman GRIFFITHS. How many workers do you supervise, Mrs. Gay?

Mrs. GAY. Thirty-one.

Chairman GRIFFITHS. Do workers have the complete responsibility for making decisions on applications or do you review their work?

Mrs. GAY. Each individual supervisor is responsible for their workers' questions on an application.

In the intake situation they have ongoing questions. In other words, any problem that comes up at the time of application, they take to their immediate supervisor. She has an open-door policy as far as answering questions.

Chairman GRIFFITHS. Do you have a simplified method for eligibility determination?

Mrs. GAY. Yes.

Chairman GRIFFITHS. For all categories?

Mrs. GAY. The simplified application is used for all categories. However, in the general assistance program all things must be verified.

In the public assistance programs—that is, the ADC and the aid to the blind or aged assistance and so forth—we now are verifying shelter costs and earned income.

Chairman GRIFFITHS. How do you verify earned income?

Mrs. GAY. Check stubs; statement to the employer; telephone call to the employer; any way that you can get the information that you need to verify how much the person was earning.

Chairman GRIFFITHS. I would like to ask you, Mrs. Wimbley, and Mrs. Mickens, when they fill out this form asking for the assistance, do you ask any other questions that are on that form?

Mrs. WIMBLEY. They are assigned to us after they get through in the intake office, and they go into our caseload, and we must review these people every 6 months and everything. The rent and everything must be verified, be the same, or then we will have to question that. Or, if the review is not done in the particular order that it should be like listing all the children and the fathers and things like that, we will have to send it back to the client and make a note that if he doesn't understand, please make an appointment to come in so we can talk this over and get it straightened out.

Chairman GRIFFITHS. Is the review done by mail?

Mrs. WIMBLEY. Yes.

Chairman GRIFFITHS. The review is done by mail so actually you don't send somebody out to check out to find out if any of this is true?

Mrs. MICKENS. No; the review form is done by mail, but when it comes back to us there is a tremendous amount of errors and we have to spend the time to correct the form and at the same time process emergencies.

So, you know, we can't do a thorough job on the review form. Say a review form comes back and we have some question about the honesty of it. We don't have time to go back and find out what the true things are, and, oddly enough, I have fallen from 13 to two reviews a month which is fantastic because too many people are just getting away from me. I don't have any control of it anymore. I tried to work it so I was scheduling one to two reviews a day, but I can't handle it. The emergencies, you know, people calling they have no heat; they are hungry; they have no place to live; that is important to me. I don't know whether it is to the system, but, it is important to me that they are able to eat and they do have their heat. So, that is what I process.

As a result, the review forms are not done promptly. We don't have enough reviews done on our caseload so we can keep track of what they are doing, if they are working et cetera. We leave most of it to their own honesty. And I find most of my cases to be honest.

Chairman GRIFFITHS. The 200 or 300 people that you are required to review—how often would they really be reviewed?

Mrs. MICKENS. Seven to 11 months.

Chairman GRIFFITHS. Eleven months or so.

Would you say that is true in general?

Mrs. GAY. I wouldn't know.

Mrs. MICKENS. We hold the caseload.

Mrs. WIMBLEY. About 11 months, if we are lucky.

Chairman GRIFFITHS. The statute requires 6 months, but it cannot be done?

Mrs. WIMBLEY. They ask at least we should have between 25 and 30 every month.

Chairman GRIFFITHS. What is the suspense file?

Mrs. WIMBLEY. Where the client has either gone back to work or either the husband has come back in the home or—

Mrs. MICKENS. Reduction in the grant.

Chairman GRIFFITHS. Something that in theory should end the grant, is that right?

Mrs. WIMBLEY. That is right.

Chairman GRIFFITHS. OK, what do you do when they tell you the husband has come back and they don't need the money?

Mrs. WIMBLEY. Then we send it to suspense. We have to send it to suspense to give them a chance, because a lot of times they will redecide they are going back together. then they may not make it.

Chairman GRIFFITHS. Do they get the next check?

Mrs. WIMBLEY. They will get up to a certain date. We have a certain date to close it. We give them 15 days to answer for a hearing and after that date, we give them a date, say May 1 would be May 25, we would say, approximately, and we give them 15 days to answer anything that is in suspense and if they don't answer it the case will be closed and the next check, using the last digit in their case number, we have a schedule that we go by, and like if it is nine, I

happen to know that is May 25, the next mailing day, the 10th and the 25th.

Chairman GRIFFITHS. Tell me again: Supposing I am drawing; I call up on May 1 and say, "My husband has come home, don't send me any more checks."

Mrs. WIMBLEY. But you see, then immediately I go and get the suspense. I send the whole thing to suspense. But, you see, his next check is due on the 10th.

Chairman GRIFFITHS. So you send that one?

Mrs. WIMBLEY. Then I have to say the closing date would be May 25, which is the next closing date.

Mrs. MICKENS. But, bear in mind they have a 30-day reconciliation program where the husband and wife can live together for the 30 days. If at the end of 30 days they make it, they go off AFDC. If not, she stays on AFDC.

Chairman GRIFFITHS. So they get one check?

Mrs. MICKENS. They might get two.

Chairman GRIFFITHS. Would this be true also if she notified you she had a job and didn't need the money? You still could send her as much as two checks beyond that, is that right?

Mrs. WIMBLEY. It could be possible.

Mrs. MICKENS. Unless you can get the client to return the check, I don't know what the book says, but sometimes they will send back their ADC check. If you encourage it, they will do it.

Chairman GRIFFITHS. All right.

Now, supposing you give her the 30 days and she says, "He has come home; I don't need the money," but you keep it in suspense. You do send her the check, maybe you send her two. However, she does make it and he stays at home.

Do you ever ask for those two checks back?

Mrs. MICKENS. Yes; I do.

Chairman GRIFFITHS. Do you get it back?

Mrs. MICKENS. Yes.

Chairman GRIFFITHS. A lot of them send the check back on their own?

Mrs. MICKENS. Most of the time when a husband and wife reconcile she will have moved in with him, so when the check goes to her home she is not at that address any longer and it is returned to our office. Then you contact the client by mail at the old address, and you give them a certain length of time to respond. Of course, if there is no response, you just credit the check to that account. That is usually what happens in my case, they will have moved in with the husband.

Chairman GRIFFITHS. What is all this talk about refrigerators and stoves and so forth and so on, what happens on that?

Mrs. WIMBLEY. The refrigerators, we give them—there is \$100 for a stove, they are allowed \$100 for a stove; they are allowed \$100 now for a refrigerator and they are allowed \$78 for a washer.

Chairman GRIFFITHS. How often would they get this?

Mrs. WIMBLEY. They have an EA period of 1 year.

Chairman GRIFFITHS. What is an EA period?

Mrs. WIMBLEY. That is the emergency assistance and in that time we usually don't—will not give them another stove or refrigerator or washing machine. But, like some occasions, like eight or 10 people in

a grant and \$100 for maybe a stove, something might happen to that stove, something might happen to the refrigerator, we may have to get it repaired then for her. Then naturally there is some more forms that we have to fill out.

All this is done on forms.

Chairman GRIFFITHS. Well, now, supposing you give her a stove, 10 years later she comes in and says, "I have got to have a new stove."

Do you have some record that shows she ever got one?

Mrs. WIMBLEY. Yes.

Chairman GRIFFITHS. How frequently would you let her duplicate the stove, or, anybody?

Mrs. MICKENS. They have to really come up with a good reason.

Chairman GRIFFITHS. What would be a good reason?

Mrs. MICKENS. Well, washing machines in the case of a big family—

Chairman GRIFFITHS. A washing machine wears out, I appreciate that, but, this really doesn't happen to a stove.

Mrs. WIMBLEY. These clients, seemingly they must be some inferior because they—there is something wrong all the time.

Chairman GRIFFITHS. Really?

Mrs. MICKENS. You know, bear in mind if you allow a person \$100 for a stove, how good can the stove be? So, how long could it last, really?

Mrs. WIMBLEY. They don't last long.

Mrs. MICKENS. And a wringer-type washer is so—but, that is what we issue, wringer-type models on washing machines and they constantly fall apart.

Chairman GRIFFITHS. A washer I can understand, but, I remember one day somebody called my office and wanted help in getting a stove and announced that he was positive that you can have a new stove every 2 years, and my secretary practically fainted dead away. She had been married something like 35 years and she was still cooking on the same stove.

Mrs. MICKENS. I don't know what the manual says on how often we can, but, a sensible amount of time like for a stove would be tremendously long time for a stove, but certainly a washer and refrigerator—

Chairman GRIFFITHS. I see. Is any attempt made to contact the father before AFDC is approved?

Mrs. WIMBLEY. We do have to make a court service report, but not before the ADC, we don't.

We do all this work after we get the claim.

Mrs. MICKENS. It should be done when it goes through intake. I understand that is the procedure. It is supposed to be done in intake and when we get it, it should be pretty much set up for us. It is sometimes, and it isn't sometimes, but the truth of the matter is whether they do it or whether we do it, we have to find the father. That is very important for the support.

Chairman GRIFFITHS. If the father actually pays some money and you know about it, that amount is removed from the ADC grant, is it not?

Mrs. MICKENS. That's right, it is deducted from the total grant, or, if it is assigned to the agency, it is not deducted from the grant.

What happens is the grant remains the same when we get the support checks. We then credit it to that client's account.

Chairman GRIFFITHS. How frequently do you use social security files to find a father?

Mrs. MICKENS. Whenever we can get the number, we use it immediately.

Chairman GRIFFITHS. I understand that California tried a test group of cases in which they permitted the woman to keep one-third of the money that she could get from the father, for educational purposes, and the effect was amazing. Fathers turned up all over the place.

Mrs. MICKENS. How beautiful.

Chairman GRIFFITHS. Because the woman helped.

You can't find the father unless the woman is going to help you. If she doesn't help you, you are dead right then.

Mrs. MICKENS. That's right. In other words, we pay her, we encourage her by paying her a third. That is very neat.

Chairman GRIFFITHS. Is the mother informed of other programs and services that are available to her?

Mrs. WIMBLEY. Yes, definitely.

Chairman GRIFFITHS. If she wants to apply for food stamps or medicaid she is told?

Mrs. WIMBLEY. That is right.

Chairman GRIFFITHS. Who decides if a recipient is employable?

Mrs. MICKENS. Usually it depends on the children.

Well, they are all employable until they prove they are not, but usually it depends on the ages of the children. If the children are school age and older, she is considered employable if she doesn't have a tremendous family. But if she has infants then we don't encourage it, but we don't discourage it.

Mrs. GAY. In the intake process in general assistance, all of the persons, all men, are interviewed for employment by the employment counselor in the intake situation.

In ADC, all stepfathers and in ADC-UF, unemployed fathers are reviewed by the employment counselor.

We are also beginning to set up an employment-related service unit in intake so that they are seen by a service worker at the intake level and they are coded for employment at that point.

Then in the active zones, they will also have employment-related services and those that are coded employable will be counseled by the employment-related service unit worker.

Chairman GRIFFITHS. Yesterday they told me that the woman who is really the most anxious to work is the youngest woman.

Would you think that is right or not?

If she just has a first baby and maybe she is 17 she is anxious to work?

Mrs. WIMBLEY. Yes; she wants to either go to school and finish her high school education and they are more, really more concerned than the others.

Five of mine have been volunteering in different services, in different places, and I have had very good luck with my caseload.

Chairman GRIFFITHS. If you were writing the law, would you not think that is a person that should be given the most help?

Mrs. WIMBLEY. Yes.

Chairman GRIFFITHS. In getting a job, getting an education, wouldn't you think that would be right?

Mrs. MICKENS. Definitely.

Chairman GRIFFITHS. You know, you have a terrible time convincing 24 men that that is right.

They are convinced that, somehow or other, those are the girls that ought to stay home.

That is the girl on whom the greatest responsibility has been placed in our whole society.

Mrs. GAY. I think we have to think in terms of providing child care for the baby and this is a responsibility that the community has—provide day care centers.

Now, I have read that there are infant centers that are beginning to crop up around the country and if this happens, fine, because then they have a way to take care of babies.

Maybe the reason some of the 17-year-olds are more willing is because they are in the home with their mother who is willing to take over the child care responsibility. Where you have the woman with two or three children and no one and no place to put her children, she can't find work because of that.

Chairman GRIFFITHS. But work gives her a chance. It is so much more interesting than being confined to remain forever at a low level income with this child.

So, it would be so much more helpful it seems to me.

What factors make a recipient employable or unemployable?

Mrs. GAY. Whether they have a child care plan is one of the very important ones.

Whether they have skills or whether they are trainable.

Those are the primary ones.

Chairman GRIFFITHS. What happens to an employable recipient, where is she referred and by whom?

Mrs. WIMBLEY. She is referred to the WIN program for suitable training for her. They usually have a counselor who looks into whatever their ability to do, and they go into the training of WIN.

That is the only one that we have, but the unemployment compensation has MDTA which is a training program which they can get on.

Some of the nursing people, hospitals, have taken on the training program for them and if they are alert and really willing, they will go out and seek these things themselves. But, they will ask you questions. They are interested in some kind of training, most, in general at least 60 percent of them on my caseload and I can only speak of mine, seem to be interested in doing, bettering themselves.

Chairman GRIFFITHS. I argued this for years in the Ways and Means Committee that everybody wanted to work.

Mr. Cohen was then the Secretary of HEW and he argued that they didn't want to, that women didn't want to go to work.

Finally, they ran a survey in New York City and he called me, he was nice enough to call me and say, "I was wrong, 70 percent of all women interviewed wanted to go to work."

I said, "Well, you know the other 30 percent didn't understand the question because I think they all want to go to work if they have a chance, but if you don't give them that chance, if you don't show them

where there is something to do, maybe you don't get as many of them to work as could."

Mrs. GAY. All employables must also be registered with the Michigan State Employment Service.

Chairman GRIFFITHS. Is that really done, you know, that has been the law for many years.

Mrs. GAY. Yes, it is done at the intake level.

Chairman GRIFFITHS. What does the Michigan Employment Service do about it, anything?

Mrs. GAY. Well, that is a good question.

I think if there are jobs, fine, and if the person has a skill that the Michigan State Employment Service can place them on a job, that is very good.

There are a lot of turndowns. That is why we do have the WIN program where we try to do some training.

The other thing that we are doing now is we have the community work project where a person or persons that are receiving assistance are placed. It does give them a sense of doing something in order to receive their check, but it isn't a job situation itself.

Chairman GRIFFITHS. We are going to have just a 5-minute break if it is all right. I will be right back.

(Short recess taken.)

Chairman GRIFFITHS. I might say I was unimpressed, too, by the employment areas.

There were too few women, and I had a tremendous feeling they weren't really being welcomed into those areas. I mean, nobody was out hunting or working on hunting up jobs for them.

Do you tell a woman about the "thirty and a third disregard" if she works?

Mrs. WIMBLEY. Yes; we must tell her about that. We have to explain all these things to her in this regard.

Chairman GRIFFITHS. Would you explain it for the record so that everybody understands what the thirty and a third is?

Mrs. WIMBLEY. Thirty and a third disregard we take—well, say that we will take 1 week's salary which is say, \$30 and we will multiply that by 4.3, based on a 5-week month.

Then when we receive that (monthly earning figure), then we take \$30 from the total. Then we subtract a third from that, and the remainder is your total of nondisregarded we are going to use.

Then we take the taxes. We have a book that we take the taxes from, social security; the income tax; and the State tax and then we multiply the city tax by two, the gross wage that we have received.

Then when we have subtracted all that from there, we subtract from income \$40 for the employment expenses of going back and forth to work and buying transportation, and also if they have to have some kind of a garment or something that amount is subtracted. The remainder is taken from the grant and they get the rest of it.

Chairman GRIFFITHS. Say it again, how much do you let them have for getting back and forth to work?

Mrs. WIMBLEY. \$40 a month.

Chairman GRIFFITHS. \$40 a month?

Mrs. WIMBLEY. Yes.

Chairman GRIFFITHS. That is it. They can't have more?

Mrs. WIMBLEY. No.

Chairman GRIFFITHS. If it costs them less they can still have it?

Mrs. WIMBLEY. It is a standard \$40, that is a standard.

Mrs. MICKENS. It is a flat \$40 plus thirty and a third, though.

Chairman GRIFFITHS. Yes, yes, I understand that. Now, what about uniforms?

Mrs. WIMBLEY. That is in that \$40.

Mrs. MICKENS. That is called employment expense, so it covers a multitude of things.

Chairman GRIFFITHS. There are States that do it differently.

One State permits you to buy a car and they disregard the payment on the car; they disregard the payment on insurance; they disregard the mileage; they disregard parking fees and so forth. So that, in some States, you could have a remarkably high income and still be drawing AFDC.

One of you, I believe, pointed out problems in foodstamps—Mrs. Bates, it was you—

Mrs. BATES. Yes.

Chairman GRIFFITHS. The problems of a woman or a family coming in, they are not eligible for food stamps, but, if they quit their job and either draw general assistance or AFDC, they are immediately eligible for food stamps?

Mrs. BATES. Yes.

Chairman GRIFFITHS. And they can then go back to work?

Mrs. BATES. Yes.

Chairman GRIFFITHS. So that in this way the law really doesn't work very fairly?

Mrs. BATES. No; it doesn't. This is especially true with the mother with just two children because the maximum income for her can only be \$290 and of course, we allow the total deduction for child care. But, on an income that small, her child care would be as small as possible. For the simple reason that she doesn't have enough money to pay a babysitter any amount of money and I get some young mothers that want to work, but, let's say she is \$10 or \$15 over the eligibility limit, because I can't allow for her going to work—

Chairman GRIFFITHS. Is that all you can allow on food stamps?

Mrs. BATES. Yes.

Chairman GRIFFITHS. So you are bound by a different law than Mrs. Wimbley?

Mrs. BATES. To a certain extent; yes.

Chairman GRIFFITHS. And Mrs. Mickens. They can permit a disregard of \$30, and one-third of the rest, and \$40 for getting to work, and but you cannot allow any of that?

Mrs. BATES. No; I cannot.

Chairman GRIFFITHS. She is stuck on the food stamps?

Mrs. BATES. No; that is just it, she is not able to get them because her income usually falls over the eligibility limit.

I have had some as little as \$5 over and she just wasn't eligible for the program.

Chairman GRIFFITHS. \$5 over the eligibility limit?

Mrs. BATES. And this was only really because let's say she had—this was not quite a full week for her, so really since we would certify her at least 3 months in advance, she would really be ineligible for the program had she brought in a full pay.

Chairman GRIFFITHS. So that in order to get the food stamps she quits the job; goes on ADC and gets the food stamps; right?

Mrs. BATES. Yes, she would be certified.

Chairman GRIFFITHS. How many people do you think do that?

Have you ever had anybody come in and ask for food stamps who had a job and you couldn't give stamps to them, and then have that same person come back who was then on ADC who got the food stamps?

Mrs. BATES. Yes; I have seen them because I work at the Kercheval office also and where they were denied the food stamps, they were working, within the next 1 to 2 months I will see this mother in because she has applied for ADC and she will usually come up to me and speak to me and tell me she had to, because usually when I get her and she has been denied the food stamps, she tells me she has reached the end of her rope, she says, "I don't know what I'm going to do, I can no longer." she says, "I can't even buy the food to feed them just enough to send them to school."

Chairman GRIFFITHS. Would you say that is true on medicaid, Mrs. Sanders?

Mrs. SANDERS. Well, on medical assistance, most of the clients who are employed aren't eligible for MA. I deal with the older people myself, so I would have to just guess on that.

Chairman GRIFFITHS. Would some people be able to take advantage anyhow of free clinical assistance without this problem or not?

Mrs. SANDERS. If they were employed they would have a much harder time.

Chairman GRIFFITHS. What about my lady that was bleeding from the eyes?

Mrs. SANDERS. If she had been employed?

Chairman GRIFFITHS. She was not employed and as you pointed out, she would have great difficulty getting medicaid but if she could have gotten on ADC, she could have gotten medicaid.

Mrs. SANDERS. Right; medicaid is automatic if they are related to another program.

Chairman GRIFFITHS. Yes, but; now let's take the woman that is employed at a low wage but still—it is \$3,500, isn't it, it has to be lower than that before she can get on medicaid?

Mrs. SANDERS. No, it is according to—a single person is allowed something like \$1,900 a year.

Chairman GRIFFITHS. All right, a woman with two children, how much could she make?

Mrs. SANDERS. A family of three, the annual income is \$3,120.

Chairman GRIFFITHS. A family of three, \$3,120.

All right, suppose a woman with two children comes in, she is making \$3,200. She is not eligible for medicaid is she?

Mrs. SANDERS. No, she is not eligible.

Chairman GRIFFITHS. Now, \$3,200, her employer is probably not paying for any medical policy for her?

Mrs. SANDERS. No, and we couldn't deduct that anyway if we were determining her eligibility.

Chairman GRIFFITHS. So that she can't get it?

Mrs. SANDERS. No.

Chairman GRIFFITHS. Could she get food stamps at \$3,200?

Mrs. BATES. With three in a family—that is approximately \$290 a month—we can't use annual income.

Chairman GRIFFITHS. You have to use monthly income?

Mrs. BATES. Yes.

Chairman GRIFFITHS. How much could she have, how much is she permitted to earn with two children and you still give her food stamps?

Mrs. BATES. Not over \$290 a month.

Chairman GRIFFITHS. Not over \$290 a month.

So, that that woman who isn't eligible for medicaid isn't eligible for food stamps either, yet she is getting only \$3,200 and she has two children.

Did you ever see one of them who came and asked for medicaid and couldn't get it and then went on AFDC and got it?

All she has to do is quit the job.

Mrs. SANDERS. Generally they quit the job. Generally they do this as a last resort. Most of them would rather struggle, but in the case of high medical expenses, what else can you do?

Chairman GRIFFITHS. But if she quits the job—

Mrs. SANDERS. She would be eligible for another program.

Chairman GRIFFITHS. If she quits the job, she is eligible for AFDC; she is eligible for medicaid; she is eligible for food stamps, but she is also eligible to go back to work, isn't she?

Mrs. BATES. Yes.

Chairman GRIFFITHS. Of course she is. She can go back to work, she can disregard \$30, and she gets to deduct a third of the remainder doesn't she? And she has a disregard of \$40 for work expenses, Mrs. Wimbley has already told us. That is at least \$70 in deductible income a month.

Mrs. MICKENS. I think something is wrong here.

A lady has to already be on ADC.

Chairman GRIFFITHS. That is what we are talking about.

Mrs. MICKENS. But once she gets off and she works, she is not entitled to the \$40 and thirty and a third.

Then, if she comes in and she says, "I am working, I am earning \$3,200," and she wants to go on ADC she is not allowed to disregard the \$40.

Chairman GRIFFITHS. No, of course not.

Mrs. MICKENS. But interestingly enough, she need never quit a job because she is already eligible for ADC because she is only earning \$3,200 a year.

Chairman GRIFFITHS. If she quits the job and comes down and gets on AFDC, then goes back to the job, she gets the disregards.

Mrs. MICKENS. Why don't we tell her she is eligible for ADC and \$3,200 instead of having her to do that.

Chairman GRIFFITHS. You can do that, but she still doesn't get the disregard.

So, the law is the thing that is wrong. The law is telling her, "Quit work, get on AFDC first, and then if you want to go to work, go to work."

It is the law, isn't it, that is the way the law is written?

Mrs. WIMBLEY. Yes.

Chairman GRIFFITHS. So that you are really encouraging her to do the exact thing you don't want her to do, and Mrs. Bates brought this out very, very clearly on those food stamps.

Mrs. BATES. I see it all the time.

Chairman GRIFFITHS. Sure, I read that testimony over and over.

Now, the food stamp program, I think you pointed out, was designed to assist large low-income families.

It is accidental if that is who it assists.

It was originally, the food stamp program was originally set up to take care of that situation where you had a little 90-pound woman having to go all the way across town; change buses three times to get the commodity program, and they were passing out rice in 80 pound bags, and that was all she could get.

Now, she couldn't have used it. You can't ask old people to be carrying home 80 pounds of rice; 35 pounds of wheat and so forth.

So, we tried to set up a food stamp program. But, the point of it is that the rules are different, because this comes out of a different committee, forgetting those food stamps then they are forgetting medicaid, then they are forgetting aid to dependent children. So, if you're going to have all these programs, at least they all ought to work properly together. You shouldn't say to anybody or have to say to her, well, you are not eligible now but if you quit that job you would be eligible tomorrow.

This is really what these programs are saying to them, right?

Mrs. BATES. Yes.

Chairman GRIFFITHS. Of course that is right. That is the way it is, that is the way it is done.

Now I want to ask you also, on this medicaid, some elderly couple came to my office.

The man is 76 years old; they have got \$176 a month, they are on their social security; they are already eligible for medicare; they have a policy, a paidup life insurance policy of \$2,000 to bury them.

Is each one entitled to \$1,000 in resources?

Mrs. SANDERS. Yes.

Chairman GRIFFITHS. Each one is entitled to \$1,000.

All right, they have to go to get medicine and they didn't have and way to do it, but their son gave them a car. The value of the car is estimated at \$500.

They are no longer eligible for medicaid, right?

Mrs. SANDERS. No. We have a protected property level and they could have property up to \$2,000 for two people.

Chairman GRIFFITHS. Does that \$2,000 paid up life insurance policy not count?

Mrs. SANDERS. Cash surrender you mean is \$2,000?

Chairman GRIFFITHS. Yes; surrender value of \$2,000.

Mrs. SANDERS. That would be considered in some cases.

Recently we had a rule change, they are eligible on the budget. With the \$176, they would probably be eligible and since more than likely, they would hardly ever cash that insurance policy, we have to get some kind of approval, but, they would probably be eligible still.

Chairman GRIFFITHS. Well, now, they have been turned down.

I am going to write you.

Mrs. SANDERS. If the son bought the car and left it in his name and told me when he called, "it is my car, I just let them drive it."

Chairman GRIFFITHS. Then they are eligible.

Mrs. SANDERS. Yes. And, in medicaid it is a shame to say, but you almost have to encourage a client to bend the truth a little in order to get on.

If they have a bank account, two people can have \$2,000. If they have a \$4,000 bank account and they had the son's name on it, he can say part of it is his. We take their word.

Chairman GRIFFITHS. Of course the problem with leaving the car in the son's name would be in case the 76-year-old father has a heart attack and kills somebody, the son is going to be liable.

Mrs. SANDERS. If both names are on the car, that is a way to get around it a little, but if I didn't tell them—if both names were on the car.

Chairman GRIFFITHS. I see. I would like to ask you about training food stamp workers.

How much training did you get?

Mrs. BATES. Two weeks.

Chairman GRIFFITHS. Two weeks.

Mrs. BATES. Now they only offer 1 week.

That was, I believe, the last 2-week session.

Chairman GRIFFITHS. What does the training consist of?

Mrs. BATES. Well, it is mostly an orientation period.

They have various people come in from some of the other programs such as from the Michigan State Employment Office, to talk to you briefly about unemployment benefits.

I had the advantage of working there so what he said was not even related to what actually would happen when a client comes in and this is his source of income; because they usually get the top level personnel to do this training, people who don't actually work on claims. This is what they do with mostly all the—training—people they bring in. They never get the actual worker who could bring out things that you would come in contact with and it is only sketched over briefly. They bring you a lot of forms which of course you don't understand, and it is really not very helpful at all unless you have actually worked there.

Chairman GRIFFITHS. I would like to discuss also the factors that are used in determining the size of the welfare grant.

In AFDC the grant varies by the size of the family, doesn't it?

Mrs. WIMBLEY. Yes.

Chairman GRIFFITHS. Does it vary by the sex of adults?

Mrs. GAY. No.

Chairman GRIFFITHS. If it is a father with children?

Mrs. GAY. Not in the category programs.

Chairman GRIFFITHS. The sex of the children?

Mrs. GAY. No.

Chairman GRIFFITHS. The age of the children?

Mrs. WIMBLEY. No.

Mrs. GAY. No.

Mrs. MICKENS. Yes, in some cases when they reach 18, they have to still be in school, I think, or they are taken off the grants.

If they are 18 and not in school they are removed from the grant.

Chairman GRIFFITHS. What are we going to do about the fact that in Michigan all these 18-year-olds are now adults by law?

Mrs. WIMBLEY. Then they get grants of their own.

Mrs. MICKENS. At 17, according to ADC policy, you can open your own grant.

At 16, if the court approves it, but, definitely at 17.

Chairman GRIFFITHS. At 17, but say the kid is just 18 and he doesn't have any children, he or she doesn't have any children, do they have to go on general assistance?

Mrs. MICKENS. They must have children.

Chairman GRIFFITHS. They can go on general assistance?

Mrs. WIMBLEY. They cannot live at home.

Chairman GRIFFITHS. Can they go to school on general assistance? They can't anymore, can they?

Mrs. MICKENS. I don't know about the GA program.

Mrs. GAY. Are you talking about an 18-year-old that wasn't on ADC?

Chairman GRIFFITHS. Yes; here is an 18-year-old. For 17 years he has been an ADC case connected with his mother. Now he is 18 and under the law, now under the law of Michigan, that child is completely an adult.

Now, what do they do?

Mrs. GAY. They haven't changed as yet at our agency. The mature age, in other words, they are mature at 21.

Now, if they were still in the home with their parents they would still be included in the ADC grant if they were attending school. If they are not attending school, then it is a problem in terms of getting assistance for them. They would be eligible for general assistance if their family did not have any means of supporting the 18-year-old.

We are requesting them at this time to bring their parent in with them when they come in to make their application. This is the rule of the general assistance program at the present time.

However, if their parents are on ADC or receiving social security or something of this type, we don't request that parent to make the application for them, they make it in their own name.

Chairman GRIFFITHS. I see. Does a grant vary by the amount of rent and utilities?

Mrs. WIMBLEY. Yes.

Chairman GRIFFITHS. Well, let me ask you, one of the things that evidently everybody else resents the most, is that there are some people, apparently on ADC, living in air-conditioned houses with swimming pools.

How can they do it?

I mean, I know of a case, I checked it through, but, how do they do it?

Mrs. WIMBLEY. The maximum is \$100 a month for rent.

Chairman GRIFFITHS. Or payment on a house?

Mrs. MICKENS. Yes.

Mrs. WIMBLEY. Unless there is six in the family and it has to be approved by the division head, not your supervisor, but, the division head. She has to write a request to you asking you for excess shelter with six or more in the grant and it has to have with this a breakdown of the monthly payment of the home. She has to be buying this home and we have to have the monthly breakdown from the mortgage company stating this.

We in turn give this to our supervisor who takes it and the letter to her division head, and if she approves it, then she approves it on one of the forms in the case, approved such and such a day.

Chairman GRIFFITHS. Now, utilities, can the amount given for utilities vary?

If they have got a great big old house and a lot of people, they might need more heat. Can they get more for utilities?

Mrs. WIMBLEY. It is a certain amount.

Mrs. MICKENS. Two people it is \$10 for electricity, maybe four people it is \$12 for electricity, but that is how it is based and we cannot digress.

Chairman GRIFFITHS. What has all this to do with on gas, where women let the gas bills run over a long period of time and the gas is shut off. Is there some separate arrangement now made with the gas company?

Mrs. WIMBLEY. They are supposed to get an ADC budget plan.

This is one of the biggest problems that we have, gas turnoffs.

We cannot send to liaison asking for payment unless we have 6 months, like for Edison, 6-month's record of how much they have paid, and they must pay the amount of money that is allocated in their breakdown of budget. They have to pay that certain amount for us to be able to do this.

We are having the hardest time in the world with the utility problem. It is one of the biggest problems we have with the turnoffs of gas and electricity. Seemingly, the agency and the gas company and the Edison Co. are not in accord with what the rulings are.

Chairman GRIFFITHS. Well, now, what about rent, are you also asked frequently for rent or do these people move because they haven't paid the rent? Is that one of the reasons for moving?

Mrs. MICKENS. I think a very, very small minority has that reason.

I find most of my clients are not ducking the fact that they have to pay the rent, they know the rent is first.

When they move now, it has gotten a little tougher on them, we have to have the landlord fill out a rent form saying what they have to pay; say if they have to pay gas, electricity; sign it and send it back to us. And, of course, if there is a security deposit needed, now they have to say that at the end of the period of time this person lives in that house they, the landlord will return the security deposit.

Now, these things have just come to pass, which discourages the client from moving so much because they know they have got to go through this whole thing of getting the papers signed again by the landlord and if they had a security deposit there may be some feelings about not getting them another one. So, they don't basically move because they don't pay their rent.

I feel in most cases they need larger quarters or the neighborhood is deteriorating or they have trouble in the school system.

You know, they move for founded reasons.

Mrs. WIMBLEY. But on my hand, they do move because of the fact that their money doesn't go far enough because we pay 2 weeks behind. We don't pay in advance for rent.

So, therefore, they get in trouble. I find that is a problem with my clients. They pay a half a month's rent for one 2 weeks, then they pay the other half, then I find—that is my problem in their moving because of the fact they can't keep it up because the money doesn't go far enough for them to cover everything that they have to do.

Chairman GRIFFITHS. What other special things can people get either on ADC or on general assistance?

Mrs. WIMBLEY. They can get their teeth and their eyes taken care of. The adults and the children will have to go to the certain kind of a center or to receiving for theirs.

Also, we do pay transportation if they can't make it for going for medical; if they are not able to go we will see that they get the transportation. We do get—when they need furniture we request that, and trips, we try to get labs; if they come in a certain time of month when these labs are in our building; we try to get them for them.

Chairman GRIFFITHS. On a matter of dental care, do you have them get an estimate from the dentist?

Mrs. WIMBLEY. Yes.

Chairman GRIFFITHS. Then you give them the money and they pay the dentist, is that right?

Mrs. WIMBLEY. Yes.

Chairman GRIFFITHS. Now, in the veteran's programs it doesn't work like that.

The veteran goes to the dentist and gets the estimate and goes back to the veteran's facility and they negotiate with the dentist and pay it directly.

Would you think that would have some advantages?

Mrs. WIMBLEY. I think it would have.

Chairman GRIFFITHS. In the first place, they ought to be able to get it done cheaper if you had the welfare department negotiating, would you think that would be right?

Mrs. WIMBLEY. Yes, I think so.

Chairman GRIFFITHS. But they get it done?

Mrs. WIMBLEY. Yes, they have to. Sometimes they are in need of this work.

Chairman GRIFFITHS. Of course.

Mrs. WIMBLEY. And they really need it.

Chairman GRIFFITHS. Of course.

Mrs. MICKENS. Our dental consultant, every time I submit a bill it comes back corrected, so I know I have been getting deals, they are charging them more as a matter of fact than we would pay or than the going rate is.

Chairman GRIFFITHS. Would you think it would be better to do it like the veterans' program does it?

Mrs. MICKENS. Only if you could get a discount, you know, I specifically say that.

Chairman GRIFFITHS. How many people get grants to get their teeth fixed, then don't get the teeth fixed; do you think this happens occasionally?

Mrs. MICKENS. Occasionally.

Mrs. GAY. Didn't they change it so that the check is made out to both the dentist and the client? It is made out to two people now.

Chairman GRIFFITHS. They did this because it was done more than occasionally. They thought this thing was being beaten quite badly.

Mrs. WIMBLEY. They changed it May 1.

Mrs. GAY. Back again?

Mrs. SANDERS. That may be in the category departments, but in medical assistance the dental work isn't covered per se, so we have to submit it to the welfare or to county fund, I'm not sure who pays it, but they get a sundry order which the client has to sign and the dentist

has to sign and our clients never get any money for it and we determine exactly how much we are going to pay, say \$15 for glasses; full dentures are, I think, \$150.

Harper Hospital recently charged \$170 and we had to tell our clients not to go there any longer, although they are a low-charging hospital. Providence charges about \$300 and we just refuse those.

Chairman GRIFFITHS. That is under medicaid?

Mrs. SANDERS. Yes.

Chairman GRIFFITHS. Those who are entitled to medicaid who are entitled to no other category?

Mrs. SANDERS. Yes.

Chairman GRIFFITHS. So you actually do tell them how much can be paid?

Mrs. SANDERS. Yes.

Mrs. GAY. They have a dental fee schedule.

Chairman GRIFFITHS. You have a dental schedule, too?

Mrs. WIMBLEY. Yes.

Chairman GRIFFITHS. Mrs. Gay, what factors affect the level of a grant for a couple on old age assistance?

Mrs. GAY. Their shelter payments; whether they have any income from social security; if there is old age assistance or aid to disabled they would probably have social security; whether they are living or eating with others.

Chairman GRIFFITHS. Whether they are living with others?

Mrs. GAY. Yes.

Chairman GRIFFITHS. I had somebody write me a letter the other day that a person who was living with her daughter, the daughter is making \$500 a month, something better than \$500 a month; that the mother was receiving \$300.

She couldn't, could she, under the program?

Mrs. SANDERS. If the daughter was charging her rent.

We open up old age cases and send them over and if the old age client is living with the daughter and the daughter is charging her rent up to the \$100 maximum, we have to include that in the budget.

Mrs. GAY. Well, this is recently changed, so that it is a \$105 maximum. It is a room and board-type thing if they are living with unrelated persons or with relatives.

Chairman GRIFFITHS. It would be \$105.

Then what else could they have gotten?

Mrs. GAY. \$105 plus an incidental allowance of \$23.

Now, the only other thing would be if they had a transportation allowance in there to go back and forth to the doctor, or if the daughter was working or something and there had to be a housekeeper or someone to take care of the woman because she can't take care of herself in the home alone when the daughter is away, there might be a housekeeping allowance.

So, there could be a possibility of a \$300 grant but it wouldn't be just for food, clothing, and incidentals.

Chairman GRIFFITHS. Explain housekeeper to me, please. It came to me as some surprise that you can have a housekeeper.

Who gets the housekeepers?

Mrs. GAY. A person has to be determined by the doctor to be in need of a housekeeper and even to the degree that she needs a housekeeper.

That is, how many days a week or whether she needs her on a full-time basis and this is a medical determination by a doctor.

Chairman GRIFFITHS. Really?

Mrs. GAY. Yes.

Chairman GRIFFITHS. Are there many of them?

Mrs. GAY. Yes; with older people and with aid to disabled.

Mrs. SANDERS. The only problem we have had recently is the client who is in a room and board situation. Even if the daughter is working, if they need a housekeeper they couldn't provide their own food, they would be in a room and board situation, so they are not eligible to have a housekeeper in the home of the daughter, but one that just wants somebody to come. On medical assistance an old client who is just old and tired or has to really work slow, if our doctor would approve 1 day a week, they can get it. They would need it a lot less than someone whose daughter is working and she is keeping the mother at home. We are told to ask them to try to get them into a nursing home if they need this kind of care.

Chairman GRIFFITHS. Well, of course, that is the most expensive kind of care, nursing home care.

How much care can you give under medicaid where you get nurses coming into the house, a nurse maybe once a week or once a day and homemaking?

Do you have any of it?

Mrs. SANDERS. We don't have hardly any. A visiting nurse sometimes will come once in a while, but, that is not through medical assistance.

Chairman GRIFFITHS. That would be far cheaper and far better care, far better for the old person than nursing home care, right?

Mrs. GAY. The maximum they allow is up to the nursing home allowance—

Mrs. SANDERS. \$210 a month, that is \$1.25 an hour and it is nearly impossible to find someone who is going to work for that anyway. It doesn't include carfare if it goes over that \$210.

Chairman GRIFFITHS. Well, on this housekeeping thing, I had a letter from a woman who lived in my district who was getting \$600 a month. She had six children but not all those children were living at home and \$200 of it was for a housekeeper but the woman herself was not disabled.

I never did understand that.

Mrs. GAY. I wouldn't understand that either. There has to be a medical verification.

Chairman GRIFFITHS. Well, now, it can be medical, but can there be some other problem though, with the mother?

Mrs. GAY. Emotional.

Chairman GRIFFITHS. Emotional, I see; anything else?

Mrs. MICKENS. Mental, of course.

Chairman GRIFFITHS. Is the person who gets the money to pay the housekeeper supposed to pay social security?

Mrs. GAY. Yes.

Chairman GRIFFITHS. Do they?

Mrs. GAY. Yes.

Mrs. SANDERS. We pay the client's portion as long as it doesn't exceed the \$210 maximum.

Chairman GRIFFITHS. You pay the clients?

Mrs. SANDERS. Yes, 4.8 percent.

Chairman GRIFFITHS. So this housekeeper who is supposed to be getting \$200, the woman who was entitled to her would have had to pay out of her \$400 the social security for the housekeeper; is that right, and you would have paid the housekeeper's part?

Mrs. SANDERS. We would pay the client's part.

Chairman GRIFFITHS. You would have paid the client's part—

Mrs. SANDERS. As long as it doesn't go over the \$210 maximum. If she was receiving \$200 a month for services, we could pay.

Mrs. WIMBLEY. I don't think they pay that social security.

Mrs. SANDERS. Yes, we do.

Chairman GRIFFITHS. You are going to pay the woman's part though.

Mrs. SANDERS. The client's portion.

Chairman GRIFFITHS. Is a woman pregnant with her first child eligible for AFDC before the baby is born?

Mrs. GAY. No.

Chairman GRIFFITHS. She is not?

Mrs. GAY. No.

Chairman GRIFFITHS. Is a pregnant woman subject to the work requirement if she is getting general assistance or any assistance?

Mrs. GAY. No.

Chairman GRIFFITHS. If she is getting AFDC she is not subject to a work requirement?

Mrs. GAY. No.

Chairman GRIFFITHS. Do some of these women get jobs?

Mrs. GAY. I imagine they are working, some pregnant women.

Chairman GRIFFITHS. Most of the people I have been talking to in these hearings have complained, the workers have complained, about the complexity of the system—and you people have yourself this morning—and the difficulty in keeping up with changes, and you have pointed out here changes that went into effect the first and other changes that are going to go into effect.

How are you advised of these changes?

Mrs. WIMBLEY. By manual like we have.

Chairman GRIFFITHS. A looseleaf manual.

Do they send out the changes to you?

Mrs. WIMBLEY. Yes, they send them to us.

Chairman GRIFFITHS. What time do you have to read them?

Mrs. WIMBLEY. We are supposed to stop and read them.

Chairman GRIFFITHS. Do you?

Mrs. WIMBLEY. Most. In general you have to stop and read them, because if you don't then you take the wrong thing to the liaison and they will give it back to you.

Chairman GRIFFITHS. How about you, Mrs. Sanders and Mrs. Bates?

Mrs. SANDERS. Generally our supervisor goes over them and we do get the forms, but we don't have time to read all that. We can get three and four deep, sometimes.

Chairman GRIFFITHS. How about you?

Mrs. BATES. Well, they send a memorandum and usually a case where we are broken up in smaller groups and the supervisor knows they are going to write a new program and it is about that thick, and they claim

they are going to give us orientation, but if it is anything like the orientation they gave us before—because I saw the manual right after you called for this hearing—then I just don't see how in the world you are going to remember all that stuff. You know it is going to take a period of time because it is a complete revision.

Chairman GRIFFITHS. If somebody comes to you for food stamps you really need to know all the other things to which they are entitled or the things to which you should refer them, don't you?

Mrs. BATES. Yes, you should.

Chairman GRIFFITHS. So, you have to read all this stuff that everybody else has read and you have to know it all, although all you are doing is passing out food stamps and you have strict rules on how to pass them out, right?

Mrs. BATES. How do you mean when you say "strict rules"?

Chairman GRIFFITHS. Well, you can only give them to a person making so much money or if they are on a category?

Mrs. BATES. Yes, that is true.

Chairman GRIFFITHS. So forth and so on and this would be true with you, too, wouldn't it, Mrs. Sanders?

Mrs. SANDERS. On medicaid, yes.

Chairman GRIFFITHS. You would need to know all the things everybody else knows?

Mrs. SANDERS. We need to know, but, we don't. One thing in particular in medical assistance, we had a case recently, it was allergy payments. Payment for allergy, some allergy medication and treatment is not covered by any insurance I found out. Blue Cross doesn't pay for it. A client who doesn't have an income couldn't very well pay anyway.

GA will pay for it, but I had to go through the GA booklet; the client went to three different GA offices; the worker called me and told me they didn't cover it. I talked finally at the southwest office, I think, to a supervisor who told me he had never heard of it; who said he would talk to the division head. He talked to someone else and finally after 3 months the client did get the payment, but no one was aware that we could pay for this allergy treatment that was not covered by medicaid and he was going to University Hospital. But I don't know how we could know all the things the clients are eligible for.

Chairman GRIFFITHS. How often are the rules changed?

Mrs. MICKENS. Every time you put your pencil down. As soon as you make a change, a change has been made on what you just changed.

Mrs. GAY. There are constant changes.

Chairman GRIFFITHS. Would you think it would help if Congress would just stop writing new laws for a while and the State would stop writing new laws for a while and they would stop passing out all the new regulations?

Mrs. GAY. No, not if it is going to be helpful to the client. The primary thing is to get the best service to the client and what is really required is better communication within our Department and from, say, Lansing in terms of the new material and providing supervision for the workers that can get the information to them; explain it to them so they don't have to sit down and read it and this is what we have got to have with the type of caseloads that we have at the present time.

Chairman GRIFFITHS. Do you think the frequency of the rule changes contributes to the agency's errors?

Mrs. MICKENS. Yes, I think that is very true, but, you know, when you say you allow \$50 on a refrigerator and as of April 1 we allow \$100, no matter how many errors, the fact is now it is better for the clients to allow \$100 because maybe she can carry a bill of \$30 more at \$2 a month for 2 years. So, you just have to not take into consideration the errors, you just have to continuously work on the errors, but, as she says, as long as it is helping the clients, I don't think corrections are harmful—well, nothing is foolproof.

Chairman GRIFFITHS. How many recipients do you think have a reasonably good understanding of the rules?

Mrs. WIMBLEY. Maybe a fourth.

Chairman GRIFFITHS. A fourth, you would say?

Mrs. WIMBLEY. Maybe.

Chairman GRIFFITHS. What is the turnover of the personnel working in the office, how frequently does the personnel working in the office turn over Mrs. Gay?

Mrs. GAY. We have a year to 2-year worker, primarily.

Now, with the new eligibility examiner-type classification, all the workers that had been the 09 classification, now have moved to service positions so we are retraining. It is practically a retraining of all the workers that are working on caseloads now.

Chairman GRIFFITHS. Have some eligibility people been picked themselves from among those who were formerly on welfare, who were drawing welfare?

Mrs. GAY. If they could pass the examination.

Chairman GRIFFITHS. Well, now, could it be possible that those people once on welfare who became eligibility workers themselves, actually could still keep part of that welfare. It is possible, isn't it?

Mrs. MICKENS. Yes.

Chairman GRIFFITHS. So, there would be some people who actually are getting more money than regular workers?

Mrs. MICKENS. No so much money, but benefits, fringe benefits.

Chairman GRIFFITHS. Yes, the benefits they get, that medicaid, food stamps, and they could be getting free meals for the children in school couldn't they?

Mrs. GAY. That's right, and child care.

Chairman GRIFFITHS. Well, now, a lot of people don't want to count any of this, but this in reality is money.

Mrs. MICKENS. I have a client that earns \$150 a week and she is still eligible.

Chairman GRIFFITHS. A client that earns \$150 a week?

Mrs. MICKENS. And she is still eligible because of the numbers of members of the family and because of the disregard in the employment, which is a fantastic amount.

Chairman GRIFFITHS. What factors are there that you think cannot be simplified?

Mrs. WIMBLEY. One factor, I think, is a lost check affidavit or to get—we can get clothing, too, now.

Chairman GRIFFITHS. You can give clothing?

Mrs. WIMBLEY. A \$50 maximum for each child.

Chairman GRIFFITHS. For clothing?

Mrs. WIMBLEY. If it is an emergency. That is in that manual.

Chairman GRIFFITHS. How many emergencies can you have per year?

Mrs. WIMBLEY. You have to decide that and take it to your supervisor, but we haven't given any clothing yet because we haven't got a price list. You see, we are waiting on a price list, but, as of April 1, in that manual 7130, I think it is—this is all in that manual—they have changed it all around. A lot of differences have been made because we haven't been paying shelter deposits or utility deposits and we will be more than we have been before, you know. But I want to bring up that it takes to 8 weeks for them to get an estimate from furniture or from glasses or from anything, and teeth, or something like that. It takes sometimes almost 2 months, and that really is an irritating thing for a client who is waiting on something, maybe she's in an empty apartment and does not have anything. We have asked basic service to go out. They go out and examine and see that they have the need and then they OK it. Then we send through and sometimes it is 6 to 8 weeks before they get this, and then sometimes longer, and frustrated to no end, they call you and call you and call you.

Chairman GRIFFITHS. One of the things that touched me was that, as I read each of your testimony, I had the feeling that you were saying that some of the clients regarded you as the enemy.

Mrs. BATES. Yes.

Mrs. SANDERS. Yes.

Chairman GRIFFITHS. And that is really one of the real problems within the whole system, isn't it?

Mrs. SANDERS. Especially with older people. They just tend to be so afraid to speak up or ask. I don't know, maybe it is the old welfare stigma. We aren't like they use to be, I don't believe, but the older people, unless they have a son or a daughter who will take the time and step forward, they tend to do without rather than ask.

Chairman GRIFFITHS. Now, I would like to ask you a question that I asked in New York and the question that is asked time after time all over the country.

Do you think that people move to an area where welfare payments are better than they are in a place where they are lower.

What do you think?

Mrs. WIMBLEY. Do we think they move?

Chairman GRIFFITHS. Well, would you think, for instance, anybody moved out of Mississippi or North Carolina to Detroit because they knew the welfare payments are better here, would you think that has anything to do with moving, what do you think, Mrs. Mickens?

Mrs. MICKENS. No, I really don't.

Chairman GRIFFITHS. What do you think?

Mrs. WIMBLEY. I would have to question that to the point that they are looking for better things and they have found that there is supposed to be a better place for employment and everything else, and lots of times they get impossible dreams about the North, and when they get here, find it is altogether different. They may not be coming here for welfare, but they are coming here to do better for themselves and sometimes they find themselves in this position.

Chairman GRIFFITHS. What do you think?

Mrs. GAY. I think that they come to another place where they think they will have more opportunities. It may be for work, it may be for better housing, it may be better schools and it may be better welfare, if that is the only means of support they have, but not just that alone.

Chairman GRIFFITHS. What do you think?

Mrs. SANDERS. I have to agree with Mrs. Gay and also by working with older people I would have to definitely say, no. Generally, it is for convenience, to be around the family.

Chairman GRIFFITHS. Well, the older people usually come to join their families.

Mrs. BATES. I would agree with Mrs. Gay.

Chairman GRIFFITHS. I asked this question in New York of the intake workers. Of course, I think when you look at the intake situation in Detroit, then you compare the problems of New York, it is incredibly different.

There is at least some privacy for clients with whom workers are speaking in Detroit, but in New York there is none, absolutely none. They are sitting side by side and you can hear every word anybody says and the whole thing is just a mess, but anyway, I asked the workers and they laughed and they said, "Of course they come here for that. They arrive in buses from North Carolina and this is the first place they stop."

Mrs. MICKENS. Well, where else would you go if you were going to another State?

Chairman GRIFFITHS. Well, usually if you go, you go, don't you, to a relative or you go because you think you have a job or something.

Now, they told me the problems that they have with some people on it, but, I think your comment is an interesting comment.

Mrs. MICKENS. I think a fairer question would be: How many people go to a State, get on welfare and remain there?

Chairman GRIFFITHS. Well, how many do?

Mrs. MICKENS. Well, what I mean is, you know, not look for work, not look for jobs or anything, just stay there.

Chairman GRIFFITHS. Well, do you think there are many people like that?

Mrs. MICKENS. I think that because of circumstances they have to go.

Now, someone says to me, there are a lot of jobs in Detroit, why don't you go there and try. So, I go to Detroit, I get on welfare, of course first, because either I have to send for my family or my family is here and they have to eat. Then I find a job and I get off welfare. I mean, doesn't that exist?

And then another person comes in and they get on welfare and they remain there. That is not their fault, of course, that is our fault for allowing them to do it.

Chairman GRIFFITHS. I would also like to ask you, don't we have a little sex discrimination in the way we treat men on welfare?

For instance, if a man on welfare takes a WIN program he isn't entitled, is he, to get any money, if he gets a full-time job he is off welfare, isn't he?

Mrs. WIMBLEY. Yes, if he gets a job, the case is closed.

Chairman GRIFFITHS. And the job could pay \$30 a week, couldn't it?

Mrs. WIMBLEY. Then I explain to him I am closing the case and if

the amount of money you are receiving does not take care of your need, you will have to apply for general assistance.

Chairman GRIFFITHS. Yes, so then for women it is different, isn't it?

Mrs. MICKENS. Yes, it is.

Chairman GRIFFITHS. So that, in reality, the whole program is really set up for women?

Mrs. WIMBLEY. Yes.

Chairman GRIFFITHS. It was set up because we were discriminating against women in the first place because they weren't—

Mrs. MICKENS. I refuse to comment.

Chairman GRIFFITHS (continuing). Because they weren't entitled to get into the work world. We didn't expect them to do that, we didn't prepare them for that, we didn't urge them into it. We said, "Take this, this is your share."

Mrs. GAY. Well, in the aid to the disabled (AD) program, it is more difficult for women to get on AD than it is for men.

Chairman GRIFFITHS. Explain that.

Mrs. GAY. Well, the fact that women would be a homemaker, and therefore, they are in a way working at home, and if they can still do the things around the house somewhat, then they are not eligible for aid and they may have the same conditions that a man has who isn't able to work at his job and, therefore, he is eligible for aid. So, there is discrimination.

Chairman GRIFFITHS. It is a different situation. Well, at least all these laws should be equalized and they should be made to operate together, we shouldn't have all the regulations that go here, there, and you are entitled to this and you are not entitled to that and so forth and so on.

Mrs. GAY. And the child care program is another one where the protected income level is quite a bit lower than the amount that a person can earn and still be on ADC. So, again, that is another program that discourages employment and getting on ADC and then being eligible for child care.

Chairman GRIFFITHS. Of course, the whole thing has built into it all kinds of work disincentives over and over. Here are the ladies who really understand this, Mrs. Bates and Mrs. Sanders. We have built into it all kinds of things that say, "Don't work. We will give you this if you don't work, but, we won't give you anything if you work."

I think unfortunately, that the AFDC program rewards a woman for leaving her husband or not marrying in the first place. I think that that is the wrong way to go. We should not have done that.

Mrs. GAY. Well, we have the new stepfather ruling where they can marry and they can still get assistance for the children only.

Chairman GRIFFITHS. Well, this was finally done because at last the men decided, "Well, it would be better to have a man in the home," but, you see she can get assistance with a stepfather but not with the children's own father in the home.

Mrs. GAY. Well, if he is unemployed or underemployed.

Chairman GRIFFITHS. You know, we are saying, "If you will just change husbands we will give it to you."

Mrs. GAY. There is ADC-UF, the unemployed father.

Chairman GRIFFITHS. Yes; that's right, but still she gets the money.

Mrs. GAY. No, it is in his name.

Chairman GRIFFITHS. But, she gets the money if she has the stepfather, right, if it is the stepfather, the wife gets the money for her children.

Mrs. GAY. In ADC-UF programs—

Chairman GRIFFITHS. It is in the father's name; that is, their real father. So, if a woman wants the money, we are saying to her, "Get rid of the father and marry somebody else," aren't we?

Mrs. GAY. No.

Chairman GRIFFITHS. It couldn't be done any worse.

Mrs. GAY. I think the ADC-UF program was to keep them with their husbands so that if their husband became unemployed they wouldn't leave him in order to get on ADC—

Chairman GRIFFITHS. But, daddy gets that, doesn't he?

Mrs. GAY. When daddy works, he gets the paycheck, too.

Chairman GRIFFITHS. Sure, but if she wants the money herself, then we are really saying to her, you know, "Get rid of him, go over here and marry some other man, let him work, we're not going to consider his wages at all and we will give you the money for the children." So, we are doing all we can to break up homes. We are giving them a real money reward. We are giving the wife a money reward.

Mrs. GAY. But wouldn't she leave if she wanted to, anyway, whether she was a person that was receiving assistance or whether she was just a woman in the general community, if she wanted to leave her husband she would leave him anyway if she got a job. So, it is no more so, I don't think, in the assistance program than in the general community.

Chairman GRIFFITHS. Oh, yes, it is, because she only gets the money out of ADC if she leaves him.

You see, she is so much better off living with a man or a husband who is not the father of the children because he can have a job and that money does not count at all. She still gets the money for the children, isn't that right?

Mrs. BATES. Yes; that is right?

Chairman GRIFFITHS. It is absolutely right. We are rewarding you to break up the home. Of course, lots of States don't even have ADC-UF and most don't have general assistance for families with working men. Michigan is the exception on this.

Would you tell us the requirement for being an eligibility worker?

Mrs. WIMBLEY. You must be 21 years of age—

Mrs. MICKENS. I think so.

Mrs. WIMBLEY. You must have passed an examination first, and then if you have any background that they feel is relevant to this, then they consider this, but you have to pass examination first.

Mrs. MICKENS. And be a high school graduate.

Chairman GRIFFITHS. What is the salary range?

Mrs. MICKENS. \$7,800 a year.

Chairman GRIFFITHS. \$7,800?

Mrs. MICKENS. Yes; I think it goes to \$8,300.

Chairman GRIFFITHS. And yet, as you have already pointed out, there could be women who are hired themselves off welfare who could be getting more than this because of the fringe benefits?

Mrs. MICKENS. Yes.

Chairman GRIFFITHS. And you are working right beside them?

Mrs. MICKENS. Yes.

Chairman GRIFFITHS. I want to ask a few medicaid questions here in addition.

Exactly how do you apply for medicaid?

Mrs. SANDERS. The initial application goes through the intake department. When we get the cases in the medical assistance unit, they have already been opened. Does your department take medical assistance applications, Mrs. Cay? Mainly they are taken at the Temple office.

Chairman GRIFFITHS. How often do you check up whether they are still entitled to medicaid?

Mrs. SANDERS. Aid to disabled related and old age related, every 12 months. For ADC people under 21 every 6 months.

Chairman GRIFFITHS. Do you ever approve applications by mail?

Mrs. SANDERS. Yes.

Chairman GRIFFITHS. Where you have never seen the person?

Mrs. SANDERS. Where I have never seen the person.

Chairman GRIFFITHS. What is the circumstance for that?

Mrs. SANDERS. Since the cases I receive are already open, if I have a case in the home like a husband who is 65 and the wife calls and says she is disabled, I can mail her an application and medical forms. She can take them out, we are told we can do a social summary which is a summary of how the client functions from what we see, over the telephone now, we don't have to go out and see them. We just have to ask them, "Do you limp," et cetera.

Chairman GRIFFITHS. Are you aware that in New York they put a dog on medicaid? It was the same sort of thing, they sent in the application and they checked up on it and so forth, so on, now OK.

Mrs. SANDERS. If they stated the dog was 65, possibly we could.

Chairman GRIFFITHS. Well, they lied about everything.

Mrs. SANDERS. If the client is 65 years old, we don't ever have to see him.

Chairman GRIFFITHS. Well, of course they are drawing social security.

Mrs. SANDERS. No; they don't have to draw, you know, a few of them don't, but just that they are 65 years of age. We very seldom ask for birth certificates.

Chairman GRIFFITHS. No proof of their age?

Mrs. SANDERS. No.

Chairman GRIFFITHS. But if they are more than 65 you don't have to see them?

Mrs. SANDERS. No.

Chairman GRIFFITHS. But you don't have to find out if they really are that age?

Mrs. SANDERS. No; we take their word.

Chairman GRIFFITHS. What evidence as to number of children, income, and so forth, do you require?

Mrs. SANDERS. Number of children, and so forth?

Chairman GRIFFITHS. Yes.

Mrs. SANDERS. The same as in the other categories. They have to be proven for people under 65 who are not applying for disability. They have to prove they are related to another program or be under 21.

Chairman GRIFFITHS. Do you ever have home visits on medicaid?

Mrs. SANDERS. Well, until recently.

Chairman GRIFFITHS. And that is one of the new regulations?

Mrs. SANDERS. Yes, they stopped it. They said it is not necessary.

Chairman GRIFFITHS. You mentioned in your statement you handle an average of 615 cases and this creates several problems.

What are the problems?

Mrs. SANDERS. Service, period. You just can't talk to that many people and give them the services, especially the older ones. The 6-month cases expire automatically. If the client doesn't call you and request that their case be renewed, then they are out of it until they get sick. Then with the old-age people they usually have a problem. They figure you are their social worker so any problem they have, family problems, they call.

Chairman GRIFFITHS. They call for anything, it is like having a daughter or a son for them?

Mrs. SANDERS. Right.

Chairman GRIFFITHS. What do you think would be the ideal caseload?

Mrs. SANDERS. I could only say from from my caseload which is old age assistance and aid to disabled related. We are supposed to do at least 30 to 40 cases a month, so somewhere around that maybe.

Chairman GRIFFITHS. How often do you re-verify the facts of a case?

Now, if you are on old age you probably don't ever re-verify them, do you?

Mrs. SANDERS. No, we don't have to. For the 6-month worker, the worker on ADC-related cases, they do have to.

Chairman GRIFFITHS. What is the level at or below which a medicaid needy family of four persons is fully eligible for medicaid?

Mrs. SANDERS. You can't say "fully eligible." Their income for four people is \$3,500 to \$4,000.

Chairman GRIFFITHS. \$3,500 to \$4,000?

Mrs. SANDERS. \$3,540 but that doesn't mean fully eligible. They may not be eligible for group one. They can be eligible for group two.

Chairman GRIFFITHS. You have no disregards either, do you?

Mrs. SANDERS. Very few. They do allow the transportation in the 6-month cases the same that ADC clients are allowed.

Chairman GRIFFITHS. Are their requirements the same as for ADC?

Mrs. SANDERS. Yes.

Chairman GRIFFITHS. You can disregard, then, those things?

Mrs. SANDERS. Yes. For old age clients we can disregard a few other things. We can include a few things in the budget like special diets without approval, just on declaration.

Chairman GRIFFITHS. Can you disregard the thirty and a third?

Mrs. SANDERS. No.

Chairman GRIFFITHS. You cannot?

Mrs. SANDERS. No. Very seldom do we run into the situation where they have income over the protected income level and they are applying. Now, if a client does have income over that protected income level, we disregard \$40 employment expenses, taxes; and social security. Then anything over, they have to pay before we will pay anything.

Chairman GRIFFITHS. Do they get that \$40 disregard you talked about?

Mrs. SANDERS. The \$40, yes, but not the thirty and a third.

Chairman GRIFFITHS. Do you know the law as it applies to families, can you tell us about it, where medicaid is available for families if income is above \$3,500? A family would be eligible, but, they could have, if you permit some disregards, more money than that, couldn't they?

Mrs. SANDERS. Yes.

Chairman GRIFFITHS. Let's see, \$3,500 and you give them \$40 additional, that makes \$3,540.

What else?

Mrs. SANDERS. Medical expenses.

Chairman GRIFFITHS. Okay.

Mrs. SANDERS. Projected medical expenses over 6 months.

Chairman GRIFFITHS. Could they have an income of as high as \$6,000 or \$7,000?

Mrs. SANDERS. Yes; and still be eligible for medical assistance.

Chairman GRIFFITHS. How many people know this?

Mrs. SANDERS. Quite a few.

Chairman GRIFFITHS. Do you have quite a few people asking for it?

Mrs. SANDERS. Yes, but usually the hospital refers those kind of cases. I don't think we have too much of a problem with them applying because it isn't a service, you have to actually be sick to get the service, so, it isn't anything you just benefit from coming in to apply for.

Chairman GRIFFITHS. All right. Now, they spend enough on medical bills to be eligible for medicaid, how long are they eligible?

Mrs. SANDERS. In the case of ADC-related families, 6 months until we redetermine.

Chairman GRIFFITHS. This is if they are eligible for medicaid only?

Mrs. SANDERS. A 6-month period. For old-age-related clients, a 12-month period.

Chairman GRIFFITHS. How do you identify medicaid card holders, is the person's social security number printed on the card?

Mrs. SANDERS. Not all the time.

Chairman GRIFFITHS. Do you require a picture?

Mrs. SANDERS. No; there is no picture.

Chairman GRIFFITHS. Well, could you use somebody else's medicaid card?

Mrs. SANDERS. Possibly.

Chairman GRIFFITHS. Don't you think it would be a good idea if we had some sort of absolute identification for everybody?

Mrs. WIMBLEY. Their case number is on the medicaid card.

Mrs. SANDERS. But medical assistance clients have nothing else such. I believe ADC clients have identification cards that are given to them. Ours don't.

Mrs. MICKENS. A picture on the card would be a good idea.

Chairman GRIFFITHS. You know, in a way, all a picture does is say, "Yes, this is you. You take a bad or a good picture."

What about if you required that a child, a baby at birth be given a social security number?

Mrs. MICKENS. It is required, isn't it?

Chairman GRIFFITHS. No, only if grandpa puts some money in the bank for the child or the child has a bond. Such children have to have social security numbers.

Wouldn't it be a great help 'o you if you had an absolutely unique identifiable number that was identifiable all over the United States, everybody could use it?

Mrs. MICKENS. Yes.

Chairman GRIFFITHS. I think it would be a tremendous help.

How do you assure that the cards for people who are no longer eligible are not used?

Mrs. SANDERS. The cards now come on a month-to-month basis. They only last from the first of the month to the last.

Chairman GRIFFITHS. So you don't necessarily require that they be returned?

Mrs. SANDERS. No, it is not necessary.

Chairman GRIFFITHS. What was the length and type of training you had?

Mrs. SANDERS. I was one of the first eligibility examiners, one of the very first there. They don't have an orientation program, I had all on-the-job training. I had worked with an agency, though.

Chairman GRIFFITHS. Would you mind telling us your salary?

Mrs. SANDERS. Now it is \$4.15 an hour.

Chairman GRIFFITHS. Are you eligible for medicare?

Mrs. SANDERS. No, because I am married now. Our family salary.

Chairman GRIFFITHS. Do you ever deal with cases in which people have incomes higher than yours that are eligible?

Mrs. SANDERS. Oh, yes.

Chairman GRIFFITHS. You do, under what circumstances?

Mrs. SANDERS. Medically, but, as I said, they would still have to pay the amount they had in excess of the actual income before we would pay anything in medical assistance.

I can't say. Like I said, they would actually have to be in need, very, very sick before they could benefit from having this, having a large income and getting aid.

Chairman GRIFFITHS. Mrs. Bates, do you handle only food stamp applications or do you have others?

Mrs. BATES. Just food stamps.

Chairman GRIFFITHS. Do you handle only nonassistance households or do you take applications where they are assistance recipients?

Mrs. BATES. Only if there is an ineligible in the home or if there are two separate grants in the home or more than two separate grants.

Chairman GRIFFITHS. Do you use the assistance case records under any circumstances?

Mrs. BATES. No.

Chairman GRIFFITHS. You never do?

Mrs. BATES. No.

Chairman GRIFFITHS. You keep a separate record?

Mrs. BATES. Yes, we have a separate record. We call the workers for verification of the number of grants and the amount of the grant.

Chairman GRIFFITHS. Do you have some sort of a form on which people make applications?

Mrs. BATES. I have to take the application from the client at that time.

Chairman GRIFFITHS. What kind of information do you get?

Mrs. BATES. The number in the household, verification of all income and the ages. The difference in the food stamps and G.A.—in food

stamps you must verify everything you tell the individual whereas they accept a declaration at G.A.

Chairman GRIFFITHS. How do you do it, do they produce birth certificates?

Mrs. BATES. For their children, yes, or immunization records or a health card or in some cases, especially where the family has been burned out, they might possibly have insurance records.

Chairman GRIFFITHS. Does the applicant fill out the form or do you?

Mrs. BATES. I fill the form out.

Chairman GRIFFITHS. You verify all information?

Mrs. BATES. Yes, I do.

Chairman GRIFFITHS. Do you every verify addresses and living arrangements?

Mrs. BATES. They have to show that they live in Wayne County. We ask for proof of this and they usually show a form, a driver's license; a voter's registration, or we can accept a utility bill or rent receipt or if they are buying a home, a mortgage statement.

Chairman GRIFFITHS. How could somebody be qualified in Michigan?

Does every county in Michigan do this?

Mrs. BATES. I don't think so.

Chairman GRIFFITHS. Because I know that the director of the District of Columbia food stamp program said that the food stamps program was being cheated because people were making themselves eligible in three different counties.

How could they?

Mrs. BATES. This I really don't know.

Chairman GRIFFITHS. From your statement, and I must say your statement was really excellent, you have serious doubts about whether people are reporting all their income.

What has led you to believe this?

Mrs. BATES. Well, later in reviewing—like where I am now, we have a little more time to review because we don't have as many clients coming in like we did at the other office I was at—when you sit there and you let the clients talk, this is the way I found out about a lot of extra income. He will say something about there might be one or more members less in the house or more, and in talking he will say, well, the wife goes to work, or, he will tell me, if he has to wait any length of time, he will say, "I have got to hurry and get out of here because I have got to take my wife to work." And, according to his application that we have, he hasn't reported an income for the wife.

This is usually purely by accident that we find out or in checking with the Michigan Employment Security Commission if they are drawing unemployment benefits. Sometimes the unemployment benefit rate is so low and the family class doesn't include the wife. Having worked before at the MESC office, I will call up and ask them to check their application to see if the wife is listed, and the wife is listed. Then I have had them come in where they both have unemployment cards and have previous records and this is on review, and her employment was never recorded but now she is collecting unemployment benefits and he is too. Or, he is not working now and he has exhausted all unemployment benefits and she comes in and they are going to use her income now, but it was never reported to us that she was ever working.

Chairman GRIFFITHS. Do you think that it is that second salary that is most often unreported?

Mrs. BATES. I believe this one is the most and it could be, too, that this could come from the husband. Some husbands are working where they have a second salary and that is not reported.

Chairman GRIFFITHS. Do you have any idea how much income is not reported?

Mrs. BATES. No; I have no idea.

Chairman GRIFFITHS. What do you think could be done to improve this?

Mrs. BATES. Well, I think if we had a way of checking a social security number, or required that the wife bring in a card, or that a card be brought in for her when he comes to apply.

Chairman GRIFFITHS. I will be glad to report this.

I am having quite a lot of trouble with it, as men think maybe you shouldn't give every child at birth a social security number, but it seems to me it would be wonderfully effective.

Mrs. BATES. Yes; it would.

Chairman GRIFFITHS. Do you think the new quality control system in food stamps will help?

Mrs. BATES. It is hard to say.

Chairman GRIFFITHS. Do you ever use the records or seek information from social security?

Mrs. BATES. I have had to, like we require them to bring social security letters, and I have written Social Security in regard to some clients.

Chairman GRIFFITHS. How about unemployment compensation?

Mrs. BATES. I have forms that I send to the unemployment office.

Chairman GRIFFITHS. Or the employers?

Mrs. BATES. Yes, the employers, but, you see, the thing here whereas I have the time now, when they start the new program I won't have the time and this is what happened with the other interviewers. They don't have the time to do this. I just happen to have the time.

Chairman GRIFFITHS. How is the verification done? Does a person reply in person or do you send forms in the mail?

Mrs. BATES. No, they have to come in. They are notified by mail it is time for the recertification. They are given a date to come in for this.

Chairman GRIFFITHS. Do they often voluntarily report to you that their income has increased during the certification period?

Mrs. BATES. As a rule, most of the time.

Chairman GRIFFITHS. Do you ever ask for refunds if a family received more stamps than they are entitled to?

Mrs. BATES. Only if income was not reported and it can be proven that this other income existed at the time, such as in the case of a woman getting social security and I referred her to ADC and she claimed she didn't want it. About 5 minutes later I saw her talking to an ADC caseworker and I went over to her and found out she had been on ADC and in fact, she had been on general assistance for over a year and she had never reported this to us. So, she was in essence getting three food stamp cards. She was getting two that she was entitled to from general assistance and then when she transferred over to ADC, but she was, in addition, getting a card from us each

month that she was not entitled to because had she reported that general assistance or ADC income to us, we would automatically have closed her out.

Chairman GRIFFITHS. The truth is that any person who chooses to could go into any one of those welfare offices; go in one and another and another and get welfare; isn't that really right?

Mrs. SANDERS. Yes.

Chairman GRIFFITHS. So you don't really have a means of identification?

Mrs. SANDERS. The general assistance program, mainly.

I worked at general assistance before I came to medical assistance and the registration process is so slow that if a client starts out in the morning to make three offices, they can. It will be discovered in the end.

Chairman GRIFFITHS. They wouldn't make them in 1 day, but you could go into one office and get assistance and you could go into another office if you want to use another name or something?

Mrs. SANDERS. Oh, yes.

Chairman GRIFFITHS. Do grocery clerks ask to see ID cards before they cash food stamps or do you know?

Mrs. BATES. The times I have been in the market as far as I have seen, yes.

Chairman GRIFFITHS. What identification is on that card?

Mrs. BATES. Nothing but a signature and the signature on the book. Those are the only two that have to match.

This means that anyone finding the identification card and the food stamp book or if somebody steals them, they can use them because this is the only identification required unless the clerk is suspicious and asks for other identification.

Chairman GRIFFITHS. And you know food stamps are money, you just might as well be handing out dollar bills.

Do you approve food stamps in emergencies for persons who claim no income?

Mrs. BATES. Yes; I do.

Chairman GRIFFITHS. Is it possible for such persons to apply, well, we just said at more than one place, and, of course, they could.

Mrs. BATES. Oh, yes; we have had them do it, using the same name, same social security, same number of dependents, everything the same.

Chairman GRIFFITHS. Well, now, supposing they use the same name, some social security number; same number of dependents. How long would it take you folks to find out they were getting it from two or three places?

Mrs. BATES. With food stamps, in this one particular case, I remember it, it only took 2 days. He came to the office and I certified him 1 day. Well, it took a little more than 2 days. But by the end of the week, because another card was due and I sent through a handwritten card so he would be put in the program because it takes about 3 weeks before the processor puts it in, and it just so happened the caseworker also sent through a card, and both of these cards were to be mailed out at the same time. The supervisor called me and asked me to check my records because she already checked with the other girl and it was the same person using the same name. He used a little different income, though.

Chairman GRIFFITHS. What do you think would be a proper caseload for a food stamp worker?

Mrs. BATES. Food stamp workers don't have caseloads. Once I interview a client and certify him, I am finished, so I don't have a caseload.

Chairman GRIFFITHS. How many could you see in a day?

Mrs. BATES. You see as many as you have time for.

Chairman GRIFFITHS. How many do you think you ought to see?

Mrs. BATES. Well, when the new regulations come out, I will be lucky if I can see seven a day, and this is to be able to give complete services.

Chairman GRIFFITHS. How much training did you have when they started you on this program?

Mrs. BATES. I had worked for the Federal Government; I had worked for Michigan Employment Security Commission; I have been in State service about 10 years.

Chairman GRIFFITHS. Well, I want to tell you how much I appreciate your coming here. You have been a very good witness.

You know, one of the real problems, I think, for the people who write the laws is that very frequently the only people we are hearing testify are the ones who come out of HEW, and Potomac fever has already set in in some of those instances. They don't understand themselves how this thing works nor the burden they put upon you.

One of the things that happened in New York, which I thought was interesting, everybody wanted to blame the intake supervisors, the eligibility workers for all errors, and then it seemed to me that the effect of this was to have the eligibility supervisors, in order to protect themselves, try to do more and more and more. So, that it resulted in great tension, I would assume, within the offices.

You have been very good witnesses. Your statements were excellent and I appreciate more than I can say your taking this time and this whole morning to testify here. Thank you very much.

This subcommittee will recess until 3 p.m., in this room.

(Whereupon, the subcommittee recessed, to reconvene at 3 p.m. the same day.)

AFTERNOON SESSION

Chairman GRIFFITHS. We will start a little early.

I want to thank each of you for being here. It's very kind of you to come. Mr. Roth, would you proceed with your statement, please?

STATEMENT OF EDWARD ROTH, SPECIAL INVESTIGATIONS UNIT, WAYNE COUNTY DEPARTMENT OF SOCIAL SERVICES, DETROIT, MICH.

Mr. ROTH. Thank you, Madam Chairman. The special investigation unit is a segment of the bureau of collections and services of the Wayne County Department of Social Workers. Similarly the Wayne County Department of Social Services is a segment of the Michigan Department of Social Services and is responsible for administering all welfare programs for the State of Michigan within the geographical boundaries of Wayne County, Mich.

The special investigation unit provides the agency the capability of conducting investigations relative to any program administered by the agency. The investigations so conducted are either of an administrative or criminal nature.

Investigations result from complaints received from the general public, or agency personnel such as caseworkers and administrators. Complaints generated from agency personnel are submitted on a standard agency form. Such investigations may focus on the activities of relief clients, agency employees, businesses or anyone perpetrating a violation of agency policy or State laws as related to the department of social services.

Investigators working within the unit volunteer for placement in it. Placement in the unit is made only after a period of time has been spent as a caseworker in one or more of the assistance programs such as general assistance or aid to dependent children. Thus, the investigator possesses a knowledge of agency programs and an awareness of community problems.

The investigator is exposed to experiences and on-the-job training that develop his knowledge of:

- (1) Agency policy.
- (2) Civil Service hearing procedures.
- (3) Rules of evidence.
- (4) Court procedure.
- (5) Constitutional rights of defendant.
- (6) Investigative methodology.

The responsibilities of an investigator are several:

1. Make an objective analysis of nature complaint.
2. Seek evidence to substantiate or refute allegations. The example, if complaint concerns unreported employment income for the relief recipient a verification of employment earnings during period of relief activity is required.

3. Interview those concerned and if applicable obtain a written statement. Written statements in the form of an affidavit are taken, for example, in situations regarding client's allegation of serious impropriety on the part of an agency employee. It should be noted that each investigator is a notary public.

4. Appropriate action results from the findings of the investigation. For example, if allegations are refuted said findings are reported and no action taken. If, however, allegations are substantiated and the act involved a violation of agency regulations, less than a violation of State law, appropriate corrective administrative action follows. If, however, the substantiated allegation concerns a violation of State law, appropriate criminal proceedings will result.

In this case the investigator:

- (a) Prepares statement of violation.
- (b) Confers with law enforcement representatives such as police and office of Wayne County prosecutor.
- (c) If criminal warrant is authorized acts as complainant for agency.
- (d) Appears in court and gives testimony, presents evidence.

SYNOPSIS OF TYPES OF INVESTIGATIONS

A. ADMINISTRATIVE INVESTIGATIONS

I. Employee Related

Investigate complaints of those irregular job-related activities of employees that are not of a criminal nature.

II. Relief Program Related

(a) Client oriented. Investigate complaints against clients where, for example, the situation may not demonstrate criminal intent to defraud the agency but may be one of misunderstanding.

(b) Community oriented. Investigate complaints against businesses or landlords in community who, although they may not have properly serviced the client's needs, their failure to do so is not of a criminal nature.

Such situations are often rectified by an investigator's ability to render advice to the business community relative to agency policy and client rights.

B. CRIMINAL INVESTIGATIONS

NOTE.—The term criminal is used to define the knowing and willful violation of State law as it relates to the Wayne County Department of Social Services.

I. Internal

Investigate and prosecute employees perpetrating embezzlement or other criminal acts against the department of social services. This type of investigation requires the preparation of information to make a claim with the insurance company holding a bond on State employees. Such an insurance claim results in recovery by the State of Michigan of embezzled funds where there is sufficient proof of the criminal act.

II. Client—Relief Program Fraud

NOTE.—The special investigation unit is responsible for prosecuting fraud in the general assistance program. Fraud investigated in public assistance cases is forwarded to the Court Service Section for prosecution.

A. CLIENT ORIENTED

1. Failure to report income from various sources, for example, employment, unemployment compensation benefits, sick or accident benefits, or direct child support payments, social security benefits that would either disqualify a client from receiving assistance or reduce the amount of assistance.

2. Investigate falsification of information on assistance application that relates to the amounts of assistance benefits to which a recipient may be entitled, for example, listing more family members than, in fact, exists in the family.

3. Investigate fraud perpetrated by simultaneous receipt of general assistance benefits and public assistance benefits, for example, recipient receiving general assistance benefits subsequently becomes eligible and, in fact, receives public assistance such as aid to dependent children but fails to report the public assistance benefits while knowingly continuing to receive and accept general assistance benefits.

4. Investigate fraud perpetrated by one recipient using more than one name and identification and receiving assistance simultaneously under more than one name.

5. Investigate medicaid program frauds such as use of the medicaid identification card and forged medical prescriptions for the purchase of unauthorized narcotics and dangerous drugs.

6. Investigate food stamp program fraud.

B. COMMUNITY ORIENTED

1. Investigate fraud perpetrated wherein home repairs are authorized by and paid for by the agency, on which the repair work is not begun or completed.

2. Investigate manipulation of welfare sundry orders issued clients for food, clothing or furniture whereby a merchant buys them from recipient at a discount and subsequently requests face value payment from the agency purporting he provided the authorized items to the recipient.

3. Investigate manipulation of furniture authorization orders:

(a) Merchant substitutes higher price merchandise for the lower price merchandise noted on original estimate. Thus, the recipient is required to make additional payments beyond that which is paid and authorized by the agency for the merchandise in question.

(b) Investigate situations where merchant and client agree to substitute merchandise for that authorized and paid for by the agency. For example, in place of an authorized purchase of a refrigerator, cooking stove or washing machine, a color television set or stereo record player may in fact be purchased.

III. Absent Parent Investigation

Investigate allegations of deserted spouses for the purpose of locating same. This investigation involves contact with employers, relatives, friends, police agencies, Social Security Administration and U.S. Postal Authorities for example. Once located, necessary steps for support from the spouse are initiated.

IV. Miscellaneous Investigations

A. Investigate reports of alleged lost and stolen welfare sundry orders, general assistance checks and public assistance warrants (checks).

B. Investigate robbery and theft of agency property such as money, food stamps, business office equipment and checks.

C. Investigate instances of assault and battery of agency employees by clients.

Some of the aforementioned situations require that investigative efforts be correlated with other organizations such as the Office of Inspector General of the U.S. Department of Agriculture in the case of certain food stamp violations.

The Special Investigation Unit serves a vital role in the make up of the Wayne County Department of Social Services because it provides the agency the capability of clarifying allegations of relief program abuses. Corrective action is taken where abuses are identified. In addition to this ability to identify and act against abuses the unit provides a deterrent factor against potential abuses. This is an immeasurable positive variable. Regulatory and investigative agencies similar to this unit, consistently report that rates of violation are in proportion to the deterrent variable. Where the deterrent variable exists violations decline and where it does not exist violations increase.

Following are recommendations that I believe would provide a more equitable, efficient and error-free attainment of welfare program objectives.

1. Implementation of more standardized program policies with enough latitude to effectively deal with unique local situations. Standardization would lead to a reduction of some of the confusion and misunderstanding experienced by some clients.

2. Implementation of a client photo identification card. This would facilitate a client negotiating his check and also aid the business community in accepting only valid checks.

3. Implementation of closer analysis of individual need requiring documentary evidence at the time of the initial client contact.

Chairman GRIFFITHS. Thank you, Mr. Roth.

Mrs. Marion, would you give us your statement, please.

STATEMENT OF BETTY A. MARION, ACCOMPANIED BY BERNARD KANER, QUALITY CONTROL AUDITORS, WAYNE COUNTY DEPARTMENT OF SOCIAL SERVICES, DETROIT, MICH.

Mrs. MARION. Quality control is an administrative program required by the Federal Government and established by the State in order to provide accountability for funds spent on public assistance programs. State governments use quality control to administer their public assistance programs efficiently and fairly.

In quality control a cross section of cases is chosen by the computer at random sample in order to see if the number of errors goes beyond a predetermined level. Cases found to be ineligible for assistance should not exceed 5 percent of the sample. Errors in cases resulting in total ineligibility or overpayment or underpayment of \$5 are considered to be defects. Overpayments or underpayments of less than \$5 are not considered defects and are not included in the statistical report to HEW, but are considered findings which are reported to the local agency for the necessary action.

Quality control is important because under the new simplified eligibility method clients' statements are not usually documented, and it is left to the quality control method to verify all eligibility factors in each sample case.

The quality control method of determining case accuracy is used in all Federal public assistance categories: aid to dependent children, old-age assistance, aid to the disabled, aid to the blind, and medical assistance.

The quality control case review involves verifying the eligibility and payment status of sample case by a full analysis of the case record and a field investigation with independent verifications of all factors of eligibility according to the State public assistance manual. Verifications may include birth certificates, proof of deprivation and relationship, rent receipts, and life and medical insurance records, verification of social security and other pensions and benefits, support payments and locating missing fathers who are delinquent in their support, verifying accuracy of the basic budgetary allowances, verifying that the proper persons are included in the budget, and lastly, a civil rights review whereby it is determined whether or not the client has been treated fairly, free from discrimination on the basis of race, color, or national origin.

When the quality control review discloses a sample case to be ineligible, overpaid, or underpaid, it is up to the auditor to determine if

the error was made by the client or the State agency. It is also up to the quality control auditor to determine whether the error resulted from a willful misrepresentation of the facts by the recipient. If there is willful misrepresentation the client's case may be referred for legal action.

One of the most important functions of the quality control method is to reduce the level of caseload errors. If the percentage of errors exceeds the limits established by the Federal Government then the State agency through the use of quality control information would take immediate action to reduce the type of error found and would also plan and put into effect long-term action to correct the causes of the errors. This might entail clarifying instructions or revising forms.

In closing, the quality control method allows the State to determine the amount of assistance payments and determine and correct existing problems, and give the Federal Government through use of State Quality Control Statistical Reports, the opportunity to help States to improve and strengthen their public assistance programs.

Chairman GRIFFITHS. Thank you, Mrs. Marion.

I would like, Mr. Roth, to ask you first, if you will return to page 3 of your statement (b)1. Have you ever actually had any employees here who committed any fraud or any embezzlement?

Mr. ROTH. Yes; we have. At the present time I have approximately nine cases under investigation.

Chairman GRIFFITHS. What do they do?

Mr. ROTH. Well, I won't speak about the cases that are pending at the present time but I will speak about cases that we have completed.

Chairman GRIFFITHS. Yes; just generally.

Mr. ROTH. For example, there was one caseworker who was authorizing funds for housekeeper services in cases where housekeepers were not actually requested or required by the client. We knew approximately when the checks in question would arrive at the client's house and he would make a point of arriving at the client's house and explaining that the client had received the check in error and he had to return it to the agency, and he would then talk the client into cashing the check, giving him the cash under the pretense that he would return it to the agency when, in fact, he did not do so.

Chairman GRIFFITHS. How much did he get away with?

Mr. ROTH. He received about \$4,100.

Chairman GRIFFITHS. What other kinds of internal fraud do you have?

Mr. ROTH. We had another situation where two general assistance caseworkers, on the pretense of issuing furniture orders to various clients, were in fact diverting the furniture orders to their own usage and were conspiring with a store, where they evidently were buying merchandise for themselves with the sundry orders. In some cases they were receiving partial cash for the amount of the sundry orders, and the store in turn would submit them for face value to the agency, and the agency, in fact, paid out large sums of money to the store in question.

Chairman GRIFFITHS. What is the total value of the sundry orders, do you know, annually?

Mr. ROTH. No; I don't. I know that it is very, very large. I know some offices distribute 3,000 sundry orders a month and they can vary in value from \$6 to perhaps \$140, several thousand of these being distributed.

Chairman GRIFFITHS. Each one of these, each one of the State's offices appears to do this differently. They increase the grant but they do it through different means.

Now when we were in New York, I never heard anything about sundry orders. Have you ever checked anything in the public assistance file?

Mr. ROTH. No; I have not had an occasion.

Chairman GRIFFITHS. You have never checked on the public assistance file?

Mr. ROTH. My unit is primarily concerned with the general assistance programs and the internal investigations. We do become involved in public assistance or ADC cases only to the point of conducting an investigation and reporting our findings to the court service division which will then follow up on the public assistance cases.

Chairman GRIFFITHS. How much time do you spend watching the employees and how much do you spend watching to see what's happening to the people?

Mr. ROTH. At the present time, practically full-time.

Chairman GRIFFITHS. Watching the employees?

Mr. ROTH. My particular assignment; yes.

Chairman GRIFFITHS. Watching the employees?

Mr. ROTH. Some of these investigations touch on some very sophisticated methods.

Chairman GRIFFITHS. Tell us one.

Mr. ROTH. The one I explained to you about the sundry orders. That investigation necessitated interviewing 500 clients and took 9 months to develop for presentation to the Wayne County prosecutor's office.

Chairman GRIFFITHS. And was that all from the same worker?

Mr. ROTH. Two workers.

Chairman GRIFFITHS. Two workers?

Mr. ROTH. Yes.

Chairman GRIFFITHS. You investigated 500 clients?

Mr. ROTH. I interviewed 500 clients to determine whether or not they did in fact receive or request the furniture orders that were authorized for them.

Chairman GRIFFITHS. How do you check on income from various sources? How do you find out whether they fail to report income?

Mr. ROTH. Well, our referrals come either from the caseworker who learns about employment, perhaps from a citizen in the community who telephones a complaint to the caseworker. The caseworker makes the report to my unit. We then follow up. We also receive complaints from the general public relative to clients working and not reporting the income. Upon receipt of the information we make every effort to substantiate or refute the claim. If an employer is named, we contact the employer to verify the employment, the period of employment, amount of income, et cetera.

Chairman GRIFFITHS. Do you find that in some of these complaints the truth is that the informant was really mistaken about what the client could have gotten in the first place?

Mr. ROTH. Oh, yes. Not all of the complaints are founded in the final analysis. Many people in the community do not have any comprehension of the program regulations or allowances, for example, and it comes down to our conducting the investigation and perhaps educating the complaining party about the agency.

Chairman GRIFFITHS. How much income is not reported, would you say? How many complaints do you have like that and how much of it could you prove?

Mr. ROTH. At the present time we have 833 investigations pending that are client-oriented. Perhaps this is a rough guess on my part, I would say perhaps 50 percent are complaints relative to unreported employment. Now certainly not all of these will be verified.

Chairman GRIFFITHS. Not all are valid?

Mr. ROTH. Yes. Probably we have 400 cases pending right now that we know the complaints are valid.

Chairman GRIFFITHS. What about the listing of more family members than are in the family, how much abuse of that is there?

Mr. ROTH. There is some. I can't give you any percentages but I know the number of referrals have increased in the last 18 months in this particular area.

Chairman GRIFFITHS. Why have they?

Mr. ROTH. I personally feel that may be because at the initial interview insufficient evidence is required at the time of the application to verify the number in the family.

Chairman GRIFFITHS. You mean when they changed the rules so that all you had to do was make out this sheet and get on welfare, that you then increased the possibility of misrepresentation?

Mr. ROTH. Yes.

Chairman GRIFFITHS. That's when you did away with the case-worker checking up on people?

Mr. ROTH. Yes, that is correct.

Chairman GRIFFITHS. Mrs. Marion, do you have something to add?

Mrs. MARION. The simplified method has caused a great deal of error.

Chairman GRIFFITHS. What about the business of simultaneous receipt of general assistance benefits and categorical assistance benefits? How much of that is there?

Mr. ROTH. We find that to be decreasing at the present time. Again, I haven't any statistics but the referrals about 4 or 5 months ago were in large number relative to this type of problem. Many of the clients, we found in some instances, did attempt to contact the agency, and notify the worker that they were getting ADC. For one reason or the other they could not contact their worker. Either subsequent efforts to contact the worker failed or they did not continue to follow up on it.

Chairman GRIFFITHS. Now, is that a case where the father applies and gets a general assistance grant and the mother applies and gets ADC, or does she apply for both?

Mr. ROTH. We have had it both ways. Either one person applying for both general assistance and public assistance, or the wife applying for the ADC and the husband getting general assistance.

Chairman GRIFFITHS. How much of the situation is where the wife gets ADC and the truth is the husband has a good job, do you have any reports like that?

Mr. ROTH. Yes, we have had reports. One such incident comes to mind. I received a phone call one afternoon from a probation officer in Detroit who indicated that a certain father had been arrested on a charge of nonsupport and when he came before the judge he said, "Your Honor, I have been living with and supporting my wife," and subsequent investigation verified it.

Chairman GRIFFITHS. So that in reality, it was the father that didn't even know that there was any problem involved in it?

Mr. ROTH. I feel that he did know that his wife was getting assistance.

Chairman GRIFFITHS. What about medicaid, how much of your time is spent on medicaid?

Mr. ROTH. We have just begun moving into that program. We have one investigator at the present time working 80 percent of the time in that particular assignment.

Chairman GRIFFITHS. One?

Mr. ROTH. Yes, one.

We feel that this could conceivably increase to perhaps two people full-time. That may not be an adequate staff for the problem.

Chairman GRIFFITHS. How much problem do you have with drugs?

Mr. ROTH. This is probably the primary problem.

Chairman GRIFFITHS. The primary problem?

Mr. ROTH. Yes; the use of the medicaid card with a forged prescription for a narcotic is creating the greatest problem for the program as I know it now.

Chairman GRIFFITHS. Is money especially given in the sundry orders for assistance to drug addicts?

Mr. ROTH. Not to my knowledge.

Chairman GRIFFITHS. Under any circumstances?

Mr. ROTH. Not to my knowledge.

Chairman GRIFFITHS. Do they get any other support than they would off general assistance?

Mrs. MARION. No.

Chairman GRIFFITHS. No; they don't.

Now I would like to ask you about these community-oriented problems. How many times have you been able successfully to prosecute a home repair agent who didn't perform the repairs for the client?

Mr. ROTH. We became involved in this particular operation a year ago September. Since then we have successfully prosecuted three parties. We have three cases pending and we have recovered money in numerous cases from the home repair operator. We find many of them not to be licensed and when this is brought to their attention, they practically trip over themselves to make a refund.

Chairman GRIFFITHS. How much money have you gotten back?

Mr. ROTH. Probably around \$10,000.

Chairman GRIFFITHS. Are there physicians involved in medicaid fraud?

Mr. ROTH. Not to our knowledge at the present time.

Chairman GRIFFITHS. Where do people get the prescriptions for drugs?

Mr. ROTH. They steal them.

Chairman GRIFFITHS. Steal them?

Mr. ROTH. They buy them on the street. Actually, prescriptions are sold many times on the street already filled out. You can buy them for 50 cents, a dollar, what-have-you.

Chairman GRIFFITHS. And the name is forged?

Mr. ROTH. Right.

Chairman GRIFFITHS. How about the manipulation of welfare sundry orders issued to clients for food? You say that a merchant buys them from the recipient at a discount and subsequently requests face value payment from the agency purporting he provided the authorized items to the recipient. That would be like these items for stoves that I was worrying about this morning. You have an order for a stove, for instance, and the merchant buys, they pay \$100, suppose the merchant pays you \$80 for it, he then takes it down to the agency and gets back the full \$100, is that right?

Mr. ROTH. In most instances the sundry orders have involved clothing and food.

Chairman GRIFFITHS. Clothing and food?

Mr. ROTH. Yes, especially with narcotic addicts. They will have a need for cash so they will discount it at about 25 to 50 percent of value.

Chairman GRIFFITHS. How much of that is there? Drugs were a major problem in New York to the whole welfare establishment. They were having more trouble with this than they were with anything else. The people were causing a great difficulty to them in the centers and intimidating and frightening other people who came in. I walked through and apparently Detroit doesn't have quite that much of a problem. You are having a problem with their taking the orders and selling them and the stores getting money on it?

Mr. ROTH. Yes, ma'am.

Chairman GRIFFITHS. Have you ever put any of the store owners in jail?

Mr. ROTH. No, the problem is gathering sufficient evidence to make a prosecution. We have refused payment when we have discovered the suspect sundry orders. Invariably, store owners never contest it.

Chairman GRIFFITHS. What about the situation where the merchant and client agree to substitute merchandise for that authorized and paid for by the agency, in place of a refrigerator, a cooking stove or washing machine, a color television set or stereo record player may in fact be purchased, how much of that is there?

Mr. ROTH. It appears to be a widespread problem. We have had several businesses under investigation. The one case that I cited to you where two caseworkers were working together with a store relative to furniture orders is an example. We know that many of those furniture orders were in fact used to buy color television sets and stereo sets.

Chairman GRIFFITHS. What do the people then do for the stoves and refrigerators?

Mr. ROTH. Many of them evidently didn't have the need for the items authorized.

Chairman GRIFFITHS. So that nobody went out to look, would that be true, as to whether or not they needed the stove?

Mr. ROTH. Evidently.

Chairman GRIFFITHS. Couldn't they have checked with the landlord to determine whether or not a stove is needed in that apartment or that building or not?

Mr. ROTH. They could have, yes.

Chairman GRIFFITHS. But they didn't.

Mr. ROTH. Evidently they didn't.

Now I don't want to infer that all clients do this, but there is a large number that do.

Chairman GRIFFITHS. I understand, but there is some of this happening?

Mr. ROTH. Yes.

Chairman GRIFFITHS. What about the deserted spouses, the investigations of deserted spouses, it involves contact with employers and so forth; how many deserting fathers have you ever found?

Mr. ROTH. We have one man that works full-time on that. He's been locating about 75 percent of those investigation referrals that are sent to him.

Chairman GRIFFITHS. But in those cases, the wife has to name the husband or the father and give some address or something, doesn't she?

Mr. ROTH. All we need is a name and a birthdate.

Chairman GRIFFITHS. What about a social security number?

Mr. ROTH. That's helpful, but we have located people without it. We can get it from someone other than the wife, let's put it that way.

Chairman GRIFFITHS. So she does not have to make the complaint about the missing spouse?

Mr. ROTH. She is required to make the complaint to the court. She is required to provide a name for the man and as much information as possible.

Chairman GRIFFITHS. And does she do this voluntarily or not?

Mr. ROTH. In most instances, yes.

Chairman GRIFFITHS. She does?

Mr. ROTH. Yes.

Chairman GRIFFITHS. I pointed out this morning that there is a State where they permitted the wife to get 30 percent of the recovery from the husband to put aside for educational purposes, and that the recoveries, the names of missing husbands, began turning up very frequently and the wife was very active in helping find him. Do you think this would be worthwhile?

Mr. ROTH. It is an interesting motivational factor; yes.

Chairman GRIFFITHS. What would you think, Mrs. Marion?

Mrs. MARION. Yes; it might help.

Chairman GRIFFITHS. If she tells that he is gone and where he is and she doesn't get anything, it's no big help to her if you do find him. It's just letting him pay in place of the welfare, right?

What about lost and stolen checks, or welfare sundry orders; how many checks are lost or stolen per month in the Wayne County area?

Mr. ROTH. In the public assistance program we have one man working full time. He carries on about 500 investigations a month. The general assistance and sundry order checks and sundry orders probably run around 300 or so a month. Many of them are really stolen.

Chairman GRIFFITHS. Really are stolen?

Mr. ROTH. Yes, because we have a mail theft problem.

Chairman GRIFFITHS. You have ways of proving that somebody else cashed them?

Mr. ROTH. Yes; when the cashed instrument is returned to the agency we do make an investigation to determine who did, in fact, endorse and cash the check. We have the client, for example, fill out an affidavit attesting that he or she did not receive, cash, or authorize anyone else to negotiate the instrument.

We have the facilities of the Michigan State Police document examiners available to us. They do analyze handwriting samples. We make every effort on the investigation. We talk to the business people who cashed the checks to see if they can identify the people involved. Many of the businesses in the community now have Regiscope cameras, and they photograph people when they cash a check or take a thumbprint or something of that nature. We do follow up as much as possible.

Chairman GRIFFITHS. How much robbery and theft of property, such as money, food stamps, business office equipment, do you have?

Mr. ROTH. We have theft. Business office equipment at one time was a big problem, meaning typewriters and things of this nature. We were probably losing 10 a month. We have reduced the problem in that area. We have sundry orders stolen from time to time in groups of 100, 200, or 300.

Chairman GRIFFITHS. How did you stop the theft of the typewriters, I would be interested in that?

Mr. ROTH. Chained them to the desk.

Chairman GRIFFITHS. What?

Mr. ROTH. Chained them to the desk.

Chairman GRIFFITHS. Was this an inside job?

Mr. ROTH. Some of them are inside, yes, there is no doubt about that.

Chairman GRIFFITHS. What about assault and battery of agency employees by clients, how much of that do you have?

Mr. ROTH. We receive probably, well, it varies, sometimes we get one or two complaints a month, perhaps one every 2 or 3 months. In most instances, the assault is between the caseworker and a client.

Chairman GRIFFITHS. How do you correlate your investigations with the Department of Agriculture and the Inspector General?

Mr. ROTH. Well, I can cite one case that we terminated. We had a theft of \$5,000 in food stamps last year and I contacted the office in Chicago, whereupon they sent an agent to Detroit, and the two of us worked together, contacting various parties trying to trace the food stamps. In this particular case, the State of Michigan was the financial loser because we already had care and custody of the food stamps, and in some instances the Department of Agriculture has jurisdiction in terms of prosecution. We have one case pending now, it will be heard next week in Federal court, regarding a correlated investigation. We have probably 10 or 12 such investigations a year.

Chairman GRIFFITHS. One of the biggest places where most food stamps have been lost is really in the mails, isn't it?

Mr. ROTH. Yes, mailing them, you would have the same type of problem you have mailing checks or mailing the medicaid card. One problem we have with the medicaid card is the theft from the mail.

Chairman GRIFFITHS. Wouldn't it be simpler if these checks and

food stamps were placed in a bank and let the person get them from the bank?

Mr. ROTH. Yes, that's an interesting point. Two years ago I talked with a banker in Detroit who said that he would, and he was speaking for the banking community in general, that the banking community would be more than willing, in his opinion, to accept deposits directly from the State treasurer's office and provide a no-cost checking account for each client, allowing them perhaps a half a dozen checks a month at no cost, whereupon they could draw their funds right from the checking account. This would eliminate the mail theft problem altogether.

Chairman GRIFFITHS. It would be so much more helpful to older people, too, if you could have the food stamps in the bank, wouldn't it? After all, food stamps really are money. There's not a bit of difference. They are dollar for dollar.

Mr. ROTH. It's currency around on the street.

Chairman GRIFFITHS. Absolutely. We have three kinds of money now and food stamps is one of those moneys.

When was a special investigative unit established?

Mr. ROTH. I joined it in March 1967. As you probably know, in December 1966 the Michigan Department of Social Services merged with the Detroit Public Welfare Department and Wayne County Social Service, and each of those departments had a special investigation unit for many years. It's just in the last 5 years since merger that we have begun to focus in great detail on some of these newer problems.

Chairman GRIFFITHS. Were there any particular cases that led to creating a larger staff or focusing on it? Did you have any particular fraud that you worried about more than others?

Mr. ROTH. Yes, we had an increase in number of referrals regarding employment cases, and we have had some increase in the cases in the internal area, and no increase in the investigative staff. The staff up until 6 weeks ago consisted of nine investigators. We now have 15 assigned.

Chairman GRIFFITHS. Is that all for all of Wayne County?

Mr. ROTH. That's all for Wayne County.

Chairman GRIFFITHS. Fifteen investigators?

Mr. ROTH. Yes.

Chairman GRIFFITHS. And you are getting your cases referred by the general public by somebody that knows about it, is that right?

Mr. ROTH. Yes, they come either from the caseworkers or from complaints from the general public, or from the administrators in our department if they learn of any problems.

Chairman GRIFFITHS. In reality, you are one of the few people, then, that might be going into the homes of people now drawing welfare; is that right?

Mr. ROTH. Yes.

Chairman GRIFFITHS. Mrs. Marion, could you describe the length and type of training you received to carry out your responsibilities as a quality control reviewer?

Mrs. MARION. Well, the experience that I have had at the agency prepared me, I'll say, 90 percent. I have been with the agency since 1955. I was a caseworker for 10 years, ADC supervisor for 5 years, and I have been with quality control since February 1971.

Chairman GRIFFITHS. How many changes have there been in the regulations since you came to the agency?

Mrs. MARION. It's a completely new manual.

Chairman GRIFFITHS. Since 1955, do you care to say how many changes there have been?

Mrs. MARION. The manual is this thick. It's almost completely revised.

Chairman GRIFFITHS. So that it's a real problem just to know what the law is as to who is entitled to what?

Mrs. MARION. Right.

Chairman GRIFFITHS. And what they are supposed to have, isn't it?

Mrs. MARION. Right.

Chairman GRIFFITHS. How many cases do you review in a month?

Mrs. MARION. We review between 16 and 20 cases per month.

Chairman GRIFFITHS. Each one of you?

Mrs. MARION. Yes.

Chairman GRIFFITHS. How do you select the case you are going to review?

Mrs. MARION. They are given to us by the supervisor but the cases are selected at random in Lansing by a computer. We have active cases and inactive cases which we call negative cases.

Chairman GRIFFITHS. What percentage of cases, of all cases, are reviewed by quality control?

Mrs. MARION. Well, I'm not sure, I don't have the statistics on that.

Chairman GRIFFITHS. Maybe one of the later witnesses, then, will be able to tell me.

How do you go about getting the information you need?

Mrs. MARION. Well, first we read the case record, make a complete analysis of the case record. We have our worksheets where we put down the information we get from the case record so that this can be available to us.

Then we make a home call to see the client. We correlate what is in the case record and what the client tells us, and we make an independent investigation of the case record by getting our own verification regardless of what is in the case record.

Chairman GRIFFITHS. Do you check the records of social security?

Mrs. MARION. We send the form to them and they give us the correct amount of the benefit regarding what is in the case record. We always do this on each case.

Chairman GRIFFITHS. Do you check with the employment service?

Mrs. MARION. Not always. It depends on whether the record indicates that the client has employment and how recent.

Chairman GRIFFITHS. Credit bureaus?

Mrs. MARION. No; not unless there is some indication this should be done. We don't do it arbitrarily.

Chairman GRIFFITHS. Do you interview friends or neighbors of the client?

Mrs. MARION. Yes; sometimes.

Chairman GRIFFITHS. You do?

Mrs. MARION. Sure. Especially if a client on whom you are making a home call and the client is never home. Sometimes you will go to the neighbor to find out if she is living there. We also check in the case record whether there might be the name of the mother or aunt and all of this information is put on our work sheet.

Chairman GRIFFITHS. Can you describe the major reasons for ineligibility and over-payment which you have personally found in AFDC?

Mrs. MARION. I would say income, the budgeting of income and the failure to report this income.

Chairman GRIFFITHS. Where is the income coming from?

Mrs. MARION. Employment, basically.

Chairman GRIFFITHS. Employment?

Mrs. MARION. Yes.

Chairman GRIFFITHS. The main thing is that they actually have jobs that are paying more than they admit, is that right?

Mrs. MARION. Right.

Chairman GRIFFITHS. Now do all of them understand that they can draw welfare and they can have a job, and they don't lose all the welfare and they don't lose their medicaid and they don't lose other things or not?

Mrs. MARION. This is a problem that stems from the initial contact of the client with the agency. When we get the case active, she may not have understood. The cases are just pitched right through. There is nothing in most of them.

Chairman GRIFFITHS. And for a long time people who were on welfare, if they got a job at all, they lost that much of the welfare?

Mrs. MARION. Right.

Chairman GRIFFITHS. But that's no longer the case?

Mrs. MARION. Right.

Chairman GRIFFITHS. And they don't understand that necessarily?

Mrs. MARION. Yes; this is true. The intake department, the initial contact with the agency, is the most important I think. All of this should be explained to the client at the time she comes in. We have talked to clients who are not employed but who wanted to know what would happen if they did get a job, and this is when we tell them and they tell you, "I didn't know that."

Chairman GRIFFITHS. If you find that the job is paying more or part of the welfare isn't being deducted, then are you saying that in reality they are getting pretty good jobs?

Mrs. MARION. Not really. It depends on the size of the family. If it's a large family and a mother with five or six children, it's pretty farfetched to think that she is going to get a job to completely take care of her family considering the disregards in the budgeting. The small families, these are where we find ineligibility when the mother gets a job.

Chairman GRIFFITHS. And yet the amount of money that she gets would be very difficult to maintain one or two children on, wouldn't it?

Mrs. MARION. Right.

Chairman GRIFFITHS. So she needs a job?

Mrs. MARION. She needs a job, yes.

Chairman GRIFFITHS. Very badly?

Mrs. MARION. Yes.

Chairman GRIFFITHS. Can you describe the problems in the adult categories?

Mrs. MARION. Well, the main problem that we have in the adult categories is determining the correct amount of social security benefits

received, and the reporting of their rental. A lot of our elderly people just don't understand the form and if there is a change in the rental they won't call or they can't get the worker. They don't understand really what they are supposed to do, a lot of them. The main problem would mainly be social security benefits.

Chairman GRIFFITHS. In the matter of their getting, of their having too much money for the assistance they are getting, is some of that the fault of the agency in not explaining?

Mrs. MARION. Yes.

Chairman GRIFFITHS. Is that an agency error?

Mrs. MARION. Yes; it's an agency error.

Chairman GRIFFITHS. It's not the client's error?

Mrs. MARION. No; it's not the client's.

Chairman GRIFFITHS. It's an agency error?

Mrs. MARION. Yes. Now, sometimes it might be the client who is misrepresenting the facts.

Chairman GRIFFITHS. Sometimes it's the agency that just didn't tell them, right?

Mrs. MARION. Right.

Chairman GRIFFITHS. What do you do in those cases?

Mrs. MARION. We complete our investigation. We compute the budget. This is what we would call a defect and it's reported back to the agency and it's included in the statistical report to HEW. We request that the agency take action in our report.

Chairman GRIFFITHS. Now there is not only overpayment but there is underpayment?

Mrs. MARION. Underpayment as well.

Chairman GRIFFITHS. Do you check the underpayment?

Mrs. MARION. Yes; we check the underpayment.

Chairman GRIFFITHS. What do you do then?

Mrs. MARION. We do the same thing. We report it back for correction to the local agency.

Chairman GRIFFITHS. And do they correct it?

Mrs. MARION. We hope so.

Chairman GRIFFITHS. How far back can they go? Supposing they discover that here is a family of several children and for 8 months they had been underpaid \$50, would they give them \$400 or not?

Mrs. MARION. This I am not sure of, but when I was a supervisor, we could go back only 2 months. I think it's been extended now, I don't know how far.

Chairman GRIFFITHS. If you discover they have been overpaid \$50 a month for 8 months, how many months can you go back?

Mrs. MARION. To do what?

Chairman GRIFFITHS. To get the money back. Can you get it back?

Mrs. MARION. Well, no. Usually no attempt is made to get it back because they are still on assistance. To be realistic, they need the money. Any extra money they can always use.

Chairman GRIFFITHS. Anyway, it's already spent.

Mrs. MARION. Yes.

Chairman GRIFFITHS. What can you do? The only thing you can do is cut down the grant for the next time.

Mrs. MARION. Yes.

Chairman GRIFFITHS. If you find that they are not getting enough then you can increase it.

Mrs. MARION. Yes.

Chairman GRIFFITHS. There are very few things that work like that.

Do you try to determine whether cases that were terminated were terminated properly?

Mrs. MARION. Yes; we do. These are the negative cases that come in the sample cases that we get. In the review of the negative cases we try to determine and only investigate the reason for closure or denial to make sure that the agency follows agency policy in closing or denying.

Chairman GRIFFITHS. Does a client have a right of appeal if he is terminated?

Mrs. MARION. Yes; definitely.

Chairman GRIFFITHS. How many times do they win?

Mrs. MARION. Well, I don't have any idea of that.

Chairman GRIFFITHS. You don't?

Mrs. MARION. No.

Chairman GRIFFITHS. Who runs the appeal?

Mrs. MARION. Well, I think the agency has a legal staff and the client—

Chairman GRIFFITHS. Is entitled to a lawyer?

Mrs. MARION. Yes; she can bring a lawyer and any witness she wishes to bring to the hearing.

Chairman GRIFFITHS. Mrs. Daniel, would you give us your statement, please?

STATEMENT OF GRACE DANIEL, TENANT PLACEMENT DIVISION, DETROIT HOUSING COMMISSION

Mrs. DANIEL. I am Mrs. Grace Daniel, employee of the Detroit Housing Commission, Tenant Placement Division. It is the job of this division to place eligible applicants in any of seven public housing projects, six senior citizen buildings, or scattered site units in the city of Detroit.

Tenant placement procedures basically consist of two categories:

1. Eligibility determination.
2. Income verification for rent-setting purposes.

In order to be eligible for admission, one must:

1. Qualify as a family (two or more persons having a family-type relationship).
2. Qualify by age of 62 as a senior citizen.
3. Be receiving a bona fide disability pension.
4. Be displaced by urban renewal or some other governmental action.
5. Fall within the maximum income limits for admission (exhibit 1).
6. Not exceed the minimum asset limitations for admission of \$7,500 for those under 62 years of age and \$12,500 for those 62 and over, unless the commission determines that such assets, together with the income of the family, are insufficient for the applicant to obtain and maintain standard housing on the private market well into the future.

We consider a disabled person as one unable to engage in substantial employment because of physical or mental impairment which, by medical verification, can be expected to result in death or which has

lasted or can be expected to last for a continuous period of not less than 12 months (exhibit 2).

Currently, the standard procedure is to supply the applicants with the necessary forms to verify income for rent-setting purposes. Eligibility determination rarely requires an extensive submission of forms and usually can be determined by verbal, personal interviews with limited supplementary verification (that is, marriage license, birth certificate, et cetera).

Rent-setting income verification is more extensive, but usually falls within these eight categories of which we provide standard verification forms (exhibits 3-10):

1. Social security.
2. Veterans' Administration.
3. Agency (ADC, welfare, aid to blind, et cetera).
4. Private pension (that is, city, State, Ford Motor, Chrysler, et cetera).
5. Employer's statement.
6. Court form (friend of court, et cetera).
7. Serviceman's form (persons on active duty—U.S. Armed Forces).
8. Day care (babysitter's form). Form used to provide applicant with allowable deduction from gross income.

This method of giving the applicant the necessary forms and making him responsible for their return has proven the most feasible method of completing applications. We have found that mail and telephone methods have proven frustrating because of the unusual delay encountered, due in part to the wishes of the parties contacted to protect the applicant from invasion of privacy, such as indeed is our own policy regarding disclosure of information about tenants. Therefore, when the necessary forms are hand carried, long delays are avoided.

The tenant placement office basically operates in six phases:

1. We take applications directly from applicants or receive applications from other Detroit Housing Commission installations (project offices, relocation offices, neighborhood conservation, et cetera) for public convenience (exhibit 11).

2. Process application, including assigning an application number which never changes and always remains the frame of reference for applications. All statistical information on application is reviewed at this point for accuracy.

3. Eligibility for public housing is then determined. Those applicants who are determined to be eligible for public housing are assigned their proper position on our waiting list based on date of application.

Those applicants who are adjudged as ineligible for public housing at this review stage are immediately notified, advised of reason for denial and told of the appeal procedure available to them (exhibit 12, front and back).

4. Vacancy reports from project management staff are evaluated and the availability of housing determined.

5. Applicants are contacted from the waiting list in order of the date of application (exhibits 13 and 14). Federal guidelines set the number of persons allowable in certain size units (exhibit 15). Using the present tenant assignment policies of the commission, those being displaced by urban renewal or some other governmental action are offered placement first, followed by the name at the top of the waiting list for the appropriate bedroom size, is offered the available vacancy.

6. If the applicant expresses a desire to see the vacant unit, the application is transferred to the project office where the vacancy exists.

We do not keep records of the source of income, but would approximate that 80 percent of the family applicants and 35 percent of the senior citizen applicants are receiving some form of agency income. Also, we approximate that 75 percent of our placements are from this category. At present, we have 1,688 applicants awaiting placement in various size units. Since January 1, 1972, we have taken 1,103 new applications and reopened 217 applications, making a total of 1,320. From January 1, 1972, through April 21, 1972, we have been able to place 583 persons and families. As of April 21, 1972, we had 50 units available for leasing.

In conclusion, I would like to say that our present method of operation seems to be the most expedient in that it furnishes us the necessary information to determine eligibility (and income) without excessive hardship on the applicant. We try to make placements as soon as vacancies occur, as our ultimate goal is decent, safe, and sanitary housing for all low-income families in the city of Detroit. Thank you.

(The exhibits referred to in Mrs. Daniel's statement follow :)

EXHIBIT 1
PRESENT INCOME LIMITS

Family composition	Net income—	
	Admission	Continued occupancy ¹
1 person.....	\$3, 600	\$4, 400
2 persons (retired elderly) ²	4, 200	5, 000
2 persons.....	4, 800	5, 800
3 persons.....	5, 200	6, 300
4 persons.....	5, 500	6, 600
5 persons.....	5, 800	6, 900
6 persons.....	6, 100	7, 200
7 persons.....	6, 400	7, 500
8 persons.....	6, 700	7, 800
9 persons.....	7, 000	8, 100
10 persons.....	7, 300	8, 400

¹ Continued occupancy limits apply on admission to families displaced by governmental action.

² Retired means having annual family earned income of less than \$1,500.

EXHIBIT 2

CITY OF DETROIT,
Detroit, Mich.

DATE _____
APP. NO. _____

The following statement is needed to enable _____
to complete an application for an apartment in public housing :

DIAGNOSIS _____
PROGNOSIS _____

Is so seriously disabled that he/she is unable to engage in any gainful employment for a continuous period of more than twelve months _____

This disability will not impede patient's ability to live alone and care for an apartment _____

Physician

Address

COMMENTS :

EXHIBIT 3

CITY OF DETROIT,
Detroit, Mich.

DATE _____

NAME _____
ADDRESS _____
APPLICATION NO. _____

We must have proof of the payments being received by you from the Social Security Administration. Please have the bottom of this form filled out by your local office and return it to the Tenant Placement Office.

	<i>Amount received</i>
Family head _____	\$ _____
Wife or husband _____	_____
Other dependents _____	_____
Total amount being paid _____	_____
Name _____	
Title _____	

EXHIBIT 4

DETROIT HOUSING COMMISSION TENANT PLACEMENT OFFICE,
Detroit, Mich.

Date _____

REQUEST FOR AND CONSENT TO RELEASE OF INFORMATION FROM CLAIMANT'S RECORDS

(Information entered by T.P.O.)

Veterans Administration
Regional Office

Name _____
Address _____
Claim No. _____ Serial No. _____
Ins. Pol. No. _____ Payment Due Date _____
Date of Birth War I War II Korea Other

The United States Housing Act of 1937, as amended, authorizes special considerations in Federally aided public housing projects for families of persons who served in the armed forces of the United States during certain periods. To establish the entitlement of the family of the above-named person, it would be appreciated if you would supply us with the information, as appropriate, for any benefits listed below. A self-addressed postpaid envelope is enclosed for your reply.

Very truly yours,

J. G. WILSON,
Director, Tenant Placement Office.

I hereby authorize and request the Veterans Administration to furnish the following information which is necessary in determining eligibility and rent for low-rent housing.

Date _____

(Signature of veteran or recipient)

(Information to be entered by Veteran or Recipient)

1. Period of active duty: From _____ to _____ From _____ to _____
2. Allowance for education or training: School () ; On-the-job () ;
Monthly Amounts \$ _____
3. Effective date of current award: _____ Ending date _____
Name of training institution: _____
Name and address of employer: _____

4. Compensation (service connected) Disability (); Death (); Dependency and Indemnity ()

Pension (non-service connected): Disability (); Death ()
 Effective date of current award: _____ Monthly Amount \$_____

5. Other payments (Mo. Insurance, etc.): _____ Monthly Amount \$_____

6. Changes: If any change is contemplated, check here () and explain on reverse side.

7. Remarks: (If any) _____ **VETERANS ADMINISTRATION**

 _____ By _____
 _____ Title _____
 _____ Date _____

EXHIBIT 5

CITY OF DETROIT,
Detroit, Mich.

DATE _____
 NAME _____
 ADDRESS _____
 APPLICATION NO _____

GENTLEMEN: The above named person has filed an application with us for admission to public housing. Since Federal regulations require documentary proof of income before placement can be made, we would appreciate your answering the following questions concerning this applicant's income.

Thank you for your cooperation in this matter.

Very truly yours,

J. G. WILSON, *Director,*
Tenant Placement Office.

Is this Welfare _____ ADC _____ ATB _____ ATD _____ OAA _____

Case Name _____ Case # _____ Case Worker _____

Members of family living at home:

Man _____ If separated, give date of separation:

Woman _____

Children _____

1. Are all persons listed above currently receiving assistance? _____

2. Amount of assistance currently being given: \$ _____/month.

3. This includes \$ _____/month for housing (rent *plus* utilities).

4. Other income indicated by your records: \$ _____/month. Source _____

NOTE: If you prefer, budget may be itemized on the reverse side of this sheet.

Date case accepted: _____ If closed, date aid discontinued _____

Signed by _____
 Title _____

Telephone Number _____

Revised 4-26-72

EXHIBIT 6

CITY OF DETROIT HOUSING COMMISSION,
Detroit, Mich.

Date _____

To: _____ Re: _____

GENTLEMEN: The above indicated person is currently in receipt of a pension through your organization.

As the person is applying for public housing, supported in part by a public subsidy, it is required by law that we verify the amount of all income.

We will appreciate your cooperation in answering the questions below.

Yours very truly,

J. G. WILSON, *Director,*
Tenant Placement Office.

Account in the name of _____
 Effective date _____
 Gross Amount of Pension \$ _____
 Net Received by pensioner \$ _____
 Amount of last increase \$ _____
 Does recipient receive any other benefit not covered in above, such as, medical or hospital insurance? YES _____ NO _____ VALUE _____

Name _____
 Title _____

EXHIBIT 7

CITY OF DETROIT, DETROIT HOUSING COMMISSION,
 TENANT PLACEMENT OFFICE,
 Detroit, Mich.

Employer :

_____ Date _____
 _____ Re : _____
 _____ Address _____
 _____ Soc. Sec. No. _____
 _____ Application No. _____

Under Federal Law, it is necessary for us to have complete verification of the income of our applicants. May we please have the total gross earnings before any deductions, and including all overtime, bonuses, commissions, and vacation pay of your employee named above. We appreciate your cooperation.

Very truly yours,

J. G. WILSON, *Director,*
Tenant Placement Office.

Date hired _____
 Rate of pay _____ per _____
 Type of work _____
 Hours per week _____

GROSS EARNINGS FOR LAST 13 WEEKS, PLEASE :

<i>Date and amount</i>	<i>Date and amount</i>
1. _____	8. _____
2. _____	9. _____
3. _____	10. _____
4. _____	11. _____
5. _____	12. _____
6. _____	13. _____
7. _____	

Last vacation-date paid _____ Date taken from _____ to _____ Amount _____

Last bonus-date paid _____ Amount paid \$ _____

Meals—number per day _____ at \$ _____ each.
 (Estimate, if necessary)

Tips \$ _____ per _____

Other—specify _____ \$ _____

This employee receives no other pay than that listed above.

Date _____
 Signature _____
 Firm _____
 Address _____

EXHIBIT 8

DETROIT HOUSING COMMISSION,
Detroit, Mich.

Date:-----

To:----- Re:-----
 ----- Address-----
 ----- App. no.----- File no.-----

GENTLEMEN: Will you please furnish us with an itemized statement of the amount of support paid during the past six months in the above listed case. This information is necessary in order to set the tenant's rent at the proper amount.

IF NO SUPPORT IS BEING PAID, THIS APPLICANT IS REQUIRED TO PROVE SHE HAS ATTEMPTED TO GET SUPPORT.

Thank you for your cooperation in this matter.

Sincerely,

J. G. WILSON,
Director, Tenant Placement Office.

Amount of payments ordered by Court: \$-----per-----
 Payments made in last twelve (12 months)

<i>Month and amount</i>	<i>Month and amount</i>
-----	-----
-----	-----
-----	-----
-----	-----
-----	-----
-----	-----
-----	-----
-----	-----
-----	-----
-----	-----

Is this with the approval of the authorities? Yes----- No-----
 If no payments have been made in the last three months, has a complaint been filed?

Yes-----No-----If no, explain-----

Date:-----

Give present address of husband if on your records-----

Check if not known-----

EXHIBIT 9

CITY OF DETROIT, DETROIT HOUSING COMMISSION,
 TENANT PLACEMENT OFFICE,
Detroit, Mich.

To: Officer in Charge Re:-----
 Address:-----
 Our Application No.-----

Dear Sir: The above-named person has applied for admission to a public housing project. Since Federal regulations require that we verify total family income, we would appreciate your courtesy in answering the following questions concerning this applicant.

Very truly yours,

J. G. WILSON,
Supervisor, Tenant Placement Office.

1. Name of Serviceman-----Rank-----Pay Grade-----
2. Base Pay \$----- per month. Total length of service for pay purposes-----
3. Is an allotment assigned by this serviceman to his family? Yes-----No-----
 How much? \$-----
4. Is any portion of this amount provided by the Government? Yes-----No-----
 How much? \$-----
5. Allowances in addition to base pay:

	<i>Per month</i>		<i>Per month</i>
Quarters -----	\$-----	Overseas duty -----	\$-----
Rations -----	\$-----	Flight duty -----	\$-----
Clothing -----	\$-----	Submarine duty -----	\$-----
Sea duty -----	\$-----	Honor and merit awards -----	\$-----
		Other \$-----	

6. Date of entry into service :-----

7. Stationed at :-----

Signature of officer in charge
Address :-----

Signature of serviceman
Date :----- Serial Number :-----

EXHIBIT 10

CHILD-CARE FORM

This form is meant to be helpful. If you have difficulty filling it out, please contact the tenant selection office. Also, remember, the project management likes to occasionally see the people doing this child care.

Date -----, 19-----

I take care of Mrs. ----- children. The names of the children

I take care of are -----,
-----,
-----,
-----.

I take care of these children in *their* home () in *my* home ().
am am.

I take care of these children ----- days a week, from ----- pm to ----- pm.

If you take care of these children in your home,

Do you go and get the children?	Yes-----	No-----
Do you return them to your home?	Yes-----	No-----
Does the parent bring the to you?	Yes-----	No-----
Does the parent come and take them home?	Yes-----	No-----

About how many nights per week do the children stay with you?-----

I began taking care of these children on ----- 19-----

I am paid \$----- per week.

I am *not* related to this woman who employs me ().

I am related to this woman who employs me; I am her -----

I am Mrs./Miss -----

I live at -----

I do not have a telephone -----

My telephone number is -----

I am more than 21 years old -----

I am less than 21 years old -----

The above are all true statements.

Signed :-----

EXHIBIT 11

Form C of D-30-AP-A-1 (11-57)

City of Detroit—Housing Commission
APPLICATION FOR A FAMILY DWELLING

NAME _____ ADDRESS _____
Telephone Number _____ Race _____ Application Number _____ ADDRESS _____

FAMILY COMPOSITION

NAMES OF PERSONS TO LIVE IN HOME (INCLUDE WOMAN'S MAIDEN NAME)	RELATIONSHIP TO APPLICANT	DATE OF BIRTH	HOW VERIFIED	SOCIAL SECURITY NUMBER OR SCHOOL
	Head			

MARITAL STATUS _____

CHILD EXPECTED? _____ WHEN? _____

RESIDENCE _____
Name of Family Head _____ Birth-place _____
How Verified _____ Date Family Came to Detroit _____

Address _____ Address _____
Landlord _____ Landlord _____
From _____ To _____ From _____ To _____
Address _____ Address _____
Landlord _____ Landlord _____
From _____ To _____ From _____ To _____

HAVE YOU OR ANY FAMILY MEMBER EVER BEEN ARRESTED?
YES _____ NO _____
IF YES, FOR WHAT REASON?

REFERENCES Give Names and Addresses of Two Close Relatives or Friends Who Will Always Know Where to Reach You.

Name _____ Name _____
Address _____ Address _____
Telephone No. _____ Telephone No. _____

MILITARY SERVICE

NAME AND RANK	SERIAL NUMBER	BRANCH OF SERVICE	DATE ENTERED	DATE DISCHARGED	PLACE OF INDUCTION	OVERSEAS TIME

DISABLED		DECEASED		Relation To Head
Claim No.	Service Connected	Name	Date of Death	If Serviceman Time In Reserve From To
Percent of Disability	Amount	Service Connected	Date of Death	How Verified
How Verified		How Verified		SCORE: Head Ver. Total

HOUSING NEED

A. Was family displaced by a public slum clearance, re-development project, or low-rent project within past 3 years? Yes _____ No _____

If "Yes" state place of residence at time of displacement and date family received official notice to vacate: _____

B. Family is about to be displaced by a low-rent housing project or by public slum clearance or redevelopment project: Yes _____ No _____

C. Family is living in unsafe, insanitary, or overcrowded dwelling: Yes _____ No _____
 Type of dwelling: Single _____ Flat _____ Apt. _____
 Furnished room _____ Other (describe briefly) _____

Condition of structure
 Plumbing _____ Heating _____ Cooking _____
 Lighting and Ventilation _____
 Other: _____

Overcrowding and Doubling:
 Total number of rooms _____ Number of bedrooms _____

Number of families _____
 Total number occupants _____ Share bath? _____
 Kitchen? _____ Laundry? _____

D. Eviction Pending:
 Court Order Number _____
 Date of Hearing _____
 Reason for Eviction _____
 Court's Decision _____
 How Verified _____

E. Separated Family: (Name and addresses of those not with applicant) _____
 Reason for separation _____
 Period of separation _____

F. Excessive Rent: Amount \$ _____ per _____
 Includes: Board _____ Heat _____ Light _____ Gas _____

G. Health Problems and Other (explain): _____

INCOME SUMMARY

NAME	EMPLOYER	TYPE OF WORK	BADGE NO.	PERIOD OF EMPLOYMENT	RATE OF PAY	HOURS WEEK

NAME	SOURCE OF INCOME	AMOUNT	TYPE OF DEDUCTION	AMOUNT	Gross Income	
						Less Deductions
						Net Income
						Less Exemptions
						Less Disability Pension or Death Benefits
						Net Annual Income for Admission Only
						Project Preference

How Verified _____

I understand that this is not a contract and does not bind either party. I certify that the foregoing is true, correct, and complete to the best of my knowledge. I have no objections to inquiries for the purpose of verification. I also understand that the policy of the Housing Commission is to permit applicants to designate the project of their choice without regard to race, creed, color, religious principles, national origin, or ancestry.

(APPLICANT'S SIGNATURE) _____

(DATE) _____

(INTERVIEWER) _____

COMPUTATIONS	VERIFICATION SUMMARY			CERTIFICATION	
	ELIGIBLE	YES	NO		
Family Composition _____				Project _____	Unit _____
Assets _____				Preference Category of _____	Size _____
Employment and Aggregate Income _____				Rating _____	
Residence _____				Total Score _____	
Preference Rating: _____				Checked By _____	
Housing Condition of Applicant: _____				On the basis of the verified findings set forth herein, I hereby certify that this applicant is eligible for admission as indicated:	
				(Signed) _____	

EXHIBIT 12

CITY OF DETROIT
 DETROIT HOUSING COMMISSION
 TENANT PLACEMENT OFFICE
 59 E. Elizabeth
 Detroit, Michigan 48201
 224-6611
 J. G. Wilson, Director

_____ Date _____
 _____ Application No. _____
 Detroit, Michigan 482 Phone No. _____

Dear

We cannot approve your application for public housing. The reason being:

If you wish to discuss this further, please contact this office between 8:30 a.m. and 3:30 p.m. Monday through Friday.

Sincerely,

DETROIT HOUSING COMMISSION
 TENANT PLACEMENT DIVISION

**APPEAL PROCEDURE DETAILED ON REVERSE SIDE OF THIS LETTER

APPEAL PROCEDURE

The appeal procedure of denied applicants for Detroit Housing Commission placement is designed to give maximum consideration to the individual problem in compliance with 1A of Sec. 53, Act No. 344 Public Acts of 1968, State of Michigan. The procedure consists of a series of step-wise appointments:

- (A) Director of Tenant Placement Office - J. G. Wilson - 59 E. Elizabeth - 224-6611. If no satisfactory explanation or the conflict cannot be resolved, then proceed to (B).
- (B) If Director of Tenant Placement Office does not feel that case merits further consideration, then he informs applicant of his right to a hearing before Tenant Affairs Board - 2223 Riopelle - 964-3830 - and instructions on how to apply for a hearing.

WARNING!

Failure to follow this procedure in detail, as outlined, may result in your appeal receiving no consideration. To bypass any of this procedure would be considered as grounds for denial of a hearing by any or all of the persons and boards involved in this procedure.

It is further advised that you avail yourself of this procedure prior to writing or appealing to others such as: Common Council, Mayor, Congressmen, State Legislators, etc.

DETROIT HOUSING COMMISSION

EXHIBIT 13

CITY OF DETROIT, DETROIT HOUSING COMMISSION, TENANT PLACEMENT OFFICE,
DETROIT, MICH.

Name _____ Date _____
Address _____
Application No. _____

DEAR APPLICANT: This correspondence is to
() confirm our recent telephone conversation concerning :
() announce to you the availability of:
a _____ bedroom apartment at _____ Homes. This public housing unit is designed to provide safe, adequate, low-income housing for your family.

We shall

- () reserve this public housing unit for five (5) days pending your notification of this office whether or not you want the unit.
- () honor your expressed desire not to be considered for the unit, as you are not interested in living at _____ Homes.

If you have any questions, please contact this office (224-6611) or your relocation worker.

Sincerely,

DETROIT HOUSING COMMISSION.

Triplicate

Please contact the above-named person for details.

EXHIBIT 14

CITY OF DETROIT, DETROIT HOUSING COMMISSION, TENANT PLACEMENT OFFICE,
DETROIT, MICH.

Dear _____ Date _____
App. No. _____

We are able to offer you an apartment in public housing at this time. If you are still interested, please call our office at 224-6611 before _____

If we do not hear from you by the above date, we will assume that you are no longer interested and will close your application.

Sincerely,

DETROIT HOUSING COMMISSION,
Housing Aide, Tenant Placement Office.

EXHIBIT 15

OCCUPANCY STANDARDS

The following standards will determine the number of bedrooms required to accommodate a family of a given size except that such standards shall be waived when necessary to achieve or maintain full occupancy]

Number of bedrooms	Number of persons	
	Minimum	Maximum
0	1	2
1	1	3
2 ¹	1	5
3	4	7
4	6	10

¹ 1 person—the residuum of a tenant family, or upon admission, an elderly single person—is to be permitted to occupy a 2-bedroom unit when there are no larger families waiting for that size unit.

Chairman GRIFFITHS. Thank you, Mrs. Daniel.

Could you describe for us the length and type of training you received for your job as a public housing eligibility worker?

Mrs. DANIEL. Yes. I have been employed by the housing commission for 18 years. I started in the project and from there transferred to the central office and served in the research, information, and statistical division. I was then transferred to the relocation division. I went back to the project and I am now at tenant placement where I have been for the last 3, 3½ years.

Chairman GRIFFITHS. Would you speak a little bit louder?

Mrs. DANIEL. I'm sorry, I have a bad throat.

Due to my experience in the projects and at the central office, they seem to have felt that I was qualified for the job.

Chairman GRIFFITHS. You sound pretty qualified to me.

What does your job entail?

Mrs. DANIEL. Interviewing applicants, determining eligibility, assigning them to units in the various housing projects.

Chairman GRIFFITHS. Well, how is it done? Supposing a couple comes in, their income is, say \$4,200. Are they entitled to go into a public housing project? They have two children and \$4,200?

Mrs. DANIEL. We do have eligibility standards. For four, there would be \$5,200 which would be the maximum. We take the gross income, deduct 10 percent and if that income is \$5,200 or less, they would be eligible for public housing.

Chairman GRIFFITHS. So the couple with the \$4,200 is eligible on the face of it, you don't have to even go through the subtraction, they are eligible?

Mrs. DANIEL. Yes.

Chairman GRIFFITHS. What do you do once they are in there, do you ever check up to find out if they are now getting more money?

Mrs. DANIEL. Once they are assigned to the project, once a year we have an income verification at which time they have to produce verification of their income and it's then determined whether they are still eligible to remain in the unit.

Chairman GRIFFITHS. Suppose you have a couple and in the beginning they made \$4,200 and just the husband worked, and then the wife discovered that she could get a job and the job would pay her \$150 a month. That puts them over the public housing, doesn't it?

Mrs. DANIEL. Yes.

Chairman GRIFFITHS. Now what if she discovered that since it put them out of public housing that anyplace else that they could get to rent was going to cost them \$200 a month?

Mrs. DANIEL. We are permitted, at least we were permitted to keep them for 1 year at the ceiling rent, but because of our waiting list for units, we had to shorten the time. The ceiling rent is the maximum rent that has been determined by the Commission that can be charged for that size unit, the bedroom size unit.

We don't put them out, but they do pay maximum rent. We do encourage them to find other housing as soon as possible.

Chairman GRIFFITHS. In reality, in some of these cases it would pay them for the wife not to go to work, wouldn't it?

Mrs. DANIEL. Very true.

Chairman GRIFFITHS. She could hunt for a job where it paid less or she could work less.

Mrs. DANIEL. This is very true. This is all brought to their attention when we notify them they are over income.

Chairman GRIFFITHS. All though the day we have been watching these laws that are really disincentives to work, and there are incentives to break up families and this is the law.

Now any public housing project, could a woman on ADC who was separated from her husband or divorced from her husband, have public housing and could she take in a roomer?

Mrs. DANIEL. No.

Chairman GRIFFITHS. She can't take in a roomer?

Mrs. DANIEL. No, housing is only provided for her immediate family. She would not be permitted to take in a roomer.

Chairman GRIFFITHS. And she can't have somebody coming in there living with her who has a fairly substantial income from someplace else?

Mrs. DANIEL. No, because the total income of everyone in the family is taken into consideration.

Chairman GRIFFITHS. How often do you have to check these facts, on income, once or twice a year?

Mrs. DANIEL. Once they go to the project, it's once a year.

Chairman GRIFFITHS. Once a year?

Mrs. DANIEL. Yes.

Chairman GRIFFITHS. How do you check it?

Mrs. DANIEL. They are called, into the office and asked to bring pay stubs, or a statement from their employer, or a statement from ADC, or their W-2 form and the figures are calculated.

Chairman GRIFFITHS. How do you know that they report on all of the jobs that they have?

Mrs. DANIEL. We really don't.

Chairman GRIFFITHS. You don't?

Mrs. DANIEL. No.

Chairman GRIFFITHS. Well, one of the reasons I ask is that I had someone write in and tell me about a man who was working right beside him drawing more money than he was. The man's wife was working and in addition to that he had a second job but he bought housing under the section 235 program based on the pay stubs from the part-time job.

Mrs. DANIEL. Of course, if somebody like that is brought to our attention or we find it, we immediately investigate it.

Chairman GRIFFITHS. You don't have anybody checking up on this every day or going around to discover if anyone is doing this or if they are not?

Mrs. DANIEL. Actually, we seem to keep pretty good tabs because with the projects the size they are, you always have someone who is going to carry the tale and they are forever reporting back and forth.

Chairman GRIFFITHS. Yes, it's quite surprising.

Do you tell the tenant to inform you if his income increases?

Mrs. DANIEL. We ask him to, yes.

Chairman GRIFFITHS. Do they call or tell you?

Mrs. DANIEL. Most of the time they do.

Chairman GRIFFITHS. They do tell you?

Mrs. DANIEL. Yes.

Chairman GRIFFITHS. Do they do it by telephone or do they do it at your office?

Mrs. DANIEL. Sometimes they telephone, mostly when they are making their report or happen to be in the office for one reason or another.

Chairman GRIFFITHS. Do you have a unit, like Mrs. Marion's, that selects a random number of these cases and verifies them?

Mrs. DANIEL. Only through our Federal auditors which come in once a year.

Chairman GRIFFITHS. Do you know what information is available to the Federal auditors?

Mrs. DANIEL. All of our files.

Chairman GRIFFITHS. All of your files, but how much of other Federal files?

Mrs. DANIEL. Well, I can only speak for our office, of the Housing Commission, that they are all available.

Chairman GRIFFITHS. Would social security files be open to you?

Mrs. DANIEL. No.

Chairman GRIFFITHS. They are not?

Mrs. DANIEL. No, the information that we receive from social security has to be secured by the individual.

Chairman GRIFFITHS. What?

Mrs. DANIEL. I said the information that we receive from social security has to be secured by the individual. They will not release information to us.

Chairman GRIFFITHS. To return to you, Mr. Roth, how do you get case referrals?

Mr. ROTH. Either from the caseworkers or someone in the community. I can recall one instance, again, where we received a letter of complaint from a citizen and subsequent investigation substantiated the allegation of fraud on the part of the party.

Chairman GRIFFITHS. When you are checking out the money they are making, supposing they worked in a job where they are making tips, do you consider tips, or do you just check the employer for the amount of money that the employer pays?

Mr. ROTH. Tips would be considered if the employer considered tips a source of income, for example, a waiter where tips are considered a type of income.

Chairman GRIFFITHS. What about Internal Revenue, the Internal Revenue considers tips, not only that, but they are very good at estimating them. They come out practically to the last cent so that in reality, if you are going to consider income, tips are income.

Mr. ROTH. Yes. We—like I say—we consider tips to be income where the job is of that nature, where tips can be secured by the employee.

Chairman GRIFFITHS. You have access to the case record, don't you?

Mr. ROTH. Yes.

Chairman GRIFFITHS. Do you investigate all eligibility factors on a questionable case or just particular issues that are brought to your attention?

Mr. ROTH. Our approach is usually an overview of all eligibility factors once we get involved in a case.

Chairman GRIFFITHS. Which group do you investigate most, ADC or the adult categories?

Mr. ROTH. ADC.

Chairman GRIFFITHS. What happens if you find that there has been a misrepresentation or fraud on the part of the client?

Mr. ROTH. If it's in the general assistance case record, general assistance category, and we can prove a knowing and willful attempt to misrepresent facts, we confer with the Wayne County prosecutor's office and seek a warrant for prosecution.

Chairman GRIFFITHS. Are they responsible for anything further?

Mr. ROTH. Who?

Chairman GRIFFITHS. The Wayne County prosecutor's office?

Mr. ROTH. No, we present the case in court.

Chairman GRIFFITHS. You present the case to court?

Mr. ROTH. Yes; but if it's a public assistance case, we only conduct the investigation, refer the matter to the court service division. They then follow up on it.

Chairman GRIFFITHS. In your prepared statement you suggested that standardization of programs would reduce the confusion and misunderstanding which makes administering the program difficult. Could you give some examples of areas where standardization or simplification is needed?

Mr. ROTH. In the area, I think my reference here was to the problem regarding the client who is getting general assistance and subsequently becomes eligible for public assistance. There seems to be a breakdown at the onset of the initial interview relative to agency policies governing the general assistance program as opposed to the public assistance program. I think a standardization in this area might be helpful in lessening the confusion to the client.

Chairman GRIFFITHS. Do you really think we could standardize so they are administrable?

Mr. ROTH. Not as the programs are presently organized with so many branches of government, so to speak, involved. Federal Government, State, and again local, the county funding, et cetera.

Chairman GRIFFITHS. Just look at what has been said here today. Mrs. Daniel has pointed out that you have one standard for people to get into public housing. The witnesses testified this morning that there is another standard for you to get Medicaid. There is another standard for you to get food stamps so that the whole thing is just a "can of worms," in my opinion. They are practically nonadministrable.

Now one of the things I think that bothers Congress the most, and nobody is worried about the adult categories, is why do we have this enormous increase in aid to dependent children? Do you realize that in a brief time we are going to be rearing 10 percent of all America's children on aid to dependent children? Ten percent. Why do you think it is, Mrs. Marion? Why has it increased so, more than any other program?

Mrs. MARION. Well, I don't know, really. Most of our programs, most of our cases are set up where the fathers have, you know, left their families and I don't want to say that, I don't really know. I don't want to say that we have a rise in unwed mothers. I don't know whether the women are applying for assistance and the men are leaving and coming back. I don't think this is true in most cases, really.

Chairman GRIFFITHS. Isn't the law itself really at fault in a lot of it?

Mrs. MARION. Yes; in this sense. When I worked in the ADC years ago, we had women whose children now are on ADC, and are mothers. These women used to ask for help in obtaining an education so that they could better themselves. This would have been an incentive for those same children who are on assistance today.

Chairman GRIFFITHS. Carfare to go to night school or the tuition to go to night school, or just to say that women have a right to have some training, right?

Mrs. MARION. Right.

Chairman GRIFFITHS. All of which we have never said. Welfare itself has been largely a discrimination against women.

Mrs. MARION. Right.

Chairman GRIFFITHS. They have never really been admitted into the labor force so that part of it is really just discrimination and it has nothing to do with color. Whether you are black or white, you are in the same boat.

Aren't we really now saying to women, "If you would like to have a child, go right on, and if you don't want to identify the father or marry him, the rest of us will take care of him," aren't we saying that?

The law says that, doesn't it?

Mrs. MARION. Yes; it does.

Chairman GRIFFITHS. Doesn't it further say, "If you would really like some money of your own, in spite of the fact that your husband is making \$8,000 a year, you can leave your husband and the rest of us will take care of you and your children. But in addition to that, you can marry another man, you can marry your husband's best friend and we will go right on taking care of the children"; aren't we saying that?

Mrs. MARION. Yes; we are saying that.

Chairman GRIFFITHS. Of course we are saying it. The law says it. So it's really immoral. We are contributing to the breakup of the family, aren't we?

Mrs. MARION. Yes.

Chairman GRIFFITHS. Don't you think we are, Mrs. Daniel?

Mrs. DANIEL. In a sense, yes, I believe we are.

Chairman GRIFFITHS. Of course we are. Because the law says that they can do it that way. If the husband has an income of \$8,000 you are not going to do anything for that family of three children; \$8,000 is far more money than the average American is earning. So that you are not going to help the men but you are still going to say to her, "If you want to leave him, go right on, the rest of us will take care of you and you can go over and marry somebody else and we will still take care of those children."

Don't you think we ought to be able to write a better law than that?

Mrs. MARION. I think we are fortunate that most women have not taken advantage of that.

Chairman GRIFFITHS. Of course we are fortunate. If they ever all figure it out at one time, we're sunk.

Mrs. MARION. The average woman I have run across in an ADC interview where they were separated from their husband, there was antagonism on the part of both. I don't think she left her husband to

get on ADC. I think most of them would prefer to be with their husbands.

Chairman GRIFFITHS. I think that's true. The real truth is, we are not making it difficult, we are making it easy and the law is doing it itself, so the law ought to be rewritten.

Look at this jumble of how you get into public housing, how you get food stamps, how you get medicaid, all of the differences.

I am so happy that all of you have been a long time with the welfare department. Don't you really have people working in the welfare department who know less about this law than the people who are making the applications?

Mrs. MARION. Presently, yes.

Chairman GRIFFITHS. Of course there are people doing it. They just don't have that much training. They don't know about it. They are all trying to help. The truth of it is we keep sending out something new every day. If the State doesn't send something out, the Federal Government sends it out. We change the whole thing. It's different here. It's different there. The way to find out about it is to find out from the people involved in it. In many cases, they know more than the people that have to work with it.

You people have been working with it a long time and you know exactly how it works, but that isn't true with all of the workers.

When we were in New York, one of the complaints of the intake workers was the coaching from the rest of the people in the room to the client. "Don't put up with that." You're entitled to this. You're entitled to that." So it was all different.

I want to thank you very much for being here. It was very kind of you.

We intended to have everybody, you know, part in the morning and part at 2 o'clock, but I had something else I had to do and it was very nice for you to come at this time in the afternoon, and I must say the Nation owes you a debt for the service that you render and I know that it's not the world's simplest job. I explained to the people this morning, one of the things that they were saying in their statements was that the clients appeared to regard the workers as the enemy. I am sure that you, too, must feel this while you are really trying to help.

Thank you very much.

We will send you a copy of the testimony and you can correct it, if there is anything you want to correct.

This subcommittee will adjourn until 10 o'clock in the morning in this room.

(Whereupon, the subcommittee adjourned, to reconvene at 10 a.m., Thursday, May 4, 1972.)

PROBLEMS IN ADMINISTRATION OF PUBLIC WELFARE PROGRAMS

THURSDAY, MAY 4, 1972

CONGRESS OF THE UNITED STATES,
SUBCOMMITTEE ON FISCAL POLICY
OF THE JOINT ECONOMIC COMMITTEE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10 a.m., in room 859, the Federal Building, Detroit, Mich., Hon. Martha W. Griffiths (chairman of the subcommittee) presiding.

Present: Representative Griffiths.

Also present: Alair A. Townsend, technical director; Sharon S. Galm, staff counsel; Patricia Kelly, legislative assistant to Representative Griffiths; and Walter B. Laessig, minority counsel.

Chairman GRIFFITHS. We will begin now. Our witnesses this morning are from the Wayne County Department of Social Services. Mr. R. B. Shelton, director; Mrs. Helen MacCartan, director, food stamp program; Mr. Clyde E. Spencer, deputy director for social services; Miss Mary Joann Rothfuss, bureau chief, application services; Mr. Henry Jamroz, administrative assistant to the medical director. And from the mayor-common council task force on hunger and malnutrition, Miss Maryann Mahaffey, chairman.

Thank you all for being here. Mr. Shelton, may we begin with your testimony, please?

STATEMENT OF R. B. SHELTON, DIRECTOR, WAYNE COUNTY DEPARTMENT OF SOCIAL SERVICES, DETROIT, MICH.

Mr. SHELTON. Congresswoman Griffiths and members of the Subcommittee on Fiscal Policy, we appreciate the opportunity to provide you with information about public assistance in Wayne County, Mich. Our plan is to place the public programs for which we have responsibility into a social context, describe the scope of our services in terms of both programs and numbers served, identify some of our administrative concerns, and make several recommendations which we hope will be useful to the committee.

I. CONTEXT

To state that there is a crisis in public welfare is to state the obvious. On one hand, it is common to hear the welfare institution described as cumbersome, inefficient, unresponsive, and to some extent this is true. On the other hand, the nature of the crisis in public assistance is in-

extricably bound to the problems of this community and the Nation; its values, institutions, and economic system. How does one avoid looking at the fact that the economic system is no longer open equally to anyone who would take part in it? At the lack of equal educational opportunities? At inadequate health services? At rapidly changing concepts and styles of family life? At a changing value system? At the problems of racism, unemployment, and underemployment? While this is not an exhaustive list, these factors must be considered in any attempt to place the welfare crisis in proper perspective which, we suggest, is to a great extent the result of the crisis in our society.

To expect the welfare institution to resolve this crisis alone is folly. The welfare worker can refer an unemployed father for a job, but the job must be there. The welfare worker can help a parent see that her child goes to school, but the school must be responsive to the needs of both parent and child. The welfare worker can help a family locate better housing but housing resources must be open to all regardless of race. The welfare worker can help a family maintain a standard of decency and health, but not while assistance payments are inadequate. We could go on to recite an unending number of examples to show how the social and economic systems and institutions of our country profoundly effect the overall problem.

II. SCOPE

Briefly, the objectives of our department are to provide financial assistance to needy individuals and families insofar as resources, laws, and policy permit.

Concurrent with the responsibility for providing financial assistance to all qualified persons is the provision for social, rehabilitative, and protective services to be given in a manner that will enable individuals and families to function at the highest level of their capacity and to become self-supportive.

The department has responsibility for administering the following programs:

- Old age assistance (OAA)
- Aid to the blind (AB)
- Aid to the permanently and totally disabled (AD)
- Aid to families with dependent children (ADC)
- ADC-foster care (ADC-F)
- ADC-unemployed father (ADC-U)
- Aid to dependent children of the incapacitated (ADC-I)
- Medical assistance (MA)
- General assistance (GA)
- General hospital program
- Food stamps
- Emergency assistance
- Burials
- Emergency shelter
- Basic family services
- Protective services (including child neglect and abuse)
- Adult services
- Foster care and adoption services
- Child care services

Employment and training related services (including WIN)
 Information and referral services
 After-care services
 Nursing home placement services

As of January 1972, the Department was providing assistance to 310,218 individuals in 127,269 money grant cases; of these 174,447 were adults and the remaining 165,649 were children, dependent upon the department for food, shelter, clothing, and the necessities of day-to-day living.

The total departmental activity, however, means much more. It means supervised care for 8,000 adults in nursing homes. It means that 10,000 children a day receiving child care—and 90 percent of this service allows parents to take part in job training or employment. It means 1,500 children in foster care and a protective service caseload of 2,656, reaching potentially abused and neglected children on a 24-hour-a-day basis. An additional 24,517 medically needy persons who are not on public assistance receive health care through the medicaid program. It means additional food benefits for assistance and low-income families. Approximately 93 percent of the certified eligibles participated in the food stamp program in January 1972, of these households 56,550 were also receiving financial assistance and another 8,706 households were classified simply as low-income families. In Wayne County, unmet needs not covered by Federal programs are met under the local general assistance program, and as of January 1972, 31,921 single persons and families received benefits from this program.

The total number of families and individuals effected by the department, however, is much greater than those counted as recipients under various categories and services. In addition, 7,204 new applications were received in January and 156,775 direct contacts were made in our district offices with a member of the staff.

In carrying out these functions, the department operates through nine principal district offices, each providing complete application and on-going services for major programs. We also have a model cities outreach office, two medical district offices, seven food stamp sales offices (including four in district offices), two halfway houses within the community and operate a day care facility in one of the local public housing sites.

III. ADMINISTRATIVE CONCERNS

It is clear with the number of programs administered by the department and the numbers of people served, that the welfare department is not a single purpose agency and it follows that there are immensely complex and serious concerns related to the ways in which it can fulfill its mandate of service to the people. We shall describe some of these in the following sections.

A. Complexities of Programs and Requirements

One result of these myriad eligibility requirements and program complexities is such a voluminous collection of manuals and supplementary directives that it is wholly unreasonable to expect staff at any level to keep abreast and to apply all of them properly with any

degree of consistency, especially in the face of rapidly increasing caseloads, continually changing policies and organizational structure.

The recent simplification of eligibility determination for category applications and redeterminations was useful but insufficient. Under this declatory process the applicant was to complete an application attesting to his circumstances and needs and, unless the information given was inconsistent or conflicting with other known facts, the statement was to be accepted without documentary support. Eligibility determinations by mail were possible.

More recent requirements, however, do not regard applications by mail as sufficient, but rather require a personal interview. The applicant must also present documentary verification of shelter costs and earnings. These added requirements markedly increase the activity and staff time necessary to process an application.

The problem is that we cannot simplify forms and streamline the eligibility process while leaving almost untouched the requirements on which they are based. Logistical problems of meeting the 30-day standard of promptness, as mandated by Federal policy and enforced by Federal courts, are compounded by these changes.

The complexities of multiple, ever-changing, and sometimes conflicting requirements are exemplified by the varied methods by which income is budgeted. In a given case, income could conceivably be budgeted by different methods, depending on whether it is an application or active case, the source of the income and the program under which the person is receiving assistance.

We believe that if these problems can be overcome, simplification, along with separation, have potential for great good in terms of quality of service, timely granting of assistance, respect for the dignity and rights of our clients. They will also provide a much better base for the measurement of performance quality and for development of work standards.

Until recent Federal legislation was passed, recipients of public assistance were automatically eligible for food stamps and certification was accomplished by means of a very brief card form. New regulations, however, call for two separate applications and differing methods for computing eligibility budgets. The new application form is so complicated that many applicants will not be able to complete it without staff help and therefore the time and staff needed to perform this service will be greatly increased.

B. Reorganization

Since December 1966, when a tripartite merger occurred between city, county, and State welfare departments, the agency has been continually striving to meet the demands of an unprecedented increase in workload due to (a) rapidly rising caseloads, (b) expansion of existing programs, (c), development of new programs, and (d) Federal and State changes in administrative procedures. Structural and functional changes were necessary to accommodate these demands.

One of the prime prerequisites in meeting these changes was and is acquisition of additional space locally. Efforts to obtain adequate housing are hampered since we are legislatively dependent upon county government to provide space and it faces a financial crisis and

has only limited resources available. At the same time, efforts are being made to decentralize the delivery of services, a long standing goal of the department. It was felt that such a move would allow the department to serve its clients better by moving closer to them, thus alleviating their problems of child care, public transportation and the insufficient funds which compounds both. This district office concept will allow programmatically complete offices to function independently but with ties to the central office, thus reducing the concentrated flow of traffic and aid the administrative process by placing day-to-day decisionmaking at a lower operating level. Implementation of this delivery technique is still underway.

A third structural change, paramount to the others, stems from new directives requiring separation of assistance payments and social service functions. In order to comply with this requirement, the department has had to restructure its entire operational plan at both the State and local levels. With this change have come several problems, some of which still remain to be fully resolved.

C. Staffing

Historically, the increase in staff has been a response to new program demands and has not materially improved our overall ability to deliver quality service. Several factors effect our staffing situation.

Certain staff ratios are mandated at various levels of involvement, but the actual payment of staff salaries hinges upon State legislative appropriations. This lack of sufficient funds many times results in an inability to maintain adequate staffing ratios.

Program changes, notably simplification and separation have also caused dramatic changes in staffing patterns and staff ratios. Prior to separation, the Department operated on a 60-to-1 ratio for on-going case maintenance but since separation, the department has been operating under a formula of 200 to 1 for family cases and 375 to 1 for adult cases. In services the ratios are 60 to 1 in family cases, 80 to 1 in adult cases. Supervisory ratios likewise have increased, from a set 5 to 1, to 12 to 1 for social services and 10 to 1 for assistance staffs.

It was originally expected that simplification and separation would greatly reduce the amount of activity required on a case. Experience indicates, however, that whatever reduction in activity may have occurred has not been sufficient to justify the increased ratios described above.

Locally, the staffing situation was complicated by an injunction obtained by an employee organization which delayed separation and simplification by nearly a year. In addition, during 6 months of 1971, there was a freeze on filling positions due to fiscal problems in the State. These circumstances have had a clear effect on the quality of administering programs.

When the agency responds to meet an emergency situation by committing its available resources, it is at the cost of leaving many other things undone. Thus, when the emergency ends, staff is still far behind in terms of making up for the previously uncompleted tasks.

Closely associated with the whole question of staffing is the area of adequate staff training. Large numbers of new staff, most of whom are in a relatively new classification, require a concentrated training

effort. In addition, there is the need for a regular inservice training program for all staff. Attempts to meet these needs are hindered by such factors as lack of training staff, scarcity of facilities available for training purposes, and lack of funds with which to engage outside experts. Despite these obstacles, progress is being made through the development of a new orientation program and development of a countryside training plan.

D. Impact of Legislative and Judicial Decisions

The administration of public programs is greatly effected by legislative and judicial mandates at all levels of government. This diffusion of responsibility is particularly noticeable in public welfare. As is the case of funding relationships, State, Federal, and county units of government share in the policy development effecting the administration of public welfare. In addition, the courts have a sharp impact on both programs policy and procedures. Changes at any level can have a sudden and immediate impact on the agency's operation raising administrative problems in relation to the logistics of making timely mandated changes.

Recent court decisions have fundamentally altered the structure of the system. The Supreme Court decision that resulted in the step-father case (1968), the Kennedy ruling prohibiting negative action on a case without proper notification (1970), and a "due process decision" requiring that we freeze action on a case until after a fair hearing (regardless of eligibility standards), the age of majority law by the Michigan Legislature and previous rulings on responsible relatives (1971) have considerably changed the complexion of administrative controls.

But administrative controls notwithstanding, a critical reaction has been evinced from the general community which is unaware of the legal mandates behind a given agency policy. Many cannot understand or accept that a family living together with the man working can still receive benefits under the aid-to-dependent-children program. It cannot understand how the parent of a well-to-do business is entitled to OAA or how a case cannot be closed immediately if the recipient is ineligible. Make that individual a landlord who does not receive his rent payments from an ADC client over a number of months and try to explain the unrestricted payment clause of HEW to him.

The pressure from these various sources, be they administrative or grassroots, are real and compound the issues that have already been discussed. They will probably always be with us.

E. Other Developments

Throughout this presentation we have highlighted administrative concerns that are predominantly problem areas. With the idea in mind that the term "concern" can have a positive connotation, we wish to illustrate some of these encouraging developments.

1. The department is in the process of operationalizing a new client information system (CIS). This system, several years in the planning and testing stages, will provide us with a completely computerized caseload management system with provision for file maintenance, open-

ings, closings, changes, and other up to now paper operations. It will help prevent duplication of assistance, save a great deal of staff time, and reduce errors.

Additional steps have been taken to insure proper performance.

2. While the CIS will allow us to perform case actions more quickly and efficiently, difficulties surrounding human error and deliberate misrepresentation will still exist. In order to hold these to a minimum, the staff of our quality control unit has been expanded and additional eligibility monitoring systems will be introduced shortly.

The public needs assurance that its taxes are being spent for those who "deserve" aid, however, public opinion is not always in accord with the law on this matter. In order to close this credibility gap, speakers and written information are being provided to interested groups.

3. Our department has made serious attempts to establish meaningful dialog with the consumers of our services. Consumers are involved through such mechanisms as an advisory council which meets regularly with the social services board and welfare rights groups who meet monthly with department representatives. In addition to benefits for the recipients, these meetings provide the department with an important source of feedback on our policies and practices.

4. The department has moved significantly toward a better utilization of manpower through a systems approach to job analysis and it has made job opportunity available to public assistance and potential public assistance recipients through the new careers and public service careers programs. We feel these efforts are in the right direction and suffer only from budgetary constraints. In the area of training programs, our efforts with the Michigan Employment Security Commission on the work incentive program (WIN) are benefiting some clients and the community work project for able bodied general assistance recipients is providing invaluable experience in the job market.

In conjunction with this, the department has developed a sound program and research capability for operation and management analysis. This function, a recent development, can offer a department of our size invaluable assistance in the area of planning, management information, and analysis. It must be kept in mind that locally our department did not merge into one entity until approximately January 1967 and, therefore, did not have the opportunity to build into the system technical and supportive staff necessary to a large urban agency.

5. There are many other developments in various stages of implementation designed to improve the quality of life of our client population. We would call brief attention to the following:

A beginning effort to specialize a few employees in a housing unit to assist clients with complicated housing problems.

A growing volunteer service to supplement some of those necessary, but unfunded services.

A 24-hour, 7 day per week emergency service.

An increasing utilization of voluntary agency resources to assist our clients with serious service needs.

An increasing effort to provide community placement for those who might otherwise have to live out their lives in mental hospitals or other institutional settings.

A beginning community services program to interpret the services of the agency to all segments of the community and particularly to those in need of these services.

An agency-developed foster parents association and child welfare advisory council that will provide a forum for discussing common problems.

IV. RECOMMENDATIONS

In the foregoing description we have attempted to provide a brief overview of the department's functions, responsibilities and some of its concerns in translating social legislation into provision of financial assistance and supportive services. Obviously this list is not exhaustive but rather suggestive in terms of problems that contribute to the "welfare crisis."

Since, as we have indicated, the problems of public welfare administration are caused by a number of contributing factors, it becomes apparent that it will be difficult to find a simple solution. Nevertheless, we feel that a variety of reforms have been advanced in the last 3 years that could have a significant impact. Some are in the short run related to State-local policy revision and funding changes, while others are related to Federal change and assumption of responsibilities, and long-term attacks on the core problems that help to create and perpetuate poverty and dependency.

Rather than restate and provide a lengthy discussion of these suggested reforms, we have provided the committee with a copy of the Michigan Welfare Study Commission's Report to Gov. William G. Milliken. This report, completed in February 1971, is still current enough to focus on the major problems of public welfare administration in this county and State and in our opinion offers recommendations that would significantly improve the problems being encountered. In general, we endorse the recommendations submitted in this report. In conjunction with Michigan's report, we respectfully suggest that the committee take under consideration the California Counties Welfare Modernization Task Force Study, "Public Welfare—Time for Change," Final Report, April 1, 1970. The study, a 6-month effort, addresses in more detail some of the problems that shape the administrative behavior of a public assistance agency.

We feel that the change needed at the Federal level must be the total assumption of an income maintenance or supplemental program financed and administered by the Federal Government. H.R. 1, with Senator Ribicoff's amendments, is a first step toward a true reform of our present system. Also, the Federal Government should support and fund a national program of social services independent of the assistance payments but administered by local committee through the States.

We believe that to achieve any measure of the above will require a reordering of priorities in terms of fiscal support, a realignment and/or improvement of other governmental payment program. We must demand that other institutions assume their fair share of responsibilities in order to provide individuals with the necessary education, adequate housing, health care, jobs, and training to make them job ready, and above all to provide a social and economic climate that will allow each citizen equally to pursue opportunity based on his individual merits.

Chairman GRIFFITHS. Thank you Mr. Shelton. You referred to pressure from landlords.

I would like to read part of a letter to you that I have received and ask you if this is some of the pressures.

This gentleman writes:

I own an eleven unit apartment building in northwest Detroit. In the two years that I have owned this building I have reinvested all of the rents collected, plus \$5,000.00 of my own money to make this building a pleasant place to live.

I have rented these apartments based on ability to pay the rental charge and the number of occupants.

In the past I have rented freely to those receiving ADC payments.

My experience with these persons along with the policies of the Department of Social Services makes it more profitable for me to leave the units vacant than rent to ADC recipients.

Then he names a person receiving ADC, and he gives an exact situation.

She rented an apartment from me which had been reconditioned, including new paint, plastering, sink, and refinished floors. She became behind in her rent and said her worker told her not to pay because she had a leak in her radiator. I excused her from paying until the leak was fixed.

She still refused payment, then claiming that she had mice in her apartment and an exterminator was called which she claimed was ineffective.

So, I proceeded to serve her with an eviction notice and started a court case.

She moved owing \$300.00 in unpaid rent and stealing light bulbs, fixtures, door locks, medicine cabinet, building cleaning equipment and, in addition, left the apartment needing considerable cleaning and repair.

Just before she moved, she told me that her worker helped her buy a home with the money she owed me in rent.

This same worker,

and he gives the name which I will give you,

refused to return several phone calls in my attempt to advise her of Mrs. X's action.

Now, is this the kind of problem you have?

Mr. SHELTON. Mrs. Griffiths, that is not the kind of problem we were thinking about. It is one of a series of problems in the landlord-tenant relationship that affects persons who receive public assistance.

I would like to state briefly that this allegation would have to be discussed with the client involved.

Chairman GRIFFITHS. Certainly. I realize that you do have to check it all out, but do we have time to check it out?

Mr. SHELTON. Yes, we do, for each case brought to our attention. We have very recently developed a limited, but we hope an effective, housing unit to look into these matters. If what is stated is true, workers may indeed have taken that course of action, especially since workers and the community also, are aware of landlords who charge exorbitant prices for very bad standard housing.

We attempt to acquaint families on public assistance with resources in the community and some deal with landlord-tenant relationships.

I would think though—to get back to your letter—that this is not the kind of everyday problem that arises. The everyday problem is the one where, for whatever reasons, the recipient is unable to pay, the rent and payments fall behind. The landlords are of course concerned and they are in touch with us, asking us to direct that portion of the grant for shelter directly to them. We are unable to do this under the Federal regulations.

Chairman GRIFFITHS. As a matter of fact, where do people on welfare get the money to make that \$200 downpayment on 235 housing? You can't make a special grant; can you?

Mr. SHELTON. No. We have never been able to give a special grant, however, in ADC, families are permitted to have some resources available. It is not a total indigency grant, and they may use these resources for a downpayment; I don't throw stones at this point since I don't have anything to offer you as concrete evidence, but, general information and recent newspaper articles hint at finagling in the way FHA mortgages were used by some of the sellers, allowing low-income families to work out a portion of the downpayment just for the sake of a quick sale.

Chairman GRIFFITHS. Of course, and in a lot of those incidents reported by the newspaper, the real estate man actually paid the amount. In those cases the purchasers were the ones who were cheated completely.

What I was really thinking of are the cases where it is actually legitimate, where they really do get a proper house, a decent house; how do they get the money?

Mr. SHELTON. Well, as I indicated, there is no single answer. Some families are employed and they have the work incentives in their grants. Some may save from their grant if they are very frugal, possibly \$200 or so over a period of time and, again, as I indicated, some have savings because savings per se are not a deterrent to eligibility.

Chairman GRIFFITHS. I understand there is an insufficient number of physicians in Wayne County to meet the needs of medicaid patients and the problem is especially severe in inner-city areas. Not all physicians participate because of the delay in payment and the fee schedules.

Can you describe the problem this could create for patients and the medicaid administrators?

Mr. SHELTON. I would like to take this opportunity, if I may, to introduce Mr. Henry Jamroz on my left, who handles this area.

Mr. JAMROZ. To begin with, there may be a dearth of physicians within the inner city because this is an accepted fact. However, there has been some compensation to the reverse insofar as the establishment of HMO and clinics and so on, which give total care. I will return to that.

Insofar as the fee schedule, I don't know that there would be any objection to it by any physician since it is paid at the same rate as medicare.

There have been a number of investigations made through the physical intermediary, Blue Shield, in determining the value that they have been receiving for the physicians who have been providing services after they have earned, I believe over \$50,000 on these programs. So, I don't believe, there are any number of physicians who refuse to deal with the program because of this.

To the contrary, we have mail from physicians expressing their interest in participating.

Chairman GRIFFITHS. Good. I would like to go back one more time to the rent situation, because this arises repeatedly in Washington.

What would your objections be to a vendor payment for the rent?

Mr. SHELTON. I have no objections to a limited vendor payment.

I don't think we should attempt to pay vendor payment for all families, since obviously, most families are taking care of their own needs.

I think that in relationship to the general population, regardless of the income level, certain families will have problems of money management. However, we are spending tax dollars for families on public assistance standards, and if they do not pay shelter cost in this case, it could create a threat to the safety and welfare of children and create a possible neglect situation. Also, failure to pay rent can cause duplicate payments.

I would like to have a vendor payment for some families on a limited basis to protect the children and the family; to use the vendor payment to teach them how to manage their own resources and finances. I would be against a total vendor payment system.

Chairman GRIFFITHS. Are there instances in which you have repeated calls and repeated objections on the same person who is not paying the rent?

Mr. SHELTON. I can't answer that completely, but I would assume in some instances there are.

We do have a system that we are attempting to develop, but it is very difficult to control. First, it is difficult to determine that a family has misused funds to the degree that there is a threat to the children in the family. Second, once the decision is made, it is very difficult to get volunteers to act as payees, especially in a large, often impersonal metropolitan area. And, third, the arrangements can be made for a limited time only, I believe—am I correct, Mr. Spencer—6 months, with an extension?

Mr. SPENCER. Nine months.

Chairman GRIFFITHS. The quality control system in public assistance is intended not only to measure the extent of ineligibility and incorrect payments, but, also to pinpoint problem areas so that corrective measures may be taken.

The use of quality control findings as a basis for corrective action has become even more important with the implementation of the simplified method of eligibility determination.

Has the quality control system in Michigan been useful as an administrative tool?

Mr. SHELTON. I'm going to take a shot at the first part, if you will. And, also, ask Mr. Spencer to react.

I would say, yes, the quality control system has been useful, and I think you are aware that, locally, we do not have jurisdiction over the quality control unit. This is a State function provided locally. Therein lies its value to us. This feed-in to the agency helps us find out if there are large areas of discrepancy, such as overpayment or underpayment that we are missing. It is an administrative tool in that respect. I don't know if you want to add to that, Mr. Spencer.

Mr. SPENCER. There is no doubt in my mind but what quality control is a great assistance to administration. This is one area where the concentrated effort can be made to identify, recognize existing problems facing administration and to cause some corrective action to be taken. Not only in relation to individual cases, but you can take a group of quality control defects, put them together and see patterns and therefore, devise—

Chairman GRIFFITHS. Would you give us some examples?

Mr. SPENCER. Well, there is a very obvious example that has resulted in modifying the simplified method we are using in Michigan. As a result of quality control, a large number of errors were detected recently, and the State has decided to require verification on rents and income. This was done as a direct result of an increasing number of errors found on the sampling of cases examined through quality control.

Chairman GRIFFITHS. Has quality control system singled out particular eligibility factors which were or are causing problems, would you say?

Mr. SPENCER. Specific?

Chairman GRIFFITHS. Yes, specific factors that are causing problems?

Mr. SPENCER. It identifies specific factors in each case examined, yes.

Chairman GRIFFITHS. Have caseworkers been instructed to increase their verification of these factors?

Mr. SPENCER. The staff is now under the directive to verify all rents and all income. This has to be done to determine eligibility.

Chairman GRIFFITHS. What is the question asked a mother applying for aid to dependent children concerning her husband or the father of her children, on the original form when she comes down to ask for aid to dependent children? What do you ask her about the presence of her husband, what is the question that is asked?

Mr. SPENCER. On the declaration form?

Chairman GRIFFITHS. Yes.

Mr. SPENCER. Gee, of all the things that I brought a copy of, the application is not one of them.

Chairman GRIFFITHS. Do you have a copy of the application form?

Miss ROTHFUSS. No, but it does ask for the husband's address or the father's address.

Chairman GRIFFITHS. Is that all, does it ask if she is living with the husband?

Miss ROTHFUSS. Yes, whether he is in the home or out of the home.

Chairman GRIFFITHS. I noticed last night that one of the workers that testified here yesterday said that this creates a fraudulent situation. It is not actual fraud, but you can give absolutely the correct answer and still you have evaded the intent of the question. I would like to give you an instance that I have.

Here is a woman who came down and asked for aid, stating that her husband wasn't with her, you know, that he had left her. Well, as a matter of fact, he was a truckdriver and he was out of town on a 3-day run. Her answer was correct, he wasn't in the home, but he was available and he was making, as a haulaway driver, income of about \$16,000, I believe, the last time I checked. It may be more by now, but that was his job.

Now, she got ADC but when her husband returned she told him to get lost, and she told whoever it was that he did return to his hometown in New York and is still a truckdriver.

Does your quality control locate these things?

Mr. SPENCER. Yes, within their capabilities, of course, but they do make a home call on each case that is selected as part of the sample.

Chairman GRIFFITHS. I realize that they would and——

Mr. SPENCER. And if they do identify the presence of the husband in the home, then this is regarded as an audit exception and it is sent through for us to correct.

Chairman GRIFFITHS. But now in this instance, why couldn't you recover from the husband? Why should the woman have gotten anything?

Mr. SPENCER. If there is fraudulent intent here, there is no reason why we wouldn't make an attempt.

Chairman GRIFFITHS. Well, wouldn't that be fraudulent intent?

Mr. SPENCER. I would think so. The question as you stated would not be interpreted, I'm sure, by our staff as satisfactory at the point of application.

We are concerned about separation, not whether someone is working away from home.

Chairman GRIFFITHS. Well, you see, I understand that perfectly, but even the eligibility worker pointed out yesterday that this is one of the real problems in the declaration. The woman can answer absolutely honestly, it is true he isn't at home, but it does not answer the intent.

Do you think more questions should be asked to establish this or don't you?

Now, secondly, in every situation I have heard of, it is these intake workers that are getting the blame for all this.

Are they to blame or are the regulations to blame?

Isn't the regulation in that instance, isn't the declaration itself the thing that is to blame?

Mr. SHELTON. May I answer?

I would think that in the example that you have given us, it is certainly a matter of communications. If this information was to come back to us from quality control and there were a number of cases, indicating that that form did not ask the right question, we certainly could not blame the worker for it. However, I think that the comprehension of most people applying for public assistance of the question that you ask would not get that response.

Now, it could be that an individual in that case could have simply said yes, he is out of the home. I would have to agree with you this is a possibility, yes.

Chairman GRIFFITHS. An honest answer and you have a terrible time moving fraud on her, because you have got to go beyond that. The question is not a good question.

The question has to be considerably better than that.

So that declaration is at fault, really.

Miss ROTHFUSS. It also asks why, if he is out of the home. They would be interested to know what address she gave for her husband and the reason. If the address was other than for herself, what reason was he out, like imprisonment. That is also on there and you just check imprisonment; separation; hospitalization; there are a number of things that have to be checked.

Chairman GRIFFITHS. Well, does it say working?

VOICE. There is a place for employment, wife or spouse, so that should have been completed, too.

It just sounds like it is a fraudulent application so far as I can see at this moment.

Chairman GRIFFITHS. Well, it is highly possible.

How many of these do you check on quality control; what is the percentage of checking?

Mr. SHELTON. I believe it is between 10 and 20 percent—approximately 15 percent. We don't have the exact number since this figure is set by the State. Random samples are also taken at the State level.

Chairman GRIFFITHS. Have any regulations or policies been changed on the basis of quality control?

Mr. SHELTON. Well, the two that Mr. Spencer just indicated, the request for documentation of shelter and income.

Mr. SPENCER. There was also an additional part of that directive and it required an interview with the client.

Mr. SHELTON. Right, these have been very recent changes.

Chairman GRIFFITHS. According to the HEW report, the number of AFDC recipients in Wayne County increased from 76,700 in June of 1966 to 227,500 in February of 1971.

The number of disabled adults receiving assistance increased from 7,000 to 16,000 during that same time and the number receiving OAA increased from 13,000 to 15,000.

The thing I think that bothers Congress more than anything else, is why the AFDC jumped; why that kind of an increase in AFDC.

Do you have any explanation for it?

Mr. SHELTON. We have gone through this several times.

Mr. SPENCER. Madam Chairman, may I preface this remark by saying that about the only thing we can do in our situation is to speculate on what we see happening as causative.

Chairman GRIFFITHS. Yes.

Mr. SPENCER. There are several things that we can speculate on, none of which we can prove or no one thing which we can identify as the reason.

Now, obviously, the unemployment situation is one thing and I think you have heard lots about that. I think that is in our testimony and it is a matter of record.

Secondly, in the last few years there have been changes in policies; there have been changes in levels of grants; there have been changes related to court decisions that have had a tendency to either increase the caseload by virtue of inclusion of more people who would be eligible or by extending the length of duration on which the family is on a program.

An example of that, is a court decision in Wayne County which resulted in our inability to close cases on what we call negative action without a 15-day notice to the family with an opportunity to file for a hearing on that negative action within those 15 days. If the client was so inclined to file for a hearing, then that case would be extended for up to 3 or 4 months to the length of time it took to schedule the hearing, for the referee to hold the hearing, for the referee to write his report, and to get approval and send it back to the county on what action the referee was taking. So, it amounts to about 3 or 4 months. This, of course, then extends some cases and it becomes a sizable issue when you think about the large numbers of people on assistance. This has an effect on it.

The policy change relating to stepparents, of course, brought a whole new group of eligible clients into the agency.

There have been some modifications as relating to ADC eligibility throughout the last several years, not just starting in 1966, but throughout the last several years. As Congress was more anxious to serve disabled people, more kinds of disabilities were brought under the program.

Chairman GRIFFITHS. Did the 30 percent and a third law contribute to the increased ADC load?

Mr. SPENCER. One has to say that it contributes to the increase because here again, your closure rate drops off.

Chairman GRIFFITHS. Where did the regulations come from that permit you to keep the people in a suspense file after they have notified you that—

Mr. SPENCER. That is the thing I just referred to, that came from a court decision.

Chairman GRIFFITHS. From a court decision?

Mr. SPENCER. Here in Detroit.

Chairman GRIFFITHS. In Michigan?

Mr. SPENCER. In Detroit, yes, Wayne County.

Chairman GRIFFITHS. What was the decision?

Mr. SPENCER. The decision was—you want the name of the decision?

Chairman GRIFFITHS. Yes.

Mr. SPENCER. The Kennedy decision.

Chairman GRIFFITHS. What did it say?

Mr. SPENCER. Well, in effect, it said that the department must give a person the 15-day notice that their case was either to be closed, or the level of the grant reduced, or the level of benefits under M.A. for example, reduced, in order for the client to decide whether or not they wish to have a hearing and contest the action.

Chairman GRIFFITHS. This decision applies, then, even if the client herself or himself advises you that they don't want the check any longer, is that right?

Mr. SPENCER. Yes, the 15 days does, but then that is the end of that because if they are not going to contest it by a hearing, the case is automatically closed.

Chairman GRIFFITHS. But they can draw one check after they have told you they don't want it, right?

Mr. SPENCER. That is the effect of it, yes.

Chairman GRIFFITHS. The effect of it is that they can draw one check. The effect could be that they could draw two, isn't it?

Mr. SPENCER. Well, depending upon the time frame in which we issue checks, yes.

Chairman GRIFFITHS. What is the cost of the suspense file, annually?

Mr. SPENCER. Well, what kind of costs are you talking about, Madam Chairman, are you talking about the cost to administer it or about the cost—

Chairman GRIFFITHS. I'm talking about how much you pay out in checks; how much you pay out in this when the clients actually advised you that he or she wished his case closed. I understand that some of the clients return the checks.

Mr. SPENCER. I was going to suggest that would be a help.

Chairman GRIFFITHS. They return the checks, so that I would like to know what the net cost of this is.

What is your turnover, and personnel vacancy rate?

Mr. SHELTON. It is low right now, and it has been very low in the last year and a half. I don't know, I would say somewhere around 7 percent.

Chairman GRIFFITHS. What has it been historically?

Mr. SHELTON. It has been as high as 20 percent.

Chairman GRIFFITHS. That still is doing much better than some areas.

In New York, it runs as high as 60 percent.

Mr. SHELTON. I don't think it was ever that high here.

Chairman GRIFFITHS. What is your vacancy right now?

Mr. SHELTON. I don't have a figure, but I would say it would be between 20 and 30 percent.

Mr. SPENCER. We were running 17 percent in a period when we thought it was a critical period.

Chairman GRIFFITHS. How many jobs do you need to supply right now?

Mr. SPENCER. Vacancies at the present time are based on the fact that we have recently been given a staff allocation, and so in an attempt to get people on immediately, you start off with all of the allocations as being vacancies. Add to that our normal vacancy rate, and right as of today my best guess would be that we have about 400 positions vacant—about 300 of those being because of the allocation; about a hundred being normal vacancies.

Mr. SHELTON. That is not normal. That is not normal at all, it is created by the manner in which we are staffed.

Chairman GRIFFITHS. The budget?

Mr. SHELTON. Yes. After the budget was approved we were hiring up to 200 people a week, attempting to fill vacancies, and had a concentrated effort to recruit clerical staff. Normally I think our vacancy rate would be no more than a hundred or a hundred and fifty people, including turnover.

Chairman GRIFFITHS. Since welfare programs are State administered in Michigan, you are not completely free to set your own budget, I take it?

Mr. SHELTON. We don't set our budget at all.

Chairman GRIFFITHS. Do you find the State office planning to be flexible enough on that to meet the needs in Detroit?

Mr. SHELTON. Well, with all honesty and candor, I would have to say no, because we are in a position of having to react to unique situations in an urban area. We are in a position of having to work through a standardized system set for the entire State. I'm not sure the State department of social services can be singled out as responsible as much as the whole legislative process.

Chairman GRIFFITHS. How much can you participate in planning for staff allocations for your agency?

Mr. SHELTON. Staffing is allocated on the number of cases we have. It is a simple formula, but it is not so simple for us as you saw in our statement.

Chairman GRIFFITHS. Yes. Do you operate under a specific budget or a certain number of positions allocated for Wayne County?

Mr. SHELTON. No; we don't operate under a specific budget for Wayne County.

The budget expenditures are open-ended as far as we are concerned and is dependent on the county's caseload.

Chairman GRIFFITHS. So that if you have to have more for administrative expenses, you can get it; is that correct?

Mr. SHELTON. Are you saying administrative expenses in terms of staffing?

Chairman GRIFFITHS. Yes.

Mr. SHELTON. We get staff based on Lansing's formula for the entire State, and, of course, the budget allocation.

Chairman GRIFFITHS. So, you really don't have control over it at all?

Mr. SHELTON. No; we are simply an administrative arm of the State department of social services.

Chairman GRIFFITHS. Is your office responsible for recruiting and staff training or is this done by the State?

Mr. SHELTON. We are responsible for staff training. We are not responsible for recruiting, although we do make some efforts in this area; a local unit of the Civil Service Department works with us.

Chairman GRIFFITHS. There are many complaints about the complexities of welfare policies and the many layers of government involved and the many frequent changes involved.

You argued that the Federal Government should take responsibility for cash payment and I am with you the whole distance. I think that is exactly what should be done and that local government should concentrate on services.

Would you care to elaborate on this?

Mr. SHELTON. Yes; I would just like to say the argument is based purely on the fiscal ability of the Federal Government to meet the demand.

Chairman GRIFFITHS. But why should you be poor because you are born in Mississippi rather than in New York? You are an American citizen, aren't you, I mean, what kind of nonsense is that?

Go right on.

Mr. SHELTON. I would recommend that the social services components be left at the local level, and, not entirely at the State level. I think the understanding and the rapport we need demand that we have the service package handled locally so that we can react to some of the special needs and special concerns of local communities. Take an area like this, an urban area—we have special problems and I'm afraid that if you have the service policies and procedures mandated at any other levels they will not be workable.

Chairman GRIFFITHS. What kind of services do you think are not workable here and what do think we do need in Detroit?

Mr. SHELTON. Well, as I indicated, there are a number of unique needs that are specifically associated with the problems of the city. For instance, the type of day care and foster care should be realistically set, both in terms of the climate of the city, as well as payments for such care. The environmental and cultural experiences of minority groups should be a factor in providing supportive services. The impersonal setting must be considered. In smaller, more homogenous communities there may be brotherly love and help in a crises. We need special housing, drug, money management services that are fitted to the problems of the area.

Mr. Spencer is an expert in this area, and he may also want to comment.

Chairman GRIFFITHS. OK. Fine.

Mr. SPENCER. I was thinking about the first part of his reply, or his reply to the first part of your question, and I wonder if you would mind repeating the second question.

Chairman GRIFFITHS. What kind of services do you think are mandated that are not necessary in Detroit and what do you think we should have in Detroit that we are not now getting or we cannot get?

Mr. SPENCER. Well, I don't believe that there are any services mandated that we don't need.

Chairman GRIFFITHS. Oh, all right.

Mr. SPENCER. There are a heck of a lot more that we need.

Chairman GRIFFITHS. All right, what do we need in addition to what we are getting?

Mr. SPENCER. For example, Michigan has been notoriously slow on responding to such services as homemaker services, even though they are part of the Federal plan and could be implemented by a State if it was inclined to do so.

Chairman GRIFFITHS. Homemaker services particularly for the aged and all disabled?

Mr. SPENCER. Yes, and to mothers with children so that foster care would not have to occur when a mother went to the hospital, for example.

Chairman GRIFFITHS. How much care, homemaker care service, do we have available in Detroit?

Mr. SPENCER. Well, it is very little and what is available is sponsored by one of our united community service agencies. The homemaker service, I imagine altogether they would have a staff of no more than 50, yet several years ago when I visited Cincinnati, they had over a hundred people and the town is about half the size of Detroit or less.

Chairman GRIFFITHS. This is one of the things that I have attempted for a long time to get the Ways and Means Committee to do.

I think we should have homemaker services that included both nursing care and homemakers. I think that in the long run it not only would be far better, but it is far cheaper. There are many of the aged who could be taken care of completely. They don't need to go to nursing homes. This is the high-priced way to go and it isn't good for the person. It would be vastly superior to have homemaking services available.

I understand there are other nations where such services are available.

Mr. SPENCER. Well, I think there are other States where the services are available.

Chairman GRIFFITHS. Yes; that do better perhaps, but this city does very badly on it, then?

Mr. SPENCER. Very definitely.

Chairman GRIFFITHS. Can you think of anything else that would be of value?

Mr. SPENCER. There are a lot of services that we need.

When you look at our adult population, our aged and our disabled at the present time, we can't be proud of what services that we are

providing for them. We are making an effort as of the beginning of the month, as a matter of fact. We are finally pumping in some service programs in our own office for the adult population, but, as we move down the road, it is obvious that we are going to need to do an awful lot more, particularly now that we are taking some people out of the mental hospitals and providing for them in the community. We are making a rather sizable effort to do this, and as they get out into the community you have got to give some services in order to support them out there. I don't mean financial support, but just to keep them going, and to make sure that there are some decent programs for these people when you put them into room-and-board situations or convalescent homes so that they don't sit in a corner and vegetate there like they might do in a State hospital.

We haven't begun to develop the kind of service program that we need.

Chairman GRIFFITHS. What about drug programs?

Mr. SPENCER. I would prefer to defer to somebody who would like to speak to the medical aspect of that.

Mr. SHELTON. I would like to pick it up at this point. Obviously, drugs have a serious impact in a metropolitan area and we need more clinics and/or better coordination. The Governor's office has recently established an office of alcoholism and drug abuse. A young man who left here recently is heading it up. He is aware of some of the drug problems here and I hope that he will be able to provide Detroit with a more concentrated effort.

Some other problem areas are housing, employment, and child care. I know many people have special ideas of how child care should be handled, but in a metropolitan area where the crime rate is high, you have to re-think your position; many mothers don't want to send their children to a day care center because, by doing so, they become vulnerable to theft at home.

The child care problem combined with the unemployment rate, insufficient job training and retraining programs, and the fact that many persons, historically, have never had an opportunity to enjoy the benefits of income and a worklife, places a heavy responsibility on us to give them special supportive help. We must not only see that they find the right kind of job, but that they maintain the job until they reach a point where the job and income experience is meaningful and they themselves are self-motivated.

These are the areas in which I think a comprehensive package could help. How far the department of social services can assist, I don't know, but employment problems are some of the special concerns we should deal with. I'm thinking especially of some of the experiments that Ford used where they would not fire a person because of absenteeism, but rather would find out why he is not responding and see if they could help: the individual may have had personal problems that they didn't know about.

I'm thinking also in terms of assisting people who have money management problems. Let us help them develop better spending habits by helping them to determine whether a given purchase is in their best interest at a given time—sort of a Naderism-type of thing, if you will.

I think all of these things are necessary in a metropolitan area. But we must sell it to the community as a part of a service package that will help individuals become meaningful citizens. To reach our goal—whatever the area—will require many supportive services.

Chairman GRIFFITHS. How much of these things is taught in schools?

Mr. SHELTON. I don't know how much is taught in schools, but, I do know that the educational system in the inner city is not what it should be. Unfortunately, they have a lot of problems. There are also many people who get out of school without proper information. Now, I'm not saying that any of us here have any special ability to know these things, but, at least we get a frame of reference.

Chairman GRIFFITHS. It seems to me one of the things that is not taught in school is anything about money. You just don't learn how to manage money, no matter what school you are going to.

Maybe they're doing better now, but, I didn't learn anything.

Do you find the instructions you get from the Lansing office are timely enough and clear enough so that you and your staff know what you are expected to do?

Mr. SHELTON. Well, I would like to have, yes; I would like to have—

Chairman GRIFFITHS. Maybe you would like just to write that out and I will read the answer.

Mr. SHELTON. Again, let me refer you to my written report. You can also see on the end of the table, the stacks of manual material we must follow. Sheer volume create a logistical problem of getting directives to staff and making certain we are all operating on the same general wavelength.

In some instances, we are involved in planning but not to the extent we would like. We are a large county with some 3,000 employees. We would like to get changes to them while they are current, we would also like to have something to say about the changes before they are made.

Chairman GRIFFITHS. How about HEW and its regional offices, do you get clear, timely, and consistent guidance from them?

Mr. SHELTON. As a county department, we have very little contact with HEW.

Chairman GRIFFITHS. Maybe we should extend all these hearings all over the United States. I haven't found anybody that has heard from HEW on the regional office level. It might be a good idea just to abandon those regional offices. If they are doing anything, I don't know exactly what it is.

Your agency also administers a general assistance program?

Mr. SHELTON. Yes.

Chairman GRIFFITHS. Who decides on policies and regulations for general assistance, the county or the State?

Mr. SHELTON. There are minimum standards set by the State, but these are very general and the Wayne County Board of Social Services makes specific policies for the general assistance program.

Chairman GRIFFITHS. Do you think that eligible low-income families know about and apply for general assistance?

Mr. SHELTON. I would have to say people know about it, but there are some who will never apply regardless of this information. We have been making a concentrated effort to disseminate information.

We are on the radio every other week; I don't know how many people it reaches, but I suspect it doesn't reach as many as we would like. Detroit has had some well-publicized labor disputes and other occurrences that have highlighted our programs in the newspapers, including emergency assistance. We send our official publications to numerous agencies, and are in the process of updating it. I think the public is generally aware of our programs simply because welfare, in this area and most of the United States, has become an issue.

Chairman GRIFFITHS. So that you really feel that everybody who is entitled to general assistance in this county is probably getting it?

Mr. SHELTON. No. I could not say that, and I didn't mean to infer it.

Rather I would say that we assume that many people should know about it, although there will probably always be some that don't know about it.

Chairman GRIFFITHS. How could we reach those people?

Mr. SHELTON. Well, I think the easiest way to reach people is through community groups, massive media contact—television especially is a great transmitter—schools and churches. I also believe that if we were to have the kind of public information staff we need we could write clear pamphlets and distribute them throughout the community. With the cooperation of the press, the television industry, and other community outlets, we could reach most of the people. But even then we would find some people who simply did not get the message.

Chairman GRIFFITHS. Would you care to comment on the multiplicity of the categories and the Federal programs on the administrators and recipients?

What do you think about setting up categorical assistance and Medicaid assistance and food stamp assistance, all with different requirements, so that people have to meet different standards for every program?

Mr. SHELTON. As I indicated in my paper, I think it is insanity and should be abolished, and then set it up on the basis of financial need.

Chairman GRIFFITHS. How severe are your problems in finding housing that is within the reach of recipients financially?

Mr. SHELTON. It is very difficult. In Detroit and Wayne County we have had a lot of housing, substandard housing, destroyed, and the standard housing that is available is out of the price range of low-income families.

If everybody in Detroit had to live in standard housing today, there would be a lot of families without any place to live.

Chairman GRIFFITHS. Do you have any recipients who actually have to pay more for housing than you can budget them for?

Mr. SHELTON. Yes, we do.

Chairman GRIFFITHS. How much training are you able to provide new caseworkers?

Mr. SHELTON. We have been unable to provide them with much training at all in the last year.

We are currently beefing up our training unit and we've just assigned four more slots. We hope to be able to do a better job within the next year.

Chairman GRIFFITHS. Is this a new 1-week orientation program followed by detailed instructions in the policies that the workers will be following, or not?

Mr. SHELTON. The orientation is basically an overview, but with some specific information. Detailed instructions of the manual would take 6 months. This basically has to be a supervisory job and supervision is part of the training sequence.

Chairman GRIFFITHS. Yesterday I stated—and I think from the response of the audience I think it was correct—that in general the clients know more about the rules than the workers.

Would you say that is true?

Mr. SHELTON. Sometimes it seems that way, but I would say it isn't generally true. There are specific groups who have specific problems and there is no better way to learn policy than to have a problem with an agency.

Chairman GRIFFITHS. One of the problems with which I was struggling when I was here one previous time, is the fact that a person displaced by urban renewal got a different amount for moving than a person displaced by a highway.

Mr. SHELTON. Yes.

Chairman GRIFFITHS. You know we have all kinds of ridiculous things like this in the law. They just must not make sense to the person who is affected by it and, of course, they wouldn't make sense to anyone else if they knew about it.

Both here and in New York City I felt that separating eligibility and service functions does not work nearly as well in practice as it does in theory.

In your statement you indicated that the reduction in activity has probably not justified the increased staff to client ratio.

Can you comment further on the difficulties in separating eligibility and service?

Mr. SHELTON. I'll refer that to Mr. Spencer.

Chairman GRIFFITHS. All right, fine.

Mr. SPENCER. I think your question, or your citation from my report, refers particularly to the part of separation that we now call assistance payments. It is true that on the surface when you look at simplification as a method and as a word, it ought to imply that there is something going on within a system that simplifies a worker's activities. We don't think there has been that much simplification of worker task and worker activities, over what the activities were at the point where the caseloads were 60 per worker to justify this increase of 200 cases per worker.

Do I make myself understood on that?

What I'm saying is, that out of simplification one would have thought that it meant a considerable reduction in work level and we don't believe it does, and particularly now that the workers must go back into cases; they must verify rents; they must verify income. I think it is kind of hard to sit here and tell you how busy our eligibility examiners are because you can't get the atmosphere in which they are working.

Chairman GRIFFITHS. Do the eligibility examiners and service personnel agree as to what is service and what functions are related to eligibility?

Aren't these eligibility examiners being compelled all the time really to pass on the service?

Mr. SPENCER. To pass on a service, you mean approve a service?

Chairman GRIFFITHS. Yes; aren't they really being used as service workers, too?

How do you determine and how do they determine what a service is?

Mr. SPENCER. That depends upon the definition of service.

Chairman GRIFFITHS. That's right, and do they agree on the definition of service?

Mr. SPENCER. I'm not so sure that we are talking about the same thing.

I think you and I will agree there are many service components to establishing eligibility and giving a grant to a person. There are many details that people have to call their worker about. They may need—the refrigerator broke down, what are they going to do about it? Will we authorize someone to repair it and if it can't be repaired will we replace it? These workers with 200 cases are constantly giving that kind of service.

Now, there is a point at which that service which is not related to the assistance payment should be identified and recognized by the maintenance worker and referred to a service worker for followup activity and we do have some definitions about what those kinds of services are. There are basic services which we define as educational services: housing; employment; court activities as related to support; medical services.

Then we also have a group of services that are known as child care which you are familiar with. Another group of services called protective services. Then we have another identifiable service that we have culled out of basic services in our office, employment-related services, which we hope will help them to become self-supporting.

Chairman GRIFFITHS. I would like to ask you, do you really think that this maze of laws and regulations is actually administerable? Can it be administered fairly? Isn't the law itself unfair; the regulations unfair, and by the time you get the whole ball of wax together, isn't it practically impossible to administer?

Mr. SHELTON. Due to the problems we have in terms of the number of clients, the limited staff, the proliferation of directives staff must follow, and the frequent changes in policies, rules, and regulations, it is fast becoming a nightmare. And, if it doesn't change, soon, it will be at that point where it will not be administerable. We cannot continue to build upon that is already a large—unwieldy administrative structure.

Chairman GRIFFITHS. It just cannot be administered.

Mr. SHELTON. It may be possible, but extremely difficult. I think one of the things that I would like to add for the record is that part of that problem is that public welfare in the United States, especially as I know it, has no specific goals.

Chairman GRIFFITHS. No, it doesn't.

Mr. SHELTON. It is whatever the other institutions don't pick up, whatever the other institutions fail in, that is what welfare has to deal with. So, this means that we get into housing; we get into drug abuse; we deal with a number of problems that institutions simply do not handle.

Chairman GRIFFITHS. This is the last question that I would like to ask you.

I have written your office a good many times on a woman in my district who has a swimming pool and central air conditioning. Her husband abandoned her. She was picked up on welfare, I guess she got general assistance, I don't know just what, but, at any rate, you made the house payments for her and whoever dealt with her suggested she take in a roomer which she did and got \$75 a month.

The thing I wonder about is that this is strictly a single-family dwelling area and I wonder if the welfare department was not advising the woman to break that local ordinance. That is one thing.

Second, she went out and got a job. You were able to disregard the amount she earned because it wasn't enough to reduce her grant, but she was a waitress and I wonder if you actually took into account the tips.

Next, her husband started paying her something under the table. She did not report it to the welfare department. I gave you the name of the husband's lawyer who was supposedly passing the money on to the woman but, of course, he wouldn't acknowledge any involvement.

Why didn't you run that through recorder's court? Why didn't you compel the woman to disclose not only the name of the husband, where he was, and let him pay? Wouldn't that then have reduced part of the burden, because on the afternoon I got the information, the lady drove home in a new Torino, which is part of what makes this whole thing difficult. This is the thing that bothers people about it, I'm sure. I will remind you of the case so you can check once again to see if you have done whatever is necessary. One of the things that I am sure people do not understand is that you can both work and draw welfare. The general public does not realize this.

Now, a lot of the people on welfare are not aware either, apparently, that they are getting more than those who are working. Not every one of them, but a good number of them.

All the testimony here showed us yesterday that the whole system of many programs is set up so that there is not work incentive, but, work disincentive. You can sometimes do better if you quit your job, get on welfare, and go back and get whatever welfare you are entitled to. But too many people just don't understand exactly how it works.

Mrs. MacCartan, I would like to ask you to proceed with your statement, please.

STATEMENT OF HELEN L. MacCARTAN, DIRECTOR, WAYNE COUNTY FOOD STAMP PROGRAM, WAYNE COUNTY DEPARTMENT OF SOCIAL SERVICES, DETROIT, MICH.

Mrs. MacCARTAN. Wayne County's food stamps program is administered under the auspices of the Wayne County Department of Social Services. The program is responsible for the certification of eligible households, the sale and distribution of the food stamps coupons, all accounting procedures and the reconciliation of coupon inventories.

The statistics for March 1972 showed 75,558 households in Wayne County who are certified to participate in the program and of this number 70,061 actually purchased food stamps during the month. The 70,061 households comprise 234,925 individual members who are receiving the benefits of the program. We are attaching a copy of the March report which will show a breakdown of the categories of households

certified for food stamps. The large majority of the families certified for participation in the food stamps program are recipients of public assistance. Actual participation figures for March 1972 indicate that 61,467 public assistance families and 8,594 nonassistance families purchased the coupons during the month.

The following statistics will provide some idea of the percentage of particular public assistance households who are eligible to participate in the food stamps program. The figures used are for January 1972.

Category	Total cases	Receiving food stamps	Percentage
AFDC.....	63,351	41,014	64.7
OAA.....	15,169	3,713	24.4
APTD.....	16,127	3,801	23.5
AB.....	701	132	18.8
General assistance.....	31,921	11,847	37.1

The value of food stamps coupons purchased by all families in March 1972 was \$5,845,873, of which the Federal share of the cost amounted to \$2,593,675. The remainder, \$3,252,198 constitutes the sum paid by the eligible households for the stamps.

FOOD STAMPS PROGRAM ADMINISTRATION

For administrative purposes, the food stamps program is divided into two units, each with its own supervisors and first line personnel, but under the administration of a program head. The certification unit is concerned primarily with eligibility, applications and reviews while the sales and accounting unit has the responsibility of issuing the coupons and implementing the accounting procedures required by USDA regulations. A brief description of the specific functions of each unit follows:

Certification unit.—Processes all applications for nonpublic assistance households and reviews these cases periodically in accordance with requirements. All contacts are handled through personal interview with the client. Under present food stamp regulations an applicant must provide the certifier with proof of his eligibility. For instance, the head of the household (or his authorized representative) is required to submit proof of his income and/or resources, identification for each member of the household, proof of county residency, and receipts for house payments, rent, medical or prescription bills if hardships allowances are being claimed. In the case of a working adult claiming a deduction for payment for child care, a statement from the provider of this service is required. If all necessary items are presented to the certifying worker, the application can be approved immediately and the applicant can be given a handwritten authorization to purchase card for use that day. The application form is then forwarded to data processing for inclusion in the regular program.

The certification unit calls for a staff of 23 eligibility workers and three supervisors in six different locations throughout the country. Our current staff is 21 eligibility workers including one full-time field worker who makes home calls to clients who are too ill or elderly to come into the office. The staff is actually quite small and because applications are handled on a "first come first serve" basis, waiting time to

be interviewed can run to several hours. Any large numbers of applicants at one time, such as during labor disputes, causes hardships for staff and clients alike.

The certification unit is supplemented by a business office composed of 20 clerical workers and one supervisor. However, at the present time, only 16 clerical employees are actually assigned. These workers are performing a wide variety of tasks all directly related to the food stamp program, including reception activities and answering telephone calls from the public requesting information about food stamps. The business office workers change addresses, reissue lost or stolen AIP cards, maintain active and closed files, notify clients to come in for a case review and keep statistical records of certification unit activity. All contact with data processing is maintained by the business office supervisor.

Sales and accounting

Wayne County's food stamp population is served by only seven sales centers operated by the department of social services under the administration of the food stamp program. In March 1972, these seven offices handled 123,000 separate food stamp sales transactions. We are constantly criticized because the centers are inaccessible to many county residents and because clients must wait in long lines to purchase the coupons. Yet only 23 employees are assigned to these sales centers, including four managers who also cashier in addition to their accounting duties. Of the 19 cashier positions allocated to us, only 15 are presently assigned. The quality of service is deteriorating as the number of food stamp recipients increases along with the workload for the sales staff.

USDA requires certain accounting procedures from the local programs to reconcile cash paid by the recipients, bonus premiums, and to maintain and account for large inventories of food stamp coupons. The accountant performing these duties also provides general supervision for the sales centers personnel and for his own staff which includes an assistant and two account clerks, one of whom functions as a substitute cashier during absences or vacations.

Perhaps the greatest weakness in Wayne County's food stamp program is its lack of sufficient sales centers to service all those who might be eligible if they had some means to purchase the stamps. The elderly and disabled suffer especially because of inadequate transportation and they hesitate to make the long trip to a center because addicts have been known to attack them, stealing either their money or stamps. We have attempted to alleviate this somewhat through the use of a mobile sales unit which visits the housing projects and a center for the aged once a month. The mobile unit is usually in service 4 days a month.

The local banks have not seemed interested in the sale of the coupons and the figure mentioned to reimburse them was \$1.50 per transaction, a prohibitive cost. We have made efforts in other directions but the two most promising alternatives are the U.S. Postal Service and the system of currency exchanges in use in Chicago. We have been in contact with Postal Service officials for approximately the last 3 months but, we have not received confirmation from their regional offices that the project is approved and final negotiations for implementation may begin.

We have met several times with the management of the Chicago currency exchanges. Several of our Lansing departmental officials ac-

panied Wayne County's food stamp program director to Chicago for a meeting with the currency exchange people. It was most productive and there is a good possibility that the concept of the currency exchange can be introduced in the Detroit area to supplement our own service and to eventually take over the entire operation.

The new food stamp regulations of July 1971 provide for still one more method of coupon distribution, the mail issuance system. Provisions are made for withholding the amount for purchase of the coupons from the check of the public assistance client and mailing the coupons through the mail. This system would facilitate delivery of the stamps but it also poses the problem of theft. Several years ago, in about 1962, stamps were mailed in limited quantities in Wayne County and the loss ran into the thousands. Stamps were also stolen while in the mail. A loss of only 4 percent or 6 percent in Wayne County could mean a loss of \$360,000 per month due to theft. It is conceivable that the USDA would not approve such a plan in a large urban area. It is also our understanding that Cook County, Ill., will not use the mail issuance system. Wayne County is also without the machinery, equipment, and large numbers of personnel necessary to handle the large volume of mail requests, sorting, posting, and accounting involved in such a delivery system.

It has been pointed out to us that the use of a photo-type client identification card could reduce the possibilities of theft. We have not yet had an opportunity to study the effects of such an ID card on theft reduction, but it must be pointed out that in areas where food stamps are trafficked illegally such a card would be useless. Therefore, if stamps can be easily stolen from mailboxes, such theft might easily increase.

CONSENSUS ON EXISTING PROGRAM AND REGULATIONS

The weakness of the present delivery system has already been stated.

A recommendation should be made that Wayne County should update its certification and authorization-to-purchase card issuance system to go from the existing data processing method to a computerized system with built-in accounting reconciliation. Such a system is now in use in several counties throughout the State. However, while these counties were able to purchase computer service from a vendor, Wayne County is using its own data processing equipment. It is our understanding that the county has ordered computer equipment but it will be some time before installation and implementation. The limitations of the current data processing equipment may become especially apparent when the new Federal food stamps regulations take effect. Possible trouble areas will be discussed at greater length in another section of this paper.

From a certification standpoint, the existing food stamp regulations are fairly easy to work with, especially when contrasted with the regulation passed in July 1971. The certification worker now used fairly simple forms and application can usually be processed with a minimum of delay. Although a lack of sufficient personnel is apparent in the food stamp program as it is universally throughout the Department of Social Services, the program, though not operating at ideal maximum efficiency is, shall we say, muddling through. The com-

plexity of the new regulations sows the seed of administrative difficulties.

THE NEW REGULATIONS

The new Federal regulations were enacted by the U.S. Congress in July 1971. Implementation has not yet occurred in Wayne County, but the next 2 months should see the actual implementation.

Part of the problem has been to work out the administrative policy and detail without which the new regulations cannot be put into effect at the local level. Also, between July of 1971 and the present at least two policy changes were made which altered the eligibility requirements previously included in the regulations. The first change was in the area of the national uniform eligibility standards made mandatory by the new law. The new law, as it existed would have lowered the maximum income level for one- and two-person households from \$210 and \$250 to \$170 and \$222 respectively. The maximum income level for all other households was raised. The size of allowable coupon bonuses was also reduced. However, the USDA reconsidered its position and announced that no family would receive reduced benefits due to the effect of the new regulations. Therefore, Michigan's income levels for the one- and two-person households will remain at the current size or the coupon bonus for many of the public assistance recipients will actually be smaller. The new regulations require that all coupon issuance must be made according to income levels and this requirement applies to public assistance clients. In these cases where the grant is at the maximum amount, the amount of coupon bonus will be reduced from its present level. The explanation for this is that Michigan, with one or two other States has been determining the amount of the bonus on the basis of family size as opposed to real income. We are attaching a chart which will give examples of the effect of this procedure on public assistance households. A family of four now pays \$60 per month for \$106 worth of food stamps; the bonus is \$46. The same family, receiving a maximum grant of \$316 monthly will now pay \$74 for a total of \$108 in stamps; the bonus then becomes \$34 or a \$12 reduction.

The second policy change to be deleted from the new regulation came as the result of a court decision which overturned the "related household" provision which had held that all members of a household must be related in order to be eligible for food stamps. The provision did not apply to persons over 60 years of age.

The new regulations, though, as they exist now offer quite a contrast with current procedure. While some of the aspects of the new provisions are positive, we must be concerned with the administrative procedures which will have to be developed before these regulations can be administered with any degree of competence.

Certification of public assistance households

Under the present system, the ongoing caseworker completes an IBM-sized card giving the client's name, address, household size, case number and race and forwards it to the food stamps business office where it is checked and sent to the data processing unit for inclusion in the program. The new regulations provide that the client must complete a lengthy affidavit and that budget calculations must be done especially to determine the level of eligibility for food stamps because

the allowable disregards and exclusions are not compatible between the two programs. An affidavit must also be completed at the time of each P.A. case review which differs from current procedure in that eligibility for food stamps is presumed to exist as long as the household receives a grant. In Wayne County, rather than train our large staff of income maintenance workers in the separate budget systems, we hope to establish a unit of account clerks under food stamps supervision to compute the budgets and prepare the application for data processing. In addition, if the household contains a member who must register for work under the criteria in the new regulations, this step will also have to be completed by the case worker.

Certification of non-P.A. households

The application form currently in use is a fairly simple form covering two sides of 8 by 11 paper. The first mockup of a new form ran to about five pages and has been made considerably more complicated to use. In an attempt to gain relief from this form, we submitted a design of a four-side foldout type of application. We have not yet received approval to use this form from USDA so we cannot provide an example at this time. The certifiers must also now determine whether or not the applicant is to register for work. If so, another form must be filled out and forwarded to the Michigan Employment Security Commission.

Other changes in the certification procedure apply to allowable deductions. The new bill permits a deduction of 10 percent of income from wages or training allowances up to a maximum of \$30 per month per household. Unusual expenses incurred by a household due to losses sustained during a disaster deductible in full if over \$10 per month, although present regulations do not set this minimum. The cost of basic telephone service is now deductible. Educational expenses for tuition or mandatory school fees can be deducted for any household member, including children in private or parochial schools and universities.

Another change in the new regulations comes in the area of verification and documentation. Full documentation and verification of financial eligibility factors continues to be required, but verification of other eligibility factors such as residence, cooking facilities, and relationship is required only when information provided by the client is found to be questionable.

OTHER PROVISIONS

Partial purchase

Households may elect to purchase at the time of issuance, a coupon allotment amounting to three-fourths, one-half, or one-half of the monthly allotment. Hopefully, this will encourage participation if only on a minimum level. However, the mechanical procedures necessary to activate the partial purchase system, and the accounting procedures necessary to reconcile receipts will be more complicated. The data processing unit will be required to key punch more data in order to issue an appropriate ATP card.

Mail issuance

This system of food stamp delivery has already been discussed. The system has the merit of being able to reach those people who unable

to purchase stamps now because of the inaccessability of the sales centers, but theft might pose a huge problem to its success. Provision is made for the withholding of the coupon cost from the assistance check.

Meal service

Elderly participants over age 60 only with no cooking facilities or who are too feeble to prepare their own meals may use food stamps to purchase delivered meals from a nonprofit service. Unfortunately we have only one such service, if that, in Detroit.

Tax dependency

No household is eligible if it has a member over 18 claimed as a Federal tax dependent by a parent or guardian in another household which is not eligible for food stamps. The household is excluded during the period such dependency is claimed and for 1 year after expiration. This provision is aimed at college students living away from home.

In the event that there is some question concerning an applicant's tax status, the agency is to mail a form to the parents or guardian requesting verification of the tax status.

Outreach program

Each State agency must submit an approved outreach plan to inform low-income households, with due regard to ethnic groups, of the availability and benefits of the program. There is no mention of who will bear the cost of the program nor how each agency is supposed to accomplish this task gives the lack of personnel and public relations expertise available. Although we must agree that such a program has much to commend it, we are concerned over our ability to promote a successful outreach campaign without the proper tools.

Other resources

A household is ineligible if a recipient has access to a credit card in the name of a person who is not a household member. A household is ineligible if it owns such property as boats, trailers, snowmobiles, and campers which are not included under the exempt resource provision of \$1,500. These regulations are almost impossible to enforce. While we can concur that these are external and visible signs of affluence, there is no mention made of collections of gem stones, paintings, rare coins, and so forth.

COMMENTS

The new regulations comprise many more points than those herein. However, it is not our express intention to dwell upon each minute point but to indicate that there has been a massive change in the existing food stamps program, which will necessitate large increases in personnel, hardware, and mechanical services and other related administrative expenditures.

There is no aspect of the existing program left untouched. Some of the policy changes, though they may sound simple, will require complete and complex procedural alterations. As usual, the agencies charged with the responsibility for implementing must devise methods

to accomplish the task with a bare minimum of resources at their disposal.

In Wayne County, we will be required to use over 40 new forms in order to comply with the new requirements. We must arrange staff orientation for possible 1,500 employees and somehow find and train the expected 50 percent staff increase we will need to run the food stamps program. We must devise methods to inform our clients of possible negative case action although with our certification it may prove difficult to institute such a policy without hiring even more staff.

The July 1971 regulations can be expected to increase caseload size and to increase administrative costs as well. Yet, we are constantly subjected to criticism about rising costs.

One appropriate suggestion might be to clarify the new regulations as much as possible and to eliminate or shorten some of the procedures now required. There appears to be little need for a lengthy and recurrent affidavit for the use of public assistance clients when an affidavit for such assistance is already in the case record and eligibility for the one presumes eligibility for the other. Although it may be expedient, there is little chance of discovering how many snowmobiles a family owns, and even less of ascertaining credit card status.

Actually, we have no quarrel with the many positive aspects of these regulations but we are concerned over the administrative difficulties which will become evident with their implementation.

In conclusion, we are aware that the food stamp program is not unlike any other Government-sponsored program in that it has its deficiencies. We are aware that there is some misuse of the coupons for purposes other than those intended and we know that there are some who will take advantage of the program to the ultimate detriment of our legitimate clients. We do not condone these practices and if we are provided with adequate methods and means to halt any such abuse, we stand more than willing to take any steps necessary to correct the situation.

Nevertheless, we must continue to remain aware that the primary goal of the food stamp program is to afford an adequate diet to those of our citizens who otherwise would not be able to maintain an adequate standard of nutrition. It is our hope that we will be able to accomplish this goal through the least complex and costly methods possible.

ELIGIBILITY STANDARDS NOW IN USE IN WAYNE COUNTY

Number in household	Adjusted maximum income per month	Fixed assets
1 person.....	\$210	\$1,000
2 persons.....	250	1,500
3 persons.....	290	1,500
4 persons.....	330	1,500
5 persons.....	370	1,500
6 persons.....	410	1,500
7 persons.....	450	1,500
8 persons.....	490	1,500

Note: Each additional add \$40.

UNDER NEW REGULATION—ELIGIBILITY STANDARDS.

Number in household	Adjusted maximum income per month	Resources
1 person.....	\$210	\$1,500
2 persons.....	250	1,500
3 persons.....	233	1,500
4 persons.....	360	1,500
5 persons.....	427	1,500
6 persons.....	493	1,500
7 persons.....	547	1,500
8 persons.....	600	1,500

Note: Each additional add \$53; \$3,000 for 2 persons or more if one member of the household is age 60 or over.

FOOD STAMP PROGRAM, WAYNE COUNTY, MICH., DEPARTMENT OF SOCIAL SERVICES PARTICIPATION REPORT, MARCH 1972

	Participating		Certified	
	Households	Persons	Households	Persons
Nonassistance:				
Receiving unemployment compensation benefits.....	1,468	6,582	1,688	7,497
Receiving social security and/or retirement benefits.....	3,734	8,245	3,901	8,594
Receiving workmen's compensation sickness or accident benefits.....	277	1,570	294	1,675
Receiving servicemen's or veterans' benefits.....	163	308	170	321
Low income.....	2,812	12,322	2,909	12,698
Temporarily unemployed.....	140	529	146	\$540
Subtotal nonassistance.....	8,594	29,556	9,018	31,325
Assistance:				
Old age assistance.....	3,559	3,941	3,815	4,217
Aid to dependent children.....	43,361	175,641	45,485	182,806
Aid to blind.....	118	150	131	167
Aid to disabled.....	3,857	4,308	4,138	4,623
Wayne County general relief.....	10,572	21,329	12,881	25,146
Subtotal assistance.....	61,467	205,369	66,450	216,959
Grand total.....	70,061	234,925	75,558	248,284

Note: Value of coupons, \$5,845,873; FSRÁ, none. Federal share, \$2,593,675; FSRA, none. Minimum purchases: Cases, 122; persons, 416.

EFFECT OF NEW REGULATIONS ON PUBLIC ASSISTANCE HOUSEHOLDS

Family size, total income and adjustment	Net income	Pay	Stamps free	Total
1—\$184—\$67:				
New.....	117	20	12	32
Present program.....		16	12	28
2—\$216—\$59:				
New.....	157	36	24	60
Present program.....		31	25	56
3—\$265—\$47:				
New.....	218	58	30	88
Present program.....		45	39	84
4—\$316—\$38:				
New.....	278	74	34	108
Present program.....		60	46	106
5—\$364—\$22:				
New.....	342	90	38	128
Present program.....		73	53	126
6—\$414—\$10:				
New.....	404	104	44	148
Present program.....		88	56	144
7—\$460:				
New.....	460	113	46	164
Present program.....		96	66	162
8—\$507:				
New.....	507	122	58	180
Present program.....		106	74	180
9—\$554:				
New.....	554	130	66	196
Present program.....		110	86	196
10—\$601:				
New.....	601	138	74	212
Present program.....		115	97	212

NON-PA HOUSEHOLDS CERTIFIED TO PARTICIPATE IN FOOD STAMPS

	Categories					Certified	Participated	
	1	2	3	4	B			C
1958:								
January.....	55	1,280	60	47	998	135	2,575	2,412
March.....	63	1,427	44	40	875	142	2,591	2,452
June.....	50	1,233	54	42	909	249	2,537	2,388
September.....	52	1,323	75	46	955	243	2,694	2,480
December.....	22	1,274	55	42	1,027	394	2,814	2,601
1969:								
March.....	45	1,404	66	47	1,212	82	2,856	1 2,696
June.....	22	1,468	71	55	1,101	32	2,749	2,589
September.....	30	1,481	62	43	1,006	148	2,770	2,613
December.....	16	1,493	51	44	1,081	27	2,712	2,572
1970:								
March.....	219	1,529	60	47	1,416	22	3,337	* 3,252
June.....	210	1,756	92	56	1,713	125	4,032	* 3,873
September.....	415	2,234	186	96	2,226	2,422	7,579	* 7,332
December.....	1,605	2,818	332	129	3,335	8,598	16,817	15,764
1971:								
March.....	2,326	3,190	343	129	3,348	896	10,232	9,745
June.....	1,806	3,579	537	164	3,225	966	10,077	9,495
September.....	1,483	3,686	334	167	3,227	918	9,815	9,250
December.....	1,429	3,925	286	153	3,125	254	9,173	8,743
1972: March.....	1,688	3,901	294	170	2,909	146	9,108	8,594

1 Increase the amount of stamps per household.

2 Standardized amount of payment for food stamps and increased total stamps client receives.

3 Increase maximum income for all households

4 G.M. strike.

PA HOUSEHOLDS CERTIFIED TO PARTICIPATE IN FOOD STAMPS

	Categories					Certified	Participated
	5	6	7	8	D		
1968:							
January.....	1,345	7,440	30	969	1	13,430	11,140
March.....	1,335	7,364	31	1,000	14	12,041	10,553
June.....	1,403	7,670	32	1,053	14	12,051	10,650
September.....	1,399	7,930	34	1,044	10	12,298	10,654
December.....	1,516	8,018	41	1,107	2,066	12,748	11,215
1969:							
March.....	1,487	8,098	38	1,154	2,212	12,989	11,454
June.....	1,559	8,825	25	1,195	2,316	13,930	11,933
September.....	1,606	8,678	38	1,207	1,969	13,500	11,727
December.....	1,757	9,182	35	1,297	2,568	14,841	12,807
1970:							
March.....	1,875	10,087	41	1,388	3,623	17,014	* 15,392
June.....	2,211	14,398	46	1,635	4,828	23,118	* 21,223
September.....	2,482	17,627	62	1,923	5,951	28,045	* 25,639
December.....	2,768	22,184	74	2,343	7,437	34,806	31,899
1971:							
March.....	3,318	26,371	88	2,361	10,136	42,274	38,550
June.....	3,294	29,814	111	3,048	10,193	46,461	42,405
September.....	3,440	32,831	111	3,112	11,334	50,828	46,925
December.....	3,703	39,357	116	3,755	11,318	58,249	53,498
1972: March.....	3,815	45,485	131	4,138	12,881	66,450	61,467

1 Increase the amount of stamps per household.

2 Standardized amount of payment for food stamps and increased total stamps client receives.

3 Increase maximum income for all households.

4 GM strike.

COMPARISON OF PRESENT WORK FLOW WITH NEW PROCESSES REQUIRED BY FEDERAL REGULATIONS

I. STAFFING FOR PA AFFIDAVIT PROCESSING

Present System.—Worker refers for Food Stamps on WC-129. Amount paid for Food Stamps is based on number of persons in grant.

New Regulations.—Client completes affidavit containing:

1. Nine questions and two sub questions.

2. All ADC-U and GA recipients who are able to work or who are working less than 30 hours a week must complete an FNS-284 each time they are certified or recertified for Food Stamps.

3. Four paragraph statement read by client and signed by client.

Worker completes the following

1. Complete budget by PA worker, including calculations done by Food Stamp office and sent to Data Processing.

2. Folder is to be made for each recipient as affidavit will be needed at each review of PA case. FNS-284 to be on file, also MESC form 2260.

FNS-284—Work Registration

MESC-2260—Results of Services to Food Stamp Registrants

II. STAFFING FOR NONASSISTANCE FOOD STAMP WORKERS

Old Application Contains:

Six Basic Questions

Area for Data Processing Information

One Section Mark Off for ATP Card

Section for Household Composition and Income

Section for Hardship Deduction

Section for Liquid Assets

Client's Statement

Worker's Signature and Comments

Two Side 8 × 11 Paper

New Application Contains:

Ten Basic Questions

Four Sub Questions

Area for Data Processing Information

Four Section Check for ATP Card

Household Composition, Reason not Employed

(FNS-284 form to be completed for each person over 18, not in school)

Resources

Budget Sheet Containing Income

Exclusion

Mandatory Deduction

Allowable Deduction

Budget Computation

Client's Statement (five times as long)

Worker's Signature and Comments

Possible 4 Side Paper Foldout Type of Application

III. RECERTIFICATION AND ATP PROCESSING

Old review forms for recertification contains:

Area for Data Processing Information

Two Lines for Any Change in Circumstance

Section for Liquid Assets

Household Income, Budget Area

One Line Statement for Client to Read

Worker's Signature and Comments

All on One Side 8 x 11 Paper

New forms for recertification contains: Same as application

Old ATP Card—Area for mailing information, one line information for cashiers and client.

New ATP Card—Area for mailing information, four line information for cashiers and client.

Chairman GRIFFITHS. Mrs. MacCartan, I would like to ask you now about the food stamp laws and regulations, and I would like to thank you for your very fine statement.

Mrs. MACCARTAN. Thank you, Congresswoman.

Chairman GRIFFITHS. The Congress really needs to know what the new rules and procedures are going to do and one of the major changes

for most food stamp projects is a work requirement, which requires that unemployed able-bodied household members between the ages of 18 and 65, other than persons caring for children, or an incapacitated adult or students, be registered for employment and accept suitable employment.

What processes have you established for this, how are you going to implement this requirement?

Mrs. MACCARTAN. That is a good question.

The implementation of the regulations have been, as you know, delayed in Michigan.

They were passed in July of 1971. We received our first draft copy of the regulations as they will come out of Lansing in February of 1972 [indicating document].

Chairman GRIFFITHS. Is that the copy?

Mrs. MACCARTAN. Yes; this is part of it.

We were operating, by the way, under eight pages of regulations before.

This is what has been substituted.

The second group of regulations came out in March. At the present time we have not implemented them. There are several reasons for the delay.

I think I referred in my statement to some of the problems we might have. There are various requirements under the new regulations which will call for wide administrative changes. You are referring especially to the mechanism for the work registration requirement.

At the present time, we do have knowledge of some of the forms we are going to use. Those are usually the first things we get, the forms.

We will be required at the time of the certification interview, for the nonpublic assistance household—may I say right here for clarification, there are two different systems used to certify public assistance families and the nonpublic assistance families.

Now, the bulk of the work registrations requirement is aimed at the nonpublic assistance family simply because most of the recipients of public assistance are virtually excluded by the regulations. The bulk of the ADC load is excluded because the regulations specify that mothers or guardians of children under 18 years of age are not required to register for work, along with the aged, of course, the disabled, and the blind. Really the bulk of the public assistance caseload that we would be dealing with are excluded.

On the nonassistance caseload the requirement is aimed, I would say, particularly at strikers, because the remainder of our nonpublic assistance caseload is composed of people receiving social security who would not be required to register; low-income families where the head of the household is already working but making an insufficient amount to put him over the maximum income level for food stamps; and the students, of course, who are excluded if they are attending school full-time. So, that really leaves perhaps a few individuals on unemployment compensation who have already registered; the ADC-U fathers who have already registered; and possibly the strikers. The regulation is really aimed at the strikers.

Chairman GRIFFITHS. The first people that will get around it will be the kids who will not take a full course in school but will take one course and be eligible, right?

Mrs. MACCARTAN. No. Of course, I suppose we would be put in the position of saying, well, would you bring in your program, and, having been in college too, I know very well that you can start college with 16 hours and drop two courses in midstream. I just don't see how we can possibly cope with such a problem, but the intent of the regulation is not to permit someone to go to school 4 hours a week and, therefore, divest himself of the responsibilities of registering for work. That is not the intent of the regulation.

However, if you want to talk about what administrative mechanisms we are going to use: We are going to fill out a form; we are going to have our certification interviewers, or we call them certifiers, although they are really eligibility examiners or eligibility workers—that is the new term—interview the applicant about his eligibility for work and send a form to the MESC, that is the Michigan Employment Security Commission office, handling that particular area. If it is possible they will place him and so notify us.

Chairman GRIFFITHS. Now, since you have several types of employment offices in Wayne County, which particular type will you refer a particular person to?

Mrs. MACCARTAN. We have not yet set up the final mechanism with MESC. That has to be done as yet.

As I said, the new regulations have not yet gone into effect.

I do recall from experience some time ago, that we would refer individuals on the basis of their previous work record or training to a particular office, the trades and services; the manufacturing or whatever. However, we do have a list of offices that will handle the registrations.

Chairman GRIFFITHS. How are you going to be notified if someone refuses to accept a job or does not go for an interview?

Mrs. MACCARTAN. That is a good question.

The responsibility would lie with Michigan Employment Security Commission. We hope that they will establish a file for this, and designate a special employee to notify our office.

Our understanding is that there will be an employee in each of these offices assigned primarily the responsibility of handling the work restrictions requirement for the food stamp program. We are hoping that they will accurately keep the file and notify us of any job refusal or any job work placement.

Now, this is the way it will work ideally.

Chairman GRIFFITHS. And if it does not work that way and if they do not notify you, why the person just goes on with the food stamps and the thing—

Mrs. MACCARTAN. The responsibility then, Congresswoman, would remain with the Michigan Employment Security Commission, if we have done our part and correctly made our referral and done the followup which we hope to do.

I would assume the Michigan Employment Security Commission will do the same on their end.

Chairman GRIFFITHS. Do you have any rough estimate of how many people might have to register?

Mrs. MACCARTAN. I would say probably a very minimum number unless we have another General Motors or Ford strike, and in that event, there will be quite a number. But, if you will look, there is a report for March of 1972 which I have included in my testimony. If

you will take a look at the households who are receiving food stamps, the nonpublic assistance cases, here are approximately 1,468 people who are receiving unemployment compensation benefits.

Now, they will be required to register again for work, but they have already been registered; they are receiving compensation benefits and reporting them to us, so we know they are meeting the work registration requirement. Otherwise they wouldn't be getting the unemployment compensation benefits.

The social security and retirement beneficiaries, this particular category, would be excluded.

The other category is workmen's compensation which is excluded, too, because they would be receiving sick benefits or accident benefits.

We had 2,812 low-income families which by definition means the head of the household is already employed.

Temporarily unemployed was 140 in the month of March of 1972. This is the strike category and probably the only one that would be eligible at the present time for work registration.

So, we don't expect a large influx or a larger number of referrals from this particular category unless there is a major strike.

On the public assistance side, we will have certain individuals, primarily single men or perhaps couples, receiving general assistance where some persons would fall within the age group, where they could be referred to MESC to register for employment.

And, the ADC-U father, but, again in this category, by the department's own regulations, we would require that any physically able adult on general assistance register for work and ADC-U fathers are also required to register for employment.

Chairman GRIFFITHS. How much do you think this is going to cost?

Mrs. MACCARTAN. I'm afraid I can't think in those kinds of figures.

Are you talking about the cost of implementation of just this one requirement?

Chairman GRIFFITHS. Yes, just the implementation of this, just requiring everybody to register and registering them and so forth, so on.

Mrs. MACCARTAN. You would have to cost factor that out, I suppose, on the basis of the extra time it is going to cost us in an interview by salary rate; by paperwork; by the cost to MESC just for this one requirement. It is difficult to say because the food stamp program is a volatile program. Our number of households served can be expected to increase tremendously.

Now, you are aware of the General Motors strike; if you talk about something like this where we have to send everybody working for General Motors to MESC to register for employment, I think it is going to cost quite a bit.

Chairman GRIFFITHS. I recall that Congress was arguing over strikers getting food stamps and the welfare rolls expanded enormously so that it was really nonsense. This is the smallest part of the whole thing, why struggle with this.

Mrs. MACCARTAN. Some of us often wonder why the laws are passed as they are.

Chairman GRIFFITHS. Some of us do, too.

Do you have many students applying for food stamps?

Mrs. MACCARTAN. Very few as a matter of fact in Wayne County. We are not the University of Michigan or Michigan State.

I think that some of the regulations that were passed probably were aimed at large hippie communes à la California and also at some students who, well, let's say, maybe don't like university dormitory food so they move out and want to get on food stamps.

Chairman GRIFFITHS. This is peculiarly true, I understand at the University of Michigan. Kids move out of the dormitories.

Mrs. MACCARTAN. Right. I don't know whether the food drives them out or what.

Chairman GRIFFITHS. The noise, I think.

Mrs. MACCARTAN. No, what they say is that the regulations are aimed so that a student whose parents are paying board and room for him to attend a university cannot just move out of the dormitory and come down and apply for food stamps simply to alleviate the situation.

Chairman GRIFFITHS. How will you verify a student's income and tax dependency under the new rules?

Mrs. MACCARTAN. Let me explain. When we certify a student right now, and this is under the present regulations, we ask for the verification of any scholarships; of any part-time jobs; they will bring us their statement or their deposit for books and tuition costs and what-have-you. Now, the tax dependency question comes up again—under the new regulations we will have to ask whether a student is indeed a dependent on his mother's or father's tax return. The student would reply, I suppose 90 percent of the time, "Yes, I am," or "No, I am not." If there is some reason to doubt, we have a form to send the parents to fill out and complete for us.

The other question, you might be interested to know, that we will have to ask this young person, is whether or not he has a credit card in the name of his mother or father which is available to him. I suppose this is to preclude the possibility that the student will be dining on food stamps one night and at the London Chop House the next with his mother's Diner's Club card. However, I think you can see it is going to be very difficult for us to find out whether the student has an American Express card or Diner's card or what-have-you in his jeans when he comes down to apply. I really don't see how we are going to find this out.

Chairman GRIFFITHS. The determination of the purchase requirement for public assistance households is much more complicated under the new regulations as it is necessary to recalculate the household income using the food stamp definition of exclusions and deductions, rather than using a percentage of the family's food budget.

Do you anticipate difficulties with this?

Mrs. MACCARTAN. Yes; I do. Under the current regulations, Michigan has actually been out of step with the rest of the country. Already one or two States, I might be mistaken, possibly a few more States, who have been certifying public assistance families for food stamps on the basis of household size have switched to certification on the basis of amount of the grant. Prior to this, if you were receiving public assistance, regardless of the size of the grants because there is some difference in what each individual family will receive, the coupon bonus was standard, based on the number of persons in the family.

Under the new regulations we will be required, that is, the income maintenance worker or the assistance payment worker—if that is this week's term—the assistance payment worker will be required to

send out a lengthy affidavit to the client along with the regular redetermination request. The client will have to fill this out. The worker will then have to give us a breakdown of the budget as it is computed under ADC.

Now, because of the large numbers of income maintenance workers in Wayne County, we have decided to create a rather small unit under my own jurisdiction in the food stamp program to cope with the problem of reworking the budget using the standard for ADC and also the standard we are required to use under the Department of Agriculture regulations. Therefore, the public assistance worker will have the affidavit completed by the client; send us a budget breakdown; we will have to recompute the two budgets in accordance with the Department of Agriculture regulations; set it up for data processing and finally inclusion in the program. This is because under the new regulations there are very specific brackets into which an individual family might fall. The public assistance family and the nonpublic assistance family will go into the same purchase requirement.

Chairman GRIFFITHS. How many such public assistance households will you have to recalculate, do you know?

Mrs. MACCARTAN. At the present time—I have those papers in my briefcase—out of 75,558 households in Wayne County who were certified to participate in the food stamp program, 70,061 actually purchased during the month of March of 1972.

The exact breakdown for participation for March 1972 is 61,467 public assistance families and 8,594 nonassistance.

We will have to recompute for 61,467 families.

Chairman GRIFFITHS. How many of them will get less, do you think?

Mrs. MACCARTAN. It is highly likely that quite a number will.

Now, it will not affect the nonpublic assistance families as much as it will the public assistance families for the simple reason that there has existed in Michigan, up until the passage of the new regulations, more of a bonus in favor of the public assistance clients than the nonpublic assistance clients. Therefore, you can expect a reduction in the amount of coupon bonus for the public assistance family.

I have included in this testimony some examples of what might happen under the new program.

Chairman GRIFFITHS. What about the new variable buy-in of food stamps, how much administrative trouble is that going to cause you?

Mrs. MACCARTAN. Well, in a way it is a positive regulation because it will give a family an opportunity, if they are short one month, to be able to buy less food stamps and still get some benefit, but what is sometimes very good in a positive respect is not always very easy to administer, especially in accounting procedures.

Chairman GRIFFITHS. Won't you be able now to give out food stamps for which nothing is paid?

Mrs. MACCARTAN. Yes, we will.

Chairman GRIFFITHS. Is this going to create any administrative difficulties for you?

Mrs. MACCARTAN. I don't know exactly how many people it is going to affect. Usually we have very few.

In the month of March 1972, we have a minimum purchase requirement now, Chairman Griffiths, something like 50 cents or 70 cents under the present regulations. We only had 122 of those cases pur-

chasing in March of 1972. The zero requirement is more or less, in our estimation, an emergency requirement.

For instance, when a family has been burned out or flooded out or otherwise suffered some serious catastrophe, we can accept a referral from the American Red Cross saying they have verified that this family has been burned out, or what-have-you, asking us to assist this family with food stamps. When we receive confirmation from any such agency we can OK this family for a zero purchase. We can approve a family if they find themselves financially destitute, but we won't continue that more than 1 month under the zero purchase requirement. After that, they would have to seek some type of income, either welfare, or perhaps they will find a job or receive unemployment compensation or something like that, because it is utterly impossible for a family in an urban setting to exist on food stamps alone because there are too many other things needed such as shelter, heat, and utilities.

Chairman GRIFFITHS. I understand you have made some suggestions for mailing food stamps with the assistance check.

Will you do that?

Mrs. MACCARTAN. Well, I have made no such suggestion.

Chairman GRIFFITHS. But there have been suggestions made here.

Will that be done or not?

Mrs. MACCARTAN. You mean with the assistance check?

Chairman GRIFFITHS. Yes.

Mrs. MACCARTAN. I didn't know it would be with the assistance check.

Are you referring to the authorization-to-purchase card or the actual issuance?

Chairman GRIFFITHS. The authorization to purchase.

Mrs. MACCARTAN. Oh, I see, I thought you meant the stamps.

Chairman GRIFFITHS. And the checks.

Mrs. MACCARTAN. The problem is right now the checks are mailed from Lansing and authorization-to-purchase cards are mailed out from Wayne County so at the present time, that is impossible.

Chairman GRIFFITHS. But, if they have agreed to buy the stamps and you deduct it from their check, are you contemplating mailing the stamps with the check?

Mrs. MACCARTAN. I would like to say this. The provision for mail issuance of the food stamps is in the new regulations. I don't think there is anyone who realizes any more than I do that the issuance system that we presently have in Wayne County for people to purchase their food stamps is totally inadequate. I also understand that there are numbers of aged and disabled especially to whom the food stamps would be a benefit if they were mailed. But, as a public administrator and as administrator of this program, I must point out that I am extremely concerned about the possibility of theft.

At the present time we have theft of our authorization-to-purchase cards in the mail. The food stamps are almost cash. They are mailed in envelopes that are very easily identifiable through the mail system.

About 8 or 9 years ago in Wayne County they were mailed on a very small basis. I don't think but a few thousand people participated in this. At that time the stamps were lost in the mail. As a matter of fact, they were stolen from the mails. There was a problem then and I am concerned that that might happen now.

Chairman GRIFFITHS. I can't remember whether it was in your testimony or Miss Mahaffey's in which it was pointed out that if the food stamps were distributed by banks the banks wanted \$1.50 for each transaction?

Mrs. MACCARTAN. That is correct.

Chairman GRIFFITHS. Well, it seems to me that the banks are doing very well in this country on Federal deposits and whatnot, and I think they could be asked to do a little service.

How much help would it be if they were put in banks?

Now, there would be so many more banks and as Miss Mahaffey pointed out, post offices would be a good idea, but still banks are so much easier, there are so many more of them, why couldn't they now—and food stamps are given out in some banks in some States?

Mrs. MACCARTAN. They are in Michigan, too, Congresswoman.

Chairman GRIFFITHS. In rural areas?

Mrs. MACCARTAN. Right, and there are problems.

Chairman GRIFFITHS. What are the problems?

Mrs. MACCARTAN. Well, from an accounting end. I understand that the accounting end of it—in Lansing, they are not exactly happy with the accounting and records. They have had some difficulty in this respect.

Chairman GRIFFITHS. Really?

Mrs. MACCARTAN. But, from a main point of view, the objection seems to be that our clients are told to come in at hours different than normal full business times. Say the bank is open from 10 until 3 or whatever the hours are. Food stamp clients can come on Friday from 1 to 3 and maybe Tuesday or Thursday and stand in one special line.

The administration of this department is opposed to singling out our public assistance clients and putting them in a pew of their own with a big sign saying, "Food stamps, welfare only, go over there." We would not like that.

If it can be arranged that the banks in Wayne County will cooperate with us and sell the stamps for us at a reasonable cost figure, we have no objections to this.

We have explored other possibilities. Miss Mahaffey knows very well, because she worked with me on this, that we are in negotiations or attempted negotiations with the U.S. Postal Service.

I have also made a trip to Chicago within the last 2 weeks to discuss the possibility of the use of the currency exchange system which they are using in Cook County, Ill.

Now, Cook County, Ill., has over 400 food stamp distribution centers through the currency exchange system. Wayne County, Mich., has seven.

Chairman GRIFFITHS. Well, good luck on negotiating with the post office. I couldn't even negotiate with them for an office.

Mrs. MACCARTAN. Well, neither can we.

Chairman GRIFFITHS. If you don't mail the stamps with the assistance checks what options are open for you in order to comply with the Federal Law?

Mrs. MACCARTAN. There is no question of compliance, I believe, with the mail issuance requirement.

I pointed out in my testimony that the Department of Agriculture can exercise an option over the counties. In urban areas where there is

a high incidence of mail theft and mail losses, they can refuse to allow the county to mail the stamps.

I believe this might be what happened in Cook County, Ill.

I have also stated that we are doing a \$6 million a month volume in food stamps in Wayne County. Losses that might run 4 to 6 percent through the mails in Oakland County would amount to \$360,000 lost here. For \$360,000 a month, I can open up 40 food stamp distribution centers, one on every main street corner in the city of Detroit.

Chairman GRIFFITHS. How many offices handle eligibility, the same seven?

Mrs. MACCARTAN. Six, we have.

Chairman GRIFFITHS. Six?

Mrs. MACCARTAN. Yes. They mainly go along—I only have a staff of 23 certification workers. At the present time I have 21. I am assigned 23, I have 21. I have got them spread in six different locations. They follow actually the district concept of Wayne County where our offices are. We have an office at Kercheval, Holbrook, and Holden, at the southwest office, and northwest office, and now the new Lyndon district.

Chairman GRIFFITHS. What would be the farthest distance anybody had to go for food stamps?

Mrs. MACCARTAN. It could be quite far out in that rural area of Wayne County up toward the Washtenaw line.

Chairman GRIFFITHS. What if you live in Northville, where would you have to go for food stamps?

Mrs. MACCARTAN. Do you know where Wayne County General Hospital is?

Chairman GRIFFITHS. Yes.

Mrs. MACCARTAN. That is the closest.

Chairman GRIFFITHS. That would be the closest?

Mrs. MACCARTAN. That is right.

Chairman GRIFFITHS. Well, how would you get there?

Mrs. MACCARTAN. Well, you see, that has been my problem, that is why we are having difficulty getting people to participate in the food stamp program in that area, because even if they can come to apply, they might have to come in every 2 weeks to buy stamps at Wayne County General. If there is no public transportation available out there are inconvenient public transportation available to that terminal, there is no sense using the food stamps if you can't buy them.

Chairman GRIFFITHS. A good many years ago I notified my district one time by letter as to the eligibility for food stamps at this time, and we broke down the switchboard at the office, welfare office, by people attempting to get the stamps.

Now, obviously, if you didn't have any more than six places, if you had to go to Wayne County General, a lot of people could not get there at all. In H.R. 1 when we cashed out food stamps, then the question was: Can you buy out commodities, too? Well, of course, the Agricultural Department does not want you to buy out the commodities.

Mrs. MACCARTAN. I don't think they want you to buy out food stamps, either.

Chairman GRIFFITHS. No; what they want is to get rid of the food. If that is the real objective of that Department, then why don't they make it easily available.

Mrs. MACCARTAN. The Department of Agriculture I have to admit is not responsible for the certification. The responsibility for certification and for sales has been delegated to the department of social services.

Like any other public agency, we are on a limited budget, and we don't have the financial wherewithall to open up offices all over and staff them with workers for certification purposes. This is quite expensive. To even maintain any type of office at all in the Detroit area has got to cost you \$300 a month plus utilities, guard service, and what have you. Then there is the matter of agency personnel required to staff it. As a matter of fact, certification is not our biggest problem. We do have a fieldworker, we have one fieldworker who is assigned to us, who is able to make home calls to take applications to help the elderly and ill and disabled. That is all he does. He travels the entire area in Wayne County.

Chairman GRIFFITHS. Why can't you have more staff?

Mrs. MACCARTAN. I'm glad you asked that.

I have a request. Actually, I shouldn't say this, the department is usually quite generous and the truth of the matter is that I have prepared a staffing request for the next week. I am going to have to, and these gentlemen know it. They know under the new regulations I'm going to have to have to increase my staff and I have the staffing request prepared and it will be delivered into their hands next week. I'm sure they know what we are up against—that we have to take more time with the application, that there will be more people to be serviced, and that we will need an entire accounting unit now to process the ADC eligibility affidavits—and they will insist that the job be done and they will get me the staff.

Mr. SPENCER. I might say—

Chairman GRIFFITHS. Yes; if you have any defense we would like to hear it.

Mr. SPENCER. We have had lots of smoke signals from Helen about the fact that she is coming in with a sizable request for staff and we are aware of what the new regulations placed on her in terms of additional staff. So we have saved some for her.

Chairman GRIFFITHS. Now she points out in her testimony that she is going to have to fill out 40 new forms.

Mrs. MACCARTAN. That is right. These are the new regulations. Yes; part of them. In here there is a list of some 40 forms that we are going to have to use.

The length of the forms—we are going from a simple two-sided form on an 8 by 11, to something, I don't know if you can see this [indicating a 5-page foldout], but this is the application we now must use. There was a shortened version which we couldn't get approved by the Department of Agriculture. Mrs. Landuyt worked on this with me. This is our short form.

Chairman GRIFFITHS. How many questions are there on that?

Mrs. MACCARTAN. Well, there are 13 questions, no, there are 15 to fill out here; another eight over here, really—

Chairman GRIFFITHS. Just read some of the questions into the record, will you?

Mrs. MACCARTAN. Well, some of them are actually—do you have a place to prepare your meals where you live; county residency; are you or your spouse unable to prepare meals because of ill-health; does

anyone in the household have a credit card in the name of another person? If yes, give the type of card: gas, department stores, et cetera. Then you have the tax dependency information; does any unrelated person live in the home to provide nursing care, housekeeping care or care for children so that you or other members of the household can work; does someone who is not a member of the household pay for any of the expenses of the household? Household composition: Information on persons who might possibly pay room and board. Resources: Cash on hand; checking account; savings account; stocks; bonds; other items.

Chairman GRIFFITHS. OK, thank you, that is enough.

Mrs. MACCARTAN. That is the short form. We cannot use it.

Chairman GRIFFITHS. In your opinion, are all these forms and questions necessary?

Mrs. MACCARTAN. I don't think so. The way I feel about it is this. The food stamp program as it exists now might not be the best program in the world, we are not saying it is. We recognize its faults and deficiencies, but we do have a food stamp program. It is servicing 70,000 households a month, or a total of over 234,000 people. At the present time we are able to get a certification done promptly. I realize there is a wait sometimes in our waiting room, many times, as a matter of fact, to be seen and interviewed. But, once that interview is done, the person can walk out with a food stamp card. Now the program is operational, it is doing what it can do at the present time.

Soon we are going to be doing, as I can see, very little more but a lot more paperwork.

Chairman GRIFFITHS. How many people do you think will be added by you?

Mrs. MACCARTAN. You see, our biggest number of clientele served at the present time is the public assistance households. I am concerned that when the eligibility worker gets one look at that affidavit they are going to be required to use, our stream of public assistance applicants might be cut because the workers are just going to look at that and say, "My God, there's another three-, four-, five-page form I'm going to have to use."

Chairman GRIFFITHS. And another hour to fill it out.

Mrs. MACCARTAN. Right; and possibly an interview and what-have-you.

On the nonpublic assistance side, I would assume there is a possibility of room for maybe a 20- to 25-percent increase in eligibles based only on the fact that maximum income levels will be raised considerably. The only income levels which were not raised were those for single persons and two-person households which is very unfortunate because these are mainly our elderly population.

Chairman GRIFFITHS. You mentioned that you would need probably 50 percent more staff. How can you do this on short notice?

Mrs. MACCARTAN. I was thinking about calling on Mandrake the Magician.

But seriously, if the staff is approved, we have to swing into these new regulations very shortly. On an administrative basis we will probably have to start with nonpublic assistance cases because there is no way we can get over 60,000 affidavits into us within a month for a changeover.

Chairman GRIFFITHS. How much training will you be able to give each person?

Mrs. MACCARTAN. Our certifiers, when they are hired, go through the same orientation period that any other eligibility examiner hired into the agency is required to undergo.

In addition to that, our staff supervisors, our zone supervisors, do the training. Also, one coworker helps another. As far as formal training, the supervisor does not pull the worker off the job and sit with her continually. She might explain the rules of the programs; the policy; and help the worker through the first applications; sit with her or put a senior worker with the worker while she is doing her interviews and it is mainly on-the-job training.

Chairman GRIFFITHS. The law was passed last December.

How long did it take the Department of Agriculture to get the new regulation to you?

Mrs. MACCARTAN. Which law? The new regulations were passed in July of 1971. They have been amended twice. There are sections that have been amended from the original time the new regulations were made effective, and that was July of 1971, right?

Miss MAHAFFEY. Right.

Mrs. MACCARTAN. Since that time there have been two changes, one as a result of a court hearing on the related household aspect and in the other one, the Secretary of Agriculture amended the requirement so that no food stamp client would receive a reduction in bonus which would have been possible under the regulations as they were initially passed.

Chairman GRIFFITHS. Who has had to approve any plans you make?

Mrs. MACCARTAN. The Chicago Regional Department of Agriculture, Wayne County, does not make the plan, the State office does. Lansing makes up the Michigan plan and sends it to the Chicago Regional Department of Agriculture offices. From there, I imagine they have the authority to approve or disapprove all plans submitted in their region.

Chairman GRIFFITHS. How long does that take?

Mrs. MACCARTAN. The regulations were passed in July of 1971. I saw the first copy of the regulations as Michigan would do them, the beginning of March 1972. Now, that is the only thing to which I could testify.

Chairman GRIFFITHS. Once the new plan is in operation, how long do you estimate that it will take before all the bugs are ironed out of it?

Mrs. MACCARTAN. A good year for the public assistance recipients because we will have to change their budgets and feed them into the system at the time of review, unless we can call for a massive change on a departmentwide basis and put out special instructions that the affidavits must be sent to the public assistance clients all at once.

Chairman GRIFFITHS. Have you any general comments on how useful and helpful the Department of Agriculture regulations and instructions are?

Mrs. MACCARTAN. I am very disappointed with them. I cannot blame the Department of Agriculture for this, the law was passed by

the U.S. Congress, I am sure that you know that. Agriculture had nothing to do—

Chairman GRIFFITHS. I voted against it.

Mrs. MACCARTAN. Thank you.

There are positive aspects in the regulations, we're not saying that. The income maximums have gone up, but administratively it is going to be a very difficult thing to put into effect. The Department of Agriculture has had nothing much to do but write out the regulations as they were given them by congressional mandate, send them to us for Michigan to look at them, and put them into policy language and rule language so that the local administrators and finally the certifiers will be able to administer the program in accordance with what is required under the Federal regulations.

Chairman GRIFFITHS. What do you think the changes will mean in the average administrative costs?

Mrs. MACCARTAN. Again, I can expect at least a 50-percent probable increase in my own staff costs. Here again, like any other program within the Department, we must rely on staff services and things like that; data processing; possible computer time; on sales issuance, depending on the method chosen; and accounting time; and all of these things will be increased. The cost, even as you pointed out earlier in the testimony, of requiring individuals to register at MESC. All of these services to comply with the new regulations will add to the cost of program administration.

It is very difficult right now to give you a cost figure on that until we can actually see the result of these new regulations.

Chairman GRIFFITHS. Thank you very much, your statement and your response were excellent.

Mrs. MACCARTAN. Thank you.

Chairman GRIFFITHS. Miss Mahaffey would you care to proceed?

TESTIMONY OF MARYANN MAHAFFEY, CHAIRMAN, MAYOR-COMMON COUNCIL TASK FORCE ON HUNGER AND MALNUTRITION, DETROIT, MICH.

Miss MAHAFFEY. The Detroit Task Force on Hunger and Malnutrition was established by resolution of Common Council and members were chosen jointly by the mayor and president of the Common Council in the fall of 1970. The charge given this task force was to assess the extent of hunger and malnutrition in the city, assess and monitor existing programs designed to alleviate the problem, and to explore and recommend improvements in existing programs or alternative programs.

Scientific studies and surveys clearly indicate that cumulative poor diets create cumulative deficiencies in growth; that high infant mortality rates, delayed and retarded growth, small size and lower performance rates are all associated with under- and improper nutrition, which occurs most often in poverty and low income households. Dr. John Churchill of Wayne State University Medical School states that 35 nutrients are needed for healthy growth and the lack of any one of them can create organic brain damage, retarded growth and learning rates, increased vulnerability to disease, withdrawal, apathy, alienation, and frustration.

There is no simple laboratory test for determining malnutrition or undernutrition. The White House Conference on Food, Health, and Nutrition concluded that a person or family living on less than the lost cost budget figure established by the Bureau of Labor Statistics would have inadequate income to consistently purchase or procure foods containing the 35 necessary nutrients. The Detroit Task Force accepted that statement as a guide in measuring the existence of hunger and malnutrition.

STATISTICAL DATA

The 1970 census material is not yet available to us that documents income figures correlated with census tract, age, etc. In the absence of those figures we rely on our annual report of February 1972. There continues to be a lack of a uniform recording and/or reporting base among the various governmental units. Over 20 percent of Detroit's population is living in poverty, and over 40 percent of all senior citizens in the city live on an income of less than \$3,000 per year, while \$1,855 is the median income of older persons living alone.

Un- and underemployment lead immediately to low-income situations which studies indicate generally lead to improper eating and nutrition. With electricity, rent and gas being fixed and mandatory expenditures, food is the only flexible budget item. Studies document that poor families pay the rent and utilities first, emergencies such as medical bills and shoes for school second, with food a poor third.

As you know, Detroit continues to be classified as a class C area by the Department of Labor, due to its high and persistent unemployment rate. The business and industrial growth rate is slower in Detroit than in surrounding areas. Plants are moving out or closing out, with workers laid off, pension benefits lost, cut or jeopardized. The cost of living has climbed up some 6 percent in the last year, with the wage increase set at 5.5 percent under phase II. The minimum wage level is inadequate, as is social security. When social security goes up, rents go up in both the private and public sector of housing, so that senior citizens slowly slip backward in purchasing power.

In addition, discrimination continues against the black worker, the worker over 45, women and teenagers. If one is 45 and laid off, it takes longer and is harder to find a new job. Often such workers find they have exhausted their unemployment benefits, and face going on welfare, or early retirement with reduced benefits, or loss of pension credits, or an expensive move to another area, away from friends and family, to a job whose stability might be questioned given our recent economic history.

There is always the problem of matching skills and jobs, as well as transportation resources and job location. The quarterly MESC report for the Detroit metropolitan area dated September 1971, lists three pages of job classification titles where there is no demand for workers and it's hard to place people. Only three job classifications were listed as having a persistent shortage: Registered nurse, licensed practical nurse and MSW social worker. (My students at the Graduate School of Social Work at Wayne State University will tell you that there must be some mistake in listing the MSW social worker as in persistent short supply—lead them to those jobs.) The WIN training currently given is not concentrated in the health professions. Forty percent of

the people in the WIN program are women, and are given to understand that there are few jobs available to women.

Other social problems that affect families include the inadequacies of housing available to the poor. It is estimated that 27 percent of Detroit's residents (some 380,000) qualify for the 35,000 public housing spaces available. In addition, studies that have been made in the last few months document that costs in inner city food stores, whatever the reason, range from 20 to 40 percent higher than in major chainstores. Chainstore supermarkets are scarce within the city. (Thirteen chain supermarkets moved from the city in 1970-71; five are slated to move in 1972.) There has been a failure of the private sector to create employment, and the governmental programs are too small to be effective.

GRANT LEVELS

Many add up all the possible benefits available to a family on welfare, assuming that all families utilize all benefits to their maximum. A variety of studies and statistics themselves disprove this. In fact, Michigan grants are set at a figure below the poverty line. The 1971 poverty line was set at \$3,968 per year, and Michigan grants are at \$3,792. The budgets are computed on the basis of the Bureau of Labor Statistics economy food plan, which the U.S. Department of Agriculture designates as for "emergency use only" and further indicates that it requires nutritional planning skill, equipment, storage space and availability of low market costs in order to be able to manage.

A family of four, according to the BLS Index in February of 1972, would need \$33.48 per week for a low-cost budget diet. Food stamps equal a purchasing power of \$27 per week. Beginning July 1, 1972, a family of four will pay down \$86 per month to receive \$112 per month in food stamps. The assumption on the part of many is that the \$26 bonus will then represent money savings to supplement the food diet. However, the regular grant budget does not include money for transportation, personal hygiene supplies, a newspaper, and sufficient clothing. So there are other demands for that money.

To further complicate the picture, a survey in April of two food markets, one a chain and the other a nonchain market in the inner city, documented the 20- to 40-percent markup of food in the inner city market. A 20-percent markup reduces the \$26 bonus to \$3.60. A 40-percent markup wipes out the bonus and reduces purchasing power by \$18.80. The low-cost budget, according to USDA nutritionists, assumes considerable sophistication in managing one's food budget, including figuring unit price costs—only one market does this uniformly. The low-cost budget also assumes that one has sufficient storage space, transportation that permits one to carry the food home in quantity, cash available to buy in quantity once a week, equipment to freeze or store the food, and supermarket facilities that offer the prices of the suburban supermarkets, or that carry the nutritionally recommended foods.

In addition, it is important to remember that food used in quantity by the poor often has lost nutrients as a result of processing, so that there is a great need for passage of food enrichment legislation requiring processors to restore nutrients to rice, flour, cornmeal, and grits among other foods.

The poor are also subject to the pressures of the mass media, constantly pushing prepared foods, snack foods, and the like. Hence the nutritional problems of the poor adolescent at times appears to be similar to that of the middle-class youngster, barraged by the seductions of mass advertising into thinking that certain foods are quick-energy pickups and nutritious. The food industry is free to enrich these products, yet it does not.

AVAILABLE FOOD PROGRAMS

There are two major food programs available in Detroit, and three other programs servicing a much more limited number, financed by the public sector. Emergency food is available only through private organizations; for example, Mother Waddles Perpetual Mission, St. Peter Claver Community Center, and church organizations, including the Salvation Army. All state loud and clear that they are swamped with requests, and cannot continue to carry the whole load. Governmental agencies send people to the private organizations when checks are stole, or late, et cetera.

Each program was established by the Government to meet a different need, to cover a different segment of the population. The school lunch program was established to care for school age children, and in Detroit about one-half of the eligible children—eligible for free or reduced-rate lunch—actually receive them. The breakfast program is in some 16 elementary schools. The problems in this program are detailed in our annual report, and include the fact that Federal guidelines do not take cognizance of the dietary patterns and culture of many youngsters, and nutrition education services are not available in sufficient quantity. School facilities are limited, and personnel need continuing inservice training, which is not available, in order to eliminate discrimination against the low-income children and improve the nutritional training available for the youngsters in the program.

SENIOR CITIZENS

We have no meals on wheels program available in Detroit for the homebound senior citizen. Our group meals program for the elderly is a demonstration project that serves 1,500 seniors a week. The estimated need is \$40,000. Funding ends this summer. Funding under the new feeding program for the elderly will not be available until January 1973, and then only to cities with an existing viable group meals program. We are desperately searching for State money to keep this program alive. Some cities have a program offered by private business of reduced-rate lunches for the elderly at certain offbusiness hours. This is not available in Detroit. In addition, many elderly live in hotels or rooming houses, are not allowed to cook food in their rooms, and thus eat in restaurants. They cannot use food stamps in restaurants and thus lose the benefits of food stamps, and continue with inadequate diets. Research has demonstrated that elderly citizens obtain greater benefits nutritionally from food eaten in company with others than alone.

The Nation nutrition survey and the Michigan section of that survey specified that the most prevalent disease is iron deficiency anemia, and

that this is a particular problem of the elderly, including men, and infants and young children, and is directly related to income. The lower the income the greater the rate of incidence.

The supplemental food program is financed under the EFMS section of the OEO budget, and is designed to provide high protein and iron enriched foods to supplement the diets of pregnant and post partum women and the infants and young children to their sixth birthday. In Detroit, it is a prescription program available through the maternal and infant care clinics to medically indigent mothers. The need is determined medically, based on hematocrits and blood iron range.

In Detroit, some 60 percent of the recipients are also receiving food stamps. The food stamps are not enough. We are currently attempting to secure an additional supplement, iron fortified formula, through one of the manufacturers of the product. It would be available at cost, whereas now the mother is likely to spend twice that amount in the stores available to her. The results of these programs are excellent. One study documented that whereas 40.8 percent of the babies at birth had a below normal hematocrit, by the third clinic visit—while on the iron fortified formula—this had been reduced to 13.3 percent and none were considered severely anemic.

This program, supplemental food, in Detroit now services approximately 10,000 of the estimated 70,000 minimal need. The program is certified by USDA to service 15,000. The program is in jeopardy. Although there is ample scientific evidence of its effectiveness in reducing damage to the youngster, the budget request for this program for 1972-73 is set at \$3.5 million and the funds restricted to use for Indians and migrant programs. There are other mothers probably eligible for this program, who scrape together the money to pay a private doctor, and thus do not go through public health clinics. In addition, the maternal and infant care clinics, we are given to understand, are in danger of being closed due to funding cutoffs proposed in Congress.

If the supplemental food program is eliminated, and the maternal and infant care clinics closed, there will be tremendous negative impact on nutrition and consequent increase in infant and maternal mortality rates, et cetera, in Detroit. Detroit's infant mortality rate through the first 2 weeks of life is already 17 per thousand births as compared to a national rate of 14 per thousand and a European rate of 7 per thousand. The infant mortality rate from birth to 1 year in the inner city is 27.4 per thousand in Detroit. When infant mortality is plotted by census tract, the rate falls precipitously—and is better than the national average—as one nears the outer edges of the city.

The supplemental food program is inadequate, in that the quantity and quality of the food leaves much to be desired, only nine of the 24 commodities are available, there is much redtape, and inadequate funding for administrative costs. The packaging and delivery system is very inadequate when compared to that of the private commercial sector. Medically, the program has proven its value, as well as the inadequacies of the food stamp program, since 60 percent of those in the supplemental food program are also using food stamps.

Congress appropriated \$36 million for the program in 1971-72; however, the Office of Management and Budget has refused to authorize the expenditure of all the money. As a result, only some \$14.7 million

will be spent this fiscal year with the remainder returned to the Treasury. The budget of the United States will therefore look more balanced, while the mothers and their babies who could have had their diets supplemented, and anemia reduced or wiped out, will suffer.

THE FOOD STAMP PROGRAM

The food stamp program is supposed to service all people, and make it unnecessary for there to be any other supplemental food programs. In the above description of food programs, evidence has been given that the food stamp program is inadequate, for a variety of reasons. It was intended to help both those on public assistance, and those with low income, or on unemployment compensation, social security, et cetera.

There have been six food stamp sales offices in Detroit, and one in western Wayne County at Wayne County General Hospital at Eloise. There is at present no accurate means of determining the total number of families in Wayne County classifiable as working poor, nonpublic assistance recipients, who may be eligible and have not applied. The department of social services does not have a statistical breakdown separating Detroit from Wayne County.

The Detroit community renewal project population and housing survey of 1969 records 292,000 persons (or slightly less than 100,000 households) living below the poverty line in Detroit. If one assumes that Detroit's population represents 80 percent of the social services department population of the county, and 80 percent of the poor live in Detroit, then the total poor population in the county could be about 365,000 people: 70,000 households participate in the food stamp program; 20 percent of those living outside Detroit and in the county would number 14,000 households. One can estimate that there are 44,000 nonassistance households in Detroit eligible for food stamps and not using them.

Barriers to participating in the program were listed by a variety of citizens at the task force public hearings, July 26, 1971.

1. Many families have trouble getting together the money for stamps

In addition, in the past, a flat sum had to be purchased each time with no flexible amounts available depending on special needs. The department of social services does not break the budget down into items for clothing, personal hygiene, school supplies, transportation, prescriptions, et cetera. In fact, the department stated in a recent budget presentation that the public assistance budgets do not meet the standards of Michigan law. As a result, when children need shoes, the budget that can be squeezed is the food budget. September and December are periods when purchases drop as people purchase school clothing and Christmas gifts. There are additional problems in that if one misses in purchasing stamps, one has to be recertified, and there are insufficient certification offices.

2. Shortage of and inaccessibility of food stamp sales offices

Testimony at the public hearing of July 26, 1971, brought out the following:

I have to catch three buses to get to the food stamp office to buy my stamps and it sometimes takes me all day to get back home after you wait all that time for buses. One runs only every 45 minutes. You get there late and then you have

to wait in a long line when you get there. Lots of times you're lined up around the corner on the street. If you take your child with you, it's worse. I feel like I can't keep asking my neighbors to watch my kids while I get the stamps, and I can't pay someone to watch them, so I have to take them with me.

No sales center at one of the main welfare intake offices at 640 Temple. (And now no certification or sales center at the main food stamp office on Lyndon.)

Only seven sales places in Wayne County, and long lines at all of them, standing outside in all kinds of weather.

Difficulty of senior citizens and the handicapped in getting to certification and sales centers by bus, and then waiting in line.

Many requested that a proxy system be developed for some, and that food stamps be mailed to those requesting same.

3. The unavailability of good food values in many sections of the city

In inner city stores the nutritious food is often not on the shelves.

The bad meat and bad vegetables you get at the inner city market.

If you do get to a supermarket chain store you get there cause you have a friend with a car, or you hassle the groceries on a bus, sometimes two or three buses.

4. Size of the bonus

The new guidelines reduce the bonuses for those on public assistance cutting purchasing power even more.

There needs to be an increase in the bonus because we can't buy enough food now, with prices what they are.

5. The purchasing system

Recipients are not issued an ID card with their picture on it. Most do not have drivers licenses. Therefore thievery is easy. It's been a year since the Governor's Welfare Study Commission recommended ID cards.

The Authorization to Purchase cards mailed from Lansing have a line on them reading "to be purchased in 5 days". If the ATP card is late, the recipient may take the card literally, not purchase stamps and if it happens several times in a row, have to reapply and be recertified. The County Department permits the recipient more than five days to purchase stamps, but many don't know this.

6. The eligibility standards are a nightmare

A food stamp program employee testified that,

A family called in need of food help. The mother was ill with a heart condition, had to be taken to Ann Arbor for treatments once a month. The family was told, on application, that they were ineligible for food stamps, even though review of their budget and expenditures documented that they did not have enough money for sufficient food.

A review of the family's total case explained that the family's monthly car payment could have been deducted if they were applying for Public Assistance thus allowing them to be eligible. But although in this case a car was a necessity (mother too ill to ride buses, and ordered not to do housework or any physical activity) it could not be deducted from income to qualify for food stamp assistance. The man was employed, but so underemployed that his wages would not meet the family's needs.

Arrangements were made for the family to obtain a Thanksgiving basket. The mother, overjoyed, cooked the turkey and suffered a fatal heart attack leaving a husband and four children.

PROBLEMS OF ADMINISTRATION OF THE PROGRAM

1. Stores that discount food stamps:

These stores buy food stamps from some people who need money. There's only a few who sell them, but nobody ever does anything about making the store stop.

A Wayne County Department of Social Services official indicated that it's the food stamp users who report the violations.

There appear to be two difficulties in correcting these problems :

(a) Weak enforcement powers of the USDA agents when the store is reported. In addition, there are a limited number of inspectors on duty, and their hours are 8 a.m. to 5 p.m. Therefore, there is no coverage for the party store.

(b) Failure of the county prosecutor's office to prosecute cases. There appears to be an attitude that not enough money is involved.

2. Lack of money from the State department of social services to engage in an outreach program though mandated to do so by the USDA.

3. Lack of outreach workers to go to the homebound.

4. Need for outreach materials in Spanish.

5. PA recipients records are computerized but food stamp recipients records are processed by hand, thus not computerized, limiting the efficiency of the program, both for the department and the food stamp user. It would be cheaper to hire a private firm to computerize the program than to continue with conditions as they are.

6. The lack of sufficient homes to handle inquiries so people have difficulty ascertaining eligibility short of long bus trips to the office.

7. The new guidelines which appear determined to make the program difficult to get into, requiring a great deal more paper work, and different eligibility standards than other programs. The recipient will have to fill out a five to six page form, the worker a two page one, eligibility will be reviewed every 6 months, even though the person may continue to be on public assistance, and budgets will be computed on income, not reflecting family size.

8. Inability to negotiate more food stamp sales centers with Detroit banks, etc. The U.S. Post Office informed the task force, and the mayor that they would follow through on sale of food stamps in post office substations, in January of 1971. This is currently being done in King County, Wash., and the State of Arizona. It would increase the number of sales offices from seven to about 34. We have heard nothing more. Post office sales would make it possible for people to purchase stamps 5½ days a week, from 8 a.m. to 5 p.m.—far better hours than currently available.

Negotiations have begun with currency exchanges. The banks in Detroit were asking \$1.50 per transaction, the post office approximately 80 cents, currency exchanges 80 to 90 cents.

WHERE AND HOW DOES ONE OBTAIN MORE SALES CENTERS?

A proposal was made by the director of security of Chatham supermarkets in September 1971, that Detroit banks and businesses consider replicating a Philadelphia program wherein the benefits for a recipient are mailed to the bank, with food stamps deducted and the transaction accomplished when the persons pick up their check. This was regarded as having multiple benefits; eliminating the difficulty many recipients have in cashing checks, being a dignified and safe way of distribution of grants, and on the other hand, eliminating cash loss, reduction of bank charges, and reducing investigative expense.

Problems experienced, included that some bank branches did not have sufficient lobby space, and many recipients did not like the designation of a food stamp or welfare window openly segregating people.

Some bank customers were unhappy because many welfare recipients would bring the whole family (that is children) with them. Bank holidays and hours also presented problems.

The statement is made that "We discuss the checkless society in our industry (banking). I would hope that as our sophistication in use of computers develops, it also progresses in the governmental agency area as well."

We still don't have enough sales and certification offices.

9. We still know that people will not buy stamps because they feel there is a stigma attached, that they are personally responsible for being unemployed, and knowing how society looks down on the poor, do not want to accept charity even in the form of food stamps. Separate windows, the redtape, the suspicions of others all make some avoid the program.

10. Therefore, a massive recruitment program is also in order, via low wage employers, such as in small shops, service industries, and so forth, community groups, doctors and dentists, and grocery stores.

RECOMMENDATIONS

1. Increase food stamp allotments to provide for the low-cost diet plan of the Department (rather than the emergency plan) regionally adjusted on the basis of Bureau of Labor Statistics information.

2. Increase eligibility income levels to the low-income figure established by the Bureau of Labor Statistics, regionally adjusted.

3. Revise application and certification procedures to provide for self-certification and application by mail.

4. Reimburse State and local units in full for increased administrative costs.

5. Fully fund outreach programs designed to reach and serve the eligible.

6. Uniform eligibility requirements and guides for figuring budgets among all the programs.

7. Eliminations of lengthy reports and redtape.

8. Increase the number of sales and certification offices.

9. Computerize food stamps. It is ridiculous that if a person is on welfare, and changes his address, he can't make one phone call about the change and take care of all of his records. As it stands now, there is no cross referencing between food stamps and public assistance.

SUMMARY

This country lacks a national policy relative to food and nutrition. We do not have a national mandate to feed the hungry and malnourished. We should. That national policy should be to ensure to all people adequate food and nutrition services to insure attainment of optimum nutrition for all with special emphasis on the crucial period of early childhood, including the prenatal and postnatal period. Our elderly should be insured a decent old age.

As one examines the records of the various food programs, a pattern emerges. It is a pattern of beginning programs, offering them as solutions, and then when they begin to catch hold, increasing the limitations, limiting accessibility, developing more restrictive requirements, and withholding money.

Congress authorized \$36 million for the supplemental food programs. The Office of Management and Budget refuses to permit the money to be used. That program was begun in 1968. Less than 6 months later, when 13,500 of a potential of 780,000 mothers were enrolled, a memo came from USDA stating that the program was getting out of hand, and all new programs would be authorized in Washington, rather than in the regional offices.

The number on food stamps has increased, and now the proposal is made to prohibit food stamps to those on welfare if H.R. 1 is passed.

We have multiple food programs because of individual needs, and the inadequacies of existing programs. Each one proves itself, and when coverage increases, efforts are made to reduce the number covered. We end up with unreasonable eligibility ceilings, conflicting regulations, overcrowded facilities and inadequate funding. The surplus commodities in the supplemental food program are below standard both in the quality of food and the packaging. Yet we cannot do without it, for food stamps are not enough, and the program has dramatically proven itself by reducing iron deficiency anemia, maternal and infant death rates, and the incidence of organic brain damage.

As Dr. Lowe of the National Institute of Child Health and Human Development stated in a letter to the New York Times, April 22, 1972:

The consequences of inadequate health care for poor children are readily apparent: infant mortality (2 to 1), mental retardation (at least 10 to 1), maternal mortality (4 to 1), prematurity (2 to 1), chronic illness (2 to 1) and other forms of morbidity selectively affect the disadvantaged. Medicaid provides emergency or episodic health care for 8.7 million children; yet only 1.5 million children receive the comprehensive health services commonly available to middle-class children.

There is irony in the persistent efforts to limit food programs, erecting barriers to limit the eligible population to keep the costs down, at the same time that the newspapers are replete with stories of wastage of 9.1 percent in the auto industry, subsidies to agribusiness, inadequate amounts of money for public service jobs, and tax writeoffs that add up to \$720,000 per year for some wealthy families compared to the average subsidy of \$16 per year for those living on less than \$3,000 per year. Every year we fight for renewal of the summer lunch program, extension of the school lunch program, food for mothers and infants; yet, 28 percent of total income of farmers, small businessmen, and professionals goes unreported, a total of \$4.7 billion. Income from interest of \$1.4 billion goes unreported, representing 34 percent of the total income from interest.

Chairman GRIFFITHS. I would like to thank you, Miss Mahaffey, and ask you if it is all right with you if I put your statement next week into the Congressional Record. It will appear in this record, but I would be delighted to put it in the Congressional Record because I think it explains in a very real way the real problems.

As you are aware, I introduced some years ago, a bill for three meals a day for children in schools, nursery, or whatever.

I might say I got picketed for it, but I still think it was one of the better things to do. In a way, I almost think it would be better than H.R. 1 and it would cost estimatedly about the same amount.

You mentioned a survey conducted in April of two food markets, one a chain and the other a nonchain market in the inner city. You stated that there were 20- to 40-percent markups in the inner city as opposed to other areas.

You have attempted, haven't you, to take action on such pricing policies?

Miss MAHAFFEY. We have very clearly called them to the attention of everybody we can reach. However, the task force has no enforcement power when it comes to the private enterprise sector and that is precisely what we are dealing with. As a result of this kind of pricing, as I mentioned in my testimony, the food stamp bonus is literally non-existent in most instances.

Chairman GRIFFITHS. Yes. Wouldn't it be of some help if, when the Bureau of Labor Statistics set up the cost of their low-cost budgets, they were actually to check the inner city stores for price?

Miss MAHAFFEY. Oh, I think we would all like to see that happen because we find that not only are the supermarket chains moving out of the inner city, but that even negotiations with the ones with a heart, if you will, turned up nothing because they don't want to run what they see as risks. The end result is that prices are sky high and people really are getting no benefit from food stamps.

Chairman GRIFFITHS. As I recall when I introduced that food bill I remarked that only a graduate of Michigan State could live on that low-cost budget and only a graduate of the nutritional schools could prepare a meal on that low cost budget anyhow.

Miss MAHAFFEY. Right. Add to the fact that most of the families have neither the storage facilities nor the possibilities of buying in quantity, let alone transportation.

In fact, we know of families who spend money to get themselves to the food stamp office. Money that literally reduces their so-called bonus even further.

Chairman GRIFFITHS. You make a persuasive case for legislation that would upgrade and restore the nutritional quality of processed foods.

Miss MAHAFFEY. Right.

Chairman GRIFFITHS. Can you comment further on this?

Even when I was in the Michigan Legislature I remember I tried to get enriched bread and we had a terrible time if you will recall.

Miss MAHAFFEY. Well, I would be delighted to comment on that.

The task force for some time has insisted that, based upon scientific studies, it is necessary to enrich food. So much of our basic foods that are processed lose nutrients in the very processing procedure. For example, the basic foods that families use, flour, rice, cereals, for example, lose nutrients in that processing. Arizona has a very good law on this. We would like to see it adopted in Michigan and are embarking on a campaign to do so. I think it would be even better if it could be a national policy.

We had such a national policy in World War II for the armed services. As a result, the domestic products were also enriched. Once the war was over, that ended, and as a result we find that even if we were to eliminate the possibility of some people using their money to buy potato chips, it really wouldn't make that much difference nutritionally since the food they rely on, the basic food of rice, grits,

cereal, flour, et certera, are not enriched either, so the nutrient value isn't that much different.

We are very concerned also about the nutritional educational programs in the sense that they don't exist on a massive scale, so that all of our population is deprived of basic information about sound nutrition. We would very much like to see, incidentally, a national policy that would say that the U.S. Government has the responsibility to insure that there is adequate food for optimum nutrition for all of our citizens. At the moment it looks as though our national policy is one of enforced hunger and malnutrition.

Chairman GRIFFITHS. It seems to me, and I have been saying a good many times, that in the homemaker service they really should have a nutritionist also. And I feel that medical doctors should be required to know something about nutrition, which they do not know at all.

Miss MAHAFFEY. Well, I think there are several problems in addition to the ones you have mentioned.

No. 1 is that the food stamp office or department in Wayne County, for example, has no money for outreach.

Outreach would involve not only having, let's say, a Spanish-speaking worker to go into the various very large Spanish-speaking communities, but would also be able to embark on a nutritional education program.

We, for example, have encouraged and have proposed that nutritional messages not only be on the mass media but mailed out with checks. And if there were nutritional services available in food stamp offices, this also would be of assistance.

We are very impressed with what the supplemental food program is doing from coast to coast where there are actual demonstrations that are occurring as well as information given out.

The Free Press ran a series recently on how to feed a family of four on \$30 a week which sounds very lovely, but for families on food stamps most of them don't even have \$30 a week for food, so that kind of nutritional education through the newspapers is virtually worthless.

Chairman GRIFFITHS. Besides that, those newspapers don't reach the people. They don't have the money for the food, they don't have the money to buy the newspaper either.

Miss MAHAFFEY. Absolutely.

Chairman GRIFFITHS. So it isn't reaching sufficient numbers of people.

Miss MAHAFFEY. Right.

Chairman GRIFFITHS. Why hasn't anything been done on this. What has happened to the post offices that they don't negotiate the sales of stamps there?

Miss MAHAFFEY. Well, as I understand it, a curtain has sort of dropped. We were told now it resides in the regional office. I gather that there is an impression that when the post office inspectors came out and looked at our overcrowded sales offices, keeping in mind there are seven in Wayne County, six of them in Detroit, that they, if you will, got cold feet. Now, we don't have that officially, that is only an impression on the part of those who were with the inspectors. Obviously, if we were to have 30 or 40 food stamp offices, sales offices,

we wouldn't have the crowding that now exists in the seven. Beyond that, we can only speculate as to whether or not the post office even wants to expand its services. We don't know. In the meantime, it is a great hardship.

Chairman GRIFFITHS. Do you have any estimate of the number of people, through the counselors, that are not being given food stamps, that don't get food stamps, that ought to get them?

MISS MAHAFFEY. Yes. One estimate I made is that there are 44,000 households who live in Detroit, this isn't Wayne County totally, but in Detroit, who are the so-called working poor who would be eligible for food stamps who are not getting them.

We can just simply take the public assistance caseload, subtract the number who are getting food stamps and arrive at an additional figure. We are handicapped by not having the U.S. census figures available to us yet, but it is an overwhelming number when you think of the children, for example, involved who are in school whose learning ability is affected.

Chairman GRIFFITHS. Of course the thing that I think too many people are ignoring in all of the programs and all the commotion is that the people who are being treated the most shabbily of all are the working poor. They are getting nothing. It is totally unfair.

Now, this is the sort of thing that H.R. 1 really tried to correct. It did not correct everything, but at least they tried to reach out and get those people and give them some of the things that are available to others.

Your recommendation No. 6 is for uniform eligibility requirements and guides for figuring budgets among all the programs and I agree with you, this would be wonderful. But, I would like to hear your reasons for this change and know what programs you think could be standardized in this way.

MISS MAHAFFEY. Well, I would feel very strongly, and this is the position of the task force, that the Bureau of Labor Statistics low-cost budget ought to be used as the guide in terms of need. Families who don't have incomes at that level are in need of additional help. We would believe that the eligibility of anyone applying for food stamps ought to be measured on the basis of whether or not their income reaches that BLS low-cost figure. We shouldn't have to get into all kinds of special eligibility requirements according to whether you are on public assistance or you are living on the so-called minimum wage.

I think we all know that one of our problems in terms of welfare, whether it is the food programs or not, is that the minimum wage is not realistic in terms of what it costs to live and until the minimum wage is raised to a more adequate level we are going to continue to have people who are working who don't have sufficient income. I would like to say that, as I mentioned earlier, the eligibility requirement of simply whether or not their income is such that it reaches that BLS low cost figure would be my major guideline.

Chairman GRIFFITHS. In Wayne County, are children that are eligible for free lunches treated differently than other children?

MISS MAHAFFEY. In many instances they are.

The schools have attempted to make some changes in that. However, they have insufficient money for training and supervision of the lunch-

room aides, for example, and oftentimes determinations can be made on the card by the code number; comments will be made; sometimes the lunchroom aide will say to a child, "You wait because you are getting a free lunch." And there are all kinds of subtle and not so subtle devices that are used.

We have the additional problems with the school lunch program of old and overcrowded buildings and it literally becomes almost shoveling 500 kids or a thousand kids through in a short space of time, maybe 20 minutes. Some kids just plain cannot take that kind of pressure and they get sick to their stomachs and won't be able to handle the food that is available to them.

So, you have all kinds of reasons why so many youngsters who are eligible are not getting their free and reduced-rate lunch.

Chairman GRIFFITHS. Are there other reasons why only half of the children that are eligible are getting them? Is it also because they don't have free lunches in every school?

Miss MAHAFFEY. It is a combination of reasons including the ones I mentioned plus, yes, there are some schools that don't have them. Most of the title I schools have the school lunch programs. There are other schools that don't. We have many pockets of poverty scattered throughout Detroit.

Chairman GRIFFITHS. I checked not too long ago and I found that children in the elegant areas outside Chicago were getting free milk and children in the ghetto areas in the city of Chicago were paying. Now, of course, that is within the school systems setup, but that is really unconscionable. It should be made free to them all.

Miss MAHAFFEY. There are complex problems also involved or reasons.

We have a school breakfast program only in 16 elementary schools. We proposed increasing that number. However, some parents are very reluctant for their children to go to breakfast programs because of the lack of school crossing guards at the earlier hour when the breakfast would be served and because of their own concerns about their child getting to school when they might be going at a different hour than many of the other youngsters. So, there are a number of reasons why individual families, for example, have not been pressing for school breakfast programs which we certainly would like to see.

Chairman GRIFFITHS. Yes; there is a county in Texas and when I proposed the original three meals a day plan, I found there was a county in Texas that had voted its own bond issue to do this, and I called the superintendent of schools there.

They were serving breakfast and lunch and he said that in his judgment it did more for the school system than any other one thing that had ever been done, and that their problem was to keep the children from getting in line at daybreak to go to school to get the breakfast.

So that I, too, think that one of the things that would be simply tremendously helpful is to rear at least one generation of Americans that has been properly fed.

You mentioned that some of the kids don't eat the meal because it is not the kind of food to which they are culturally accustomed to.

Of course, we talked that over among ourselves and there are altogether too many American kids today who are really accustomed to McDonald's hamburgers.

MISS MAHAFFEY. There is an additional problem, Congresswoman. All of us are familiar with the problem, legislation as a result of the process of compromise, and there are many items written into legislation to satisfy one interest or another.

Chairman GRIFFITHS. So you can get them to pass the bill.

MISS MAHAFFEY. Right. And, for example, the guides for the school lunch call for a teaspoon of butter in each first-class lunch. If the lunch consists of a sandwich the practice is to slap the butter on the sandwich. Unfortunately, many, many youngsters will not eat a sandwich with butter on it. They may eat it with mayonnaise, they may prefer it just plain, and the end result is that what looks like a perfectly good lunch is likely to make that youngster gag because they are not accustomed to it or it is something that simply isn't a part of their cultural pattern and dietary pattern, and we end up creating waste because they are not prepared to take a look at the individual needs and differences in youngsters and this is one of our problems.

Chairman GRIFFITHS. Well, a lot of the butter I understand that was sent into the area where people use camels was used not as food but to rub on the camels, so that we are wasting a lot of stuff all over the world.

I want to thank you, you were extremely helpful.

MISS MAHAFFEY. Could I add one thing, please?

Chairman GRIFFITHS. Yes, please do.

MISS MAHAFFEY. You asked others on the panel this morning some questions about the problems of services and eligibility; some questions about the ability of service to deliver service, and eligibility workers to make determinations.

Chairman GRIFFITHS. Yes.

MISS MAHAFFEY. As you know I am a professional social worker on the faculty at Wayne School of Social Work. I have broad contacts with a variety of people in the department. Mrs. MacCartan, for example, is a member of our task force who has been invaluable.

I am terribly concerned about what is happening to caseloads and to people as a result.

For example, I understand that the actual caseload for the eligibility worker is not 200 which is the standard, it gets up to 260 and 300.

Chairman GRIFFITHS. Yes, we had one yesterday that had 357.

MISS MAHAFFEY. That the supervisors now may have, in many instances, as many as 4,000 cases to supervise.

Chairman GRIFFITHS. Yes.

MISS MAHAFFEY. This I think is crucial, even though it is repetition to bring up, from the standpoint of a family that comes in that may be embarrassed because of the stigma that is applied via our society to those who are asking for public help. They may come in and ask for the minimum; they may come in any say, "I need help." It may be that as a result no one pays a great deal of attention to the kinds of assistance that are needed. No one really has the time to look for the little signals that are raised. I sometimes wonder how many people, for example, would take advantage of some of the food programs if only a little more service time were available to them. Maybe a little time to help with a form.

I think this form that is going to be required under the new food stamp guidelines is so awful that the only word I can think of is that it is an obscenity.

I think of poor people who do not write very well, who may function adequately on a job, but cannot really write, and who are frightened by the look of a form like that.

Chairman GRIFFITHS. And it is just like Mrs. MacCartan has said, the worker is going to turn them away or not tell them because she is going to have to make out the form herself.

MISS MAHAFFEY. That's right and this is part of why I feel so strongly that it seems that our Federal Government and departments have a policy of enforcing hunger.

An example is the fact that congressional appropriations are not authorized for expenditure by the Office of Management and Budget. Another example mentioned in my testimony, is our certification level of 15,000 for the supplemental food program when so many may need it. Some 60 percent in this program are using food stamps (which are not enough) and doctors are certifying their extra need. Thus supplemental food. Yet, the Office of Management and Budget has withheld money; \$36 million appropriated, only \$14.7 million of that to be spent this year. The very requirements for the food stamp program are changed every time more people come onto the food stamp rolls. When this happens we suddenly get a new set of guidelines that restrict who is eligible, that begins to knock people off. I know that is very blunt language, but that is what it looks like to the citizens of Detroit who have studied this problem and who are concerned about the fact that infant mortality is higher in Detroit than it is in Europe or any other major industrial nation.

Chairman GRIFFITHS. It is higher all over America than it is in Europe.

MISS MAHAFFEY. And in the inner city it is even higher and every bit of scientific evidence—documentation, surveys—shows the inescapable correlation between income and malnutrition.

Chairman GRIFFITHS. Of course.

MISS MAHAFFEY. And we are, incidentally, disturbed that H.R. 1 calls for the elimination of food stamps for those on public assistance.

Chairman GRIFFITHS. This was and is a big argument for those who say that the real intent of food stamps and of the commodity program is to give people food, let them eat no matter what.

Then you get involved in an argument with those who say, well, it is such a can of worms, the whole thing, just give them the money, the money equivalent.

Now, of course, the answer of those who are in favor of keeping the food stamps is, well, if we give people only more money, the grant will go up, something will happen that they won't be able to get the food and what we are really trying to get into them is proper food. But this argument exists within Congress itself on how to assure that people are properly fed.

I must say, as I said before, if we couldn't do anything else I would think that three meals a day to everybody under 16 would be a great big step forward in this country.

MISS MAHAFFEY. I wonder how President Nixon would regard that since he vetoed day care as socialistic.

Chairman GRIFFITHS. I don't know, but if you don't get some of these things vetoed from there, you get it vetoed by the Office of Management and Budget, and sometimes even by the Appropriations Committee.

I do appreciate all you have done and I think that the task force has done a wonderful job. I know I have heard from many of you on the care for the pregnant women and I have done all that I can. I would like to be able to do more, but, I appreciate more than I can say the testimony of everyone here today.

Thank you very much.

This subcommittee will recess until 2 p.m., in this room.

(Whereupon, the subcommittee recessed, to reconvene at 2 p.m. the same day.)

AFTERNOON SESSION

Chairman GRIFFITHS. Our witnesses this afternoon are, from the Michigan Employment Security Commission, Richard Bashara, manager, Detroit manufacturing office; Jacob Baumstark, northwest Detroit branch manager; L. Robert McConnell, WIN supervisor; and from the Wayne County Department of Social Services, Paul McCarty, employment and training service worker.

I understand that the statements of the three gentlemen from the Michigan Employment Security Commission have been included in the statement of the commission's director, Mr. S. Martin Taylor. I would like to thank all of you for coming here and for your kindness to us yesterday in showing us through the various centers.

I want to ask you to start with, I had a letter one time from a man employed at the McNamara Skill Center who asked why they didn't have a day care center down there so that people could bring their children. Well, I went out there and saw him and I asked him to run a census on how many men and women were there at the McNamara Skill Center who had children under 6, and it was surprising, I think there were something like 400 children under 6. I never could get the State to do anything about putting up a day care center. Wouldn't that have been helpful out there, Mr. Bashara?

Mr. BASHARA. I can see the advantage to it, but the fact of whether or not it will or will not be put in is something we have no control over.

Chairman GRIFFITHS. But you know the Federal Government was paying 85 cents on a dollar at that time to build day care centers, and practically every State in the United States missed that money. I went into the State of New York and I remember there was a headline that New York alone, the State of New York, missed \$250,000 in day care centers because they wouldn't put out the 15 cents on a dollar. We are not paying that much now. I think it's something like 75 cents and this is in the Social Security Act.

I think that what Wilbur Cohen did was to change it so that they could pay for babysitters. I will ask tomorrow from Mr. Houston how much money has been spent on it. It seems to me that that would make some sense out at that McNamara Skill Center. If you really pushed for a day care center there I don't see why then they can't put it up there.

I had a second objection. A woman came to my office last fall and said part of the problem is that when you are at the McNamara Skill Center I believe you get \$75 a week, don't you, is that the pay?

Mr. BASHARA. No, I think it's \$60, if I'm not mistaken.

Chairman GRIFFITHS. I think it was \$75.

Then she said that when they go to work they only get \$85. On the \$75 you didn't pay any taxes so that when you go to work at \$85 you really haven't made anything. She raised the objection—it seems to me that that is one of the problems you have all the time—is that too many people when they are looking at any payments are not looking at the fact that on any type of welfare you are not paying social security taxes or income taxes, and when you start paying the cost of going to work, and social security taxes and income taxes, it's a whole new ball game for a lot of people. They are making just as much when they go to work as they are on welfare.

I would like to ask you also, has anybody ever been given a job while waiting for WIN training?

Mr. BASHARA. Yes.

Chairman GRIFFITHS. They have?

Mr. BASHARA. Yes.

Chairman GRIFFITHS. What percentage?

Mr. BASHARA. I cannot tell you the exact percentage.

Chairman GRIFFITHS. How many people have been given jobs under Project 21?

Mr. BASHARA. I think I can tell you.

Mr. McConnell, you have that on the back of your form, on the back page. On that it should tell you.

Mr. McCONNELL. 797.

Chairman GRIFFITHS. 797.

Mr. McCONNELL. 1,146.

Chairman GRIFFITHS. Do you give training under Project 21? Is there any training period?

Mr. BASHARA. No; primarily Project 21 is to take the high potential welfare client into an office and put him to work, not training, not counseling, not any of the other services that we have, primarily to get that individual a job. You are creaming, you are taking the best that you have. It may not even be a long term, it may be a short-term welfare client. The idea is to take that individual and put them to work and get them off of welfare immediately.

Chairman GRIFFITHS. How do you apply first then, with Project 21 and then with MDTA?

Mr. BASHARA. Project 21 is a separate thing. We have specific individuals working on Project 21. Their primary job is to work with the Department of Social Services (DSS) in putting that person to work. Now then, in addition to that we have other people working on MDTA and the other forms of training.

Chairman GRIFFITHS. Of the more than 1,100 people that received jobs, how many were women?

Mr. BASHARA. Does that tell you on there, Mr. McConnell?

Mr. McCONNELL. That's not contained in this information. I don't know that.

Chairman GRIFFITHS. When you get this record back to correct, will you list the number that were women?

What percentage of the spots in MDTA goes to women?

Mr. BASHARA. I'm sorry, I didn't hear you.

Chairman GRIFFITHS. What percentage of spots in MDTA go to women?

Mr. BASHARA. I can't tell you that. I have the number of trainees. I have almost everything except the number of women.

Chairman GRIFFITHS. You have everything except the number of women?

Mr. BASHARA. Yes.

Chairman GRIFFITHS. When you get this back will you put that in, too?

Mr. BASHARA. I can give you the various training programs that are going on under the Manpower Development Training Act (MDTA).

(The information referred to follows:)

In answer to your request for additional information for the record for the 21 county projects we find that 31 percent of the people that received jobs were women. I am better able to give you a breakdown on Manpower Development Training Act, because it has been in existence longer. In fiscal year 1969 there were 5,503 enrollees of which 2,969 were women; in fiscal year 1970 there were 4,123 enrollees of which 2,322 were women; in fiscal year 1971 there were 4,436 enrollees of which 2,514 were women. It comes to a total of 14,062 enrollees of which 7,805 or 55 percent were women.

Mr. BASHARA. Have you been to the skill center?

Chairman GRIFFITHS. Yes.

Mr. BASHARA. At the present you have auto body care, diesel mechanic, meatcutter, product machine operator, small machinery repair, table girl, drapery, combination welder, claims clerks.

Chairman GRIFFITHS. Which could be for women?

Mr. BASHARA. Stenos, typists, building utility workers, basic education, English programs, and the GED courses. These are going on now at the skill center and they are the programs that we referred to.

Chairman GRIFFITHS. Do you have only men in those jobs that sound like they are set up for men?

Mr. BASHARA. No.

Chairman GRIFFITHS. Do you have some women?

Mr. BASHARA. Our aim has been, and this is something I think we are striving for daily, to acquaint the employer with the fact that no longer are jobs specifically for men, that as long as a woman can do the job, that he should consider that woman for the job because in the long run he is going to be better off. Some women can do certain jobs better than men and in my particular office, for example, the majority of the interviewers who refer people to jobs are women. That has nothing to do with my operation as far as operating with women, but they themselves would like to see women get on jobs and they are working toward that themselves.

Chairman GRIFFITHS. I can remember at one point when we were discussing some of these programs on the House floor that Mrs. Green of Oregon arose and she was trying to get in an amendment that at least one-third of all the people who were trained under the job program had to be women. I remember a young man on my own side of the aisle, that I happily saw defeated later, who got up and said, "We have to train the wage earner." Of course, the real truth is that one-third of all the poor families in this country are supported exclusively by women. I hope you make sure that we are not just training men for jobs, that women are given a decent chance.

Mr. BASHARA. I will doublecheck that.

Chairman GRIFFITHS. There were three types of job openings for which MESC does not refer women. Does this include work as a domestic?

Mr. BASHARA. No; it does not. We have a domestic office.

Chairman GRIFFITHS. One?

Mr. BASHARA. Yes.

Chairman GRIFFITHS. How do you get referred to that domestic office if you are a person hunting a job?

Mr. BASHARA. If you are interested in that type of work?

Chairman GRIFFITHS. Yes.

Mr. BASHARA. You are sent to that office.

Chairman GRIFFITHS. So that in a sense there is only one such office. How would somebody out in my area get referred to it?

Mr. BASHARA. Supposing that that individual would come into my office and register with me. I would take the registration and then I would send the registration to the domestic office. They would have it without having to have the person there unless for some particular reason they might want to see the individual before referral.

Chairman GRIFFITHS. Do you inquire how much the person is willing to pay before you list the job?

Mr. BASHARA. Definitely.

Chairman GRIFFITHS. Because they have to pay more than the minimum, they have to pay at least the minimum?

Mr. BASHARA. Absolutely. We will not refer domestic help or otherwise to any employer who does not pay the minimum wage.

Chairman GRIFFITHS. Of course, most people today are paying considerably more than the minimum on domestic work.

Mr. BASHARA. Definitely. They have to. It's almost a necessity.

Chairman GRIFFITHS. Otherwise they won't get people at all.

Mr. BASHARA. That's right.

Chairman GRIFFITHS. One complaint I had recently was somebody who called one of your offices and asked for a domestic and the person at the other end of the wire said, "We don't refer people for jobs like that, they can make more on welfare."

Now I am sure they are not instructed to say anything like that. That sort of thing was a mistake. Nevertheless, that is one of the problems that we have to cope with, too, because I was called up very irately and asked why the MESC is saying things like that. Can't you find a domestic employee through those offices?

Mr. BASHARA. Well, the domestic people are referred on a daily basis. In fact, we are getting to the point in some instances where we have difficulty finding domestic workers because we have more jobs than we have workers. I don't see why we would make that particular statement when we are looking for welfare workers, I mean, domestic workers.

Chairman GRIFFITHS. I thought you might be interested to know, since you suggested it, that a credit to the private employer would be extremely helpful, H.R. 1 will probably be amended to extend a tax credit for private employers. I think that the way Senator Long now intends to go is to subsidize both the worker and the employer, at least he told me that the other day. It's a little early to figure out whether he will be able to get it in. That is what I think he intends to do.

Mr. BASHARA. As a suggestion, it was also mentioned that the tax credit be applied to other than the WIN recipients and have it apply to all welfare recipients who work.

Chairman GRIFFITHS. Yes; I think this is the way he intends to go.

Mr. BAUMSTARK. In line with that, our office replaced a man with a woman as a janitor as we are oriented along that same line of thinking.

Chairman GRIFFITHS. Good, but don't let it be an isolated case. You have to do something for women because they are really the chief welfare problem, and the reason they are is because they have been so discriminated against in every other area. They are discriminated against in education. They are discriminated against in all training programs and in employment itself, and they are all underpaid.

Mr. BASHARA. I think that that is being recognized now more than ever before. I think your point is well taken.

Chairman GRIFFITHS. Do you ever have information on jobs that are available in other locations in Michigan or in other States which could be filled by some unemployed persons in Detroit?

Mr. BASHARA. Yes; we have two ways of getting that.

Chairman GRIFFITHS. How do you get it?

Mr. BASHARA. Our job bank system covers the State. We also have a system whereby we notify other States thorough the—I can't think of the name of it.

Mr. McCONNELL. Clearance.

Mr. BASHARA. Through our clearance where we receive and we send clearance notices to other States of individuals who have a particular skill or a need that we have for a particular skill. If we have an opening and we can't find the individual we will send it to another State. They may have someone there in one of their employment offices who can fill the bill.

We also have employers come from other States into our offices and recruit on the job. In fact, it's happening now. When you were in the office the other day we had Litton Industries from Mississippi in the office recruiting for individuals. They had an ad in the News and they were recruiting for people to go down there and work because they had a shortage and couldn't find the people they were looking for.

Chairman GRIFFITHS. Now, as I remember, the employer can pay the person's moving expenses to Mississippi and deduct them, I think.

Mr. BASHARA. Yes.

Chairman GRIFFITHS. Do you ever suggest to people that they move to where you know jobs are available?

Mr. BASHARA. Yes, but it's amazing the number of people who are set in their ways. They have their home and they really don't want to move. They are offered jobs better than they have at the present time or better than they had at the time they applied, and still they are reluctant, and in the majority of cases I would say do not go to the other State.

Chairman GRIFFITHS. If the people are on welfare, are you able to offer any financial assistance to people on welfare to move?

Mr. BASHARA. Not that I know of. Financial assistance from our agency?

Chairman GRIFFITHS. Yes.

Mr. BASHARA. No.

Chairman GRIFFITHS. But the employer can?

Mr. BASHARA. Yes, and the employer usually, to get that individual, will do so.

Chairman GRIFFITHS. But you do find that people are reluctant to move? What percentage of people do you find that just don't want to move under any circumstances?

Mr. BASHARA. I could only hazard a guess at that. I would guess up into 80 percent.

Chairman GRIFFITHS. Now, of course, the availability of unemployment insurance, extended benefits, and so forth and so on makes people, I presume, less willing to move; is that one of the reasons or do you think it's just because they don't want to leave home and family?

Mr. BASHARA. I think primarily they don't want to leave home, family, friends, relatives. I think the other is secondary. It may have a bearing if one State is paying a particularly higher rate than another as far as the welfare roles or unemployment compensation. This could have a bearing. I think that that would be a minor consideration.

Chairman GRIFFITHS. Now originally the people came to your office who were seeking a job or who had had a job and were compelled by unemployment compensation to be registered with you; isn't that right?

Mr. BASHARA. That's right.

Chairman GRIFFITHS. Now, of course, you have another large group of people who are compelled to register with you under the food stamp requirements and AFDC and so forth and so on. What impact is this having on you?

Mr. BASHARA. My active file is now around 35,000. That's over 10 percent of the total unemployed in the State of Michigan in that particular office. Of course, I think that is the biggest office in the State as far as volume is concerned so I can only speak for that office.

Chairman GRIFFITHS. What percentage of those people, of those 35,000, are people that are referred because of food stamps or because of welfare?

Mr. BASHARA. We had, for example, last week, 5,083 new applications; of that 1,211 were welfare applicants, about 22 percent.

Chairman GRIFFITHS. Have you seen any likelihood or any evidence that private employers are failing to use your service any more adequately because of the numbers of unskilled people that are now being kept on that file?

Mr. BASHARA. We are losing employers. We are losing employers for many reasons. Employers are leaving the city.

Chairman GRIFFITHS. For one reason, employers are leaving the city.

Mr. BASHARA. The more people that move out, the less jobs we have and the less jobs we have the more people that we are unable to service. It is an on-going thing. We have been hoping for an upturn in the economy so we can put some of these people to work. The majority of the people that come into our offices are unskilled. I think I can give you a good example of that. We had over 300 total orders come in our office in a month. Now of that we had 103 of those orders representing 162 jobs for skilled employees, highly skilled people; 135 of those orders representing 282 openings, that's 282 jobs for semi-skilled; and we had only 83 orders which represented 357 openings for the unskilled.

Chairman GRIFFITHS. But 22 percent of all the people you had listed were unskilled.

Mr. BASHARA. No, 22 percent were welfare recipients.

Chairman GRIFFITHS. Were they unskilled or not?

Mr. BASHARA. More than that are unskilled. I didn't want you to get that that was the figure of unskilled people. That was the welfare applicants. The unskilled would go up into 80 and 90 percent, and that is why the second suggestion at the end of the writeup here was for training, additional training, longer training, and I have been talking about this for 5 years. Five years ago I mentioned that I would like to see a program that would be set up for, say, 2 years and train a machinist so that when that individual came out—and I said at that time that I could put to work every machinist that came out of a skill center with 2 years of experience—I could put every one of them to work at a good wage, and I am not talking about \$2.

Chairman GRIFFITHS. And actually in the long run it would be cheaper than paying it out in welfare.

Mr. BASHARA. This was not the fault of our agency. This was not something we did not want to do. We were not paid the money. We were only allowed to train for certain lengths of time. I think we couldn't go over a year at the time. I think we were limited to training as far as a year and then only in unusual circumstances.

Chairman GRIFFITHS. What are the other jobs for which you could train, if the training period were longer, that you could get jobs for immediately?

Mr. BASHARA. Any type of skilled job. Anything that has a skill to it. We have orders on our job bank for skilled people and if I had them I could place them right now.

Chairman GRIFFITHS. What about skilled construction workers? I remember one time during the depression I was working out in the center of Kansas for a road job where they went all over the United States in 1936, looking for shovel operators. They were paying \$2.50 an hour which at that time was a fantastic wage. They couldn't find anybody that was a skilled shovel operator.

Do you have construction jobs, skilled construction jobs?

Mr. BASHARA. We don't get as many construction jobs as we would like because they are unionized. A lot of the construction work goes through the union and it's difficult for us to obtain orders from the construction industry. We do obtain them. We do have some. We do have some construction companies that work with us, but in many instances it's very difficult to get in.

Chairman GRIFFITHS. There was a time when you folks were putting the private employment firms out of business.

Mr. BASHARA. Yes, ma'am.

Chairman GRIFFITHS. Are they making a comeback?

Mr. BASHARA. Yes, ma'am.

Chairman GRIFFITHS. Why?

Mr. BASHARA. For a multitude of reasons. They are not as regulated as we are, as far as servicing an employer. They can operate more freely with an employer. They can do things that we cannot do. We are regulated by law that we will, for example, refer veterans first.

Second, that we will refer disadvantaged individuals.

Prior to the veterans preference we were referring primarily first preference disadvantaged individuals. The employer says, "Well, I'll help out, I'll take some disadvantaged, but I can't take all disadvantaged, I've got to make dollars." So in this particular instance we may lose him because we say, "This is our stress." This is where the emphasis was at that particular time, for disadvantaged individuals.

We operate with a job bank. We must operate with this job bank by listing the job on that inventory. That viewer is placed in many different locations. The employer loses the personal contact that he had at one time with an interviewer, with a supervisor, with the office, where he could say, "Hey, you're sending me something I don't want. That isn't what I want. I want somebody with a blue eye and a brown eye."

The guy says, "Yes, I'm sorry, I'll get you a blue eye and a brown eye tomorrow."

OK, fine, he had somebody to complain to and he was happy. Now he has a computer to talk to and he's not too thrilled with that.

Chairman GRIFFITHS. It's dehumanizing.

Mr. BASHARA. I wouldn't be thrilled either. We are losing, in my estimation, the personal touch, the personal relationship that we had with employers in which the employer could call me up and say, "Dick," and I could say, "Yes, John," and this made a lot of difference. Now, of course, the job bank is national, it has many advantages that we didn't have before. For a skilled worker, if we didn't have one in our private little office we would have to try and write letters around, seeing if anybody had one. Now the following day it's on the viewer and if somebody has a skilled worker in Ishpeming and they want to come down to Detroit and work at a particular thing, immediately we have that service. There are advantages. There are disadvantages.

Chairman GRIFFITHS. Is there a difference in the type of job listings which employers give you and the type that employers typically list with private employment services?

Mr. BASHARA. Yes, ma'am.

Chairman GRIFFITHS. What kind of differences?

Mr. BASHARA. I had a discussion at Oakland University at one time with an individual who sat on a panel who worked in private employment agencies. He got an astronomical fee for placing a highly skilled individual and could devote time and effort to looking for and going out and even pirating. We can't do that. We are not allowed to pirate and it's wrong anyhow, it's wrong to go to one company and say to a guy that is working for them, "Listen, I can get you more money over here."

Chairman GRIFFITHS. Of course, he can find a really competent person, give him a job here one week and some place else next month and still make money on him.

Mr. BASHARA. There is a lot of things they can do. That is not what we are in business for. That's not our primary concern.

Chairman GRIFFITHS. How do these things affect your operation? What is the effect of it upon you?

Mr. BASHARA. Well, a few years ago when the economy was better it had very little effect because we were placing a high ratio of individuals, our unemployment rate was down, the welfare rolls were down

because everybody needed people. In fact, it was almost like when I went into the service, they felt me and if the body was warm, I'm in. For awhile it was that way when we really needed people.

Now that the economy has changed, the employer is becoming highly selective and unreasonable in some respects. He wants individuals to work for a wage which is far below the standard for the Detroit area. I can't give you a standard but it's very high because of our automobile industry. The automobile industry has created an unrealistic average in the Detroit area and some of the smaller places can't compete, so they are leaving town. They are going to other places. They are going where they can compete. They can't compete with the fringe benefits. They can't compete with the high wages. They can't compete with the taxes that are put upon them so they are going where these various things are not so and they can, maybe, survive. Some of the employers are not surviving. Even our small businessmen, some of them in the high crime area, can't get insurance and wind up going out of business because they can't protect themselves.

Chairman GRIFFITHS. What problems do you encounter in administering the work test under unemployment insurance (UI) ?

Mr. BASHARA. The unemployment insurance ?

Chairman GRIFFITHS. Yes, for example, what is "suitable work ?"

Mr. BAUMSTARK. It must be based on his experience, training, and previous background and type of work.

Chairman GRIFFITHS. You have no problem with it ?

Mr. BAUMSTARK. No, we do not.

Chairman GRIFFITHS. In a study some years ago, Joseph Becker estimated that as many as 15 to 20 percent of referrals could be manipulated by the worker in such a way as to discourage a job offer being tendered. Have you experienced any abuses of this sort, especially where the worker wouldn't get very much more income ?

Mr. BAUMSTARK. I would have to agree that it does have merit. Many an individual can go to an employer and present himself in such a fashion that the employer wouldn't hire him. I would say that this is not the majority, it's a limited few. The average individual would not be satisfied with the amount of money that he draws in unemployment insurance benefits. Presently the wage is considerably higher. Generally speaking the amount of money they would draw in benefits would probably be about 55 percent of what they could earn so it would be to their disadvantage.

Mr. BASHARA. I would like to add to that, that again, we go to our major auto companies which have subbenefits. In addition to unemployment compensation he can get subbenefits which brings his figure up to, I don't know, 80, 90 percent of his regular salary, and as you said earlier, eliminating taxes where are you ?

Chairman GRIFFITHS. At 80 or 90 percent of their regular salary with the subbenefits, is he also eligible for food stamps ?

Mr. BASHARA. I don't know.

Chairman GRIFFITHS. Medicaid, do you know ?

Mr. McCARTY. Not offhand.

Chairman GRIFFITHS. Medicaid ?

Mr. McCARTY. There is an income test on medicaid. I'm not familiar exactly with what it would be. The only thing, my experience is, the

only thing it would cover is what are called in Michigan, group II services that are in hospitals.

Chairman GRIFFITHS. There are people though who can draw unemployment compensation, not out of the automobile factories, but others who, once they start on unemployment compensation, if they go the full welfare route are actually drawing more money, realizing more money than if they are working, is that not right?

Mr. BAUMSTARK. I would like to add one thing.

Normally, the individuals that are drawing 90 percent subpay would be covered by insurance through employers. These people would not be involved in medicaid as a rule.

Chairman GRIFFITHS. What if they come from a smaller plant?

Mr. BAUMSTARK. Then generally speaking they would not get their subbenefits.

Chairman GRIFFITHS. They wouldn't get the subbenefits but they would be able by getting unemployment compensation, by getting food stamps, by getting medicaid, by not paying social security, by not paying income taxes, to come out of this thing better than if they were working; is that not right?

Mr. BAUMSTARK. I would be inclined to agree.

Chairman GRIFFITHS. I had a young man tell me this the other day. He had a friend that did exactly this. He had a friend who was a worker. He worked two jobs. He found to his dismay and amazement that under unemployment compensation he was drawing more money not working than he was drawing working.

Would you encounter, would you anticipate any increase in administrative difficulties in administering welfare work tests in cases where families might gain little increase in total income from accepting employment? Do you think there will be any administrative difficulties with this? If they don't go to work when you have offered them a job, what further things do you have to do?

Mr. BASHARA. Our agency does nothing.

Chairman GRIFFITHS. Do you report back to the welfare department?

Mr. BASHARA. We notify the welfare department and they take whatever steps they deem necessary.

Chairman GRIFFITHS. You have to notify them that the person has been offered a job and has not accepted it, don't you?

Mr. BASHARA. That's only in the cases where they send us a form, I think it's called SB 32. When a welfare client comes into our office with this particular form, we give him whatever service we deem necessary and if the man or if the woman refused work, or doesn't go out on the job or says, "I am ill and am unable to work," or doesn't want to work or any of these things, we indicate that on the SB 32 and send that form back to welfare.

Chairman GRIFFITHS. You mean that they can refer these cases where you do not have to make a report to them, if they don't accept the job?

Mr. BASHARA. Under the agreement that we have, as I read it, that is correct.

Chairman GRIFFITHS. Why do they give you any of these SB 32 forms? Which ones do they pick out for that?

Mr. BASHARA. I think that that is specifically for the high-potential applicant that they feel is placeable. Now if they deem an individual as physically not able to work or something of that nature or, I don't know, any other reason, then I would say they would not send us the form. Of course, I can't answer for them. Maybe I am out of line in answering for the welfare department.

Chairman GRIFFITHS. You are not out of line but the truth is that they are supposed to refer these people to you under law and in many instances withdraw the welfare payments if the person turns down a job.

Mr. BASHARA. That's right, and that is what they had.

Chairman GRIFFITHS. If they are not compelled to do that, if they are not asking you to notify them in any case, whether or not the person turns down a job, if they are selecting a certain few of these people and saying, tell us if that person turns down a job but not others, they are not really complying with the law.

Mr. BASHARA. This might change. The procedure that I am talking about was dated 1966, if I recall.

Chairman GRIFFITHS. The law is changing.

Mr. BASHARA. Yes, it was November 1966. They are at the present time setting up another arrangement between DSS and our agency. I think this is it. House bill 4237, cooperative arrangement between the department of social service and MESC. This is dated April 21, 1972. So evidently we are going to update our relationship in some way, but I do not have the facts on that as yet.

Chairman GRIFFITHS. Have you made any special plans with respect to the people who will be referred to the employment services offered by the food stamp program?

Mr. BASHARA. No; there is no special treatment that they get over and above any other applicant.

Chairman GRIFFITHS. They will just become part of the job bank?

Mr. BASHARA. Right. Well, again, I refer back to the veterans preference and then the disadvantaged preference. The majority of cases fall into the disadvantaged category and therefore are second-preference applications. They will get second preference on any job that comes along.

Chairman GRIFFITHS. You will take active measures though to place them in jobs?

Mr. BASHARA. Oh, yes.

Chairman GRIFFITHS. Will you refer them to part-time or day work or only to full-time jobs?

Mr. BASHARA. Whatever suits. I think we placed 3,200 people in April and this did not count the casual or the domestic placements. These were only full-time placements that we had.

Chairman GRIFFITHS. How effective would you say the food stamp work registration is likely to be in Wayne County in getting employable people placed in jobs?

Mr. BASHARA. How effective would the food stamp program be?

Chairman GRIFFITHS. Registration program, right.

Mr. BASHARA. I can't anticipate that. I don't know how it will be. I will have to experience it, I think.

Chairman GRIFFITHS. Mr. Baumstark, could you describe the procedures for determining whether applicants are qualified for unemployment insurance benefits?

Mr. BAUMSTARK. Yes; I can.

As they come into the office we, of course, take their application. We then refer them to the employment service for registration. At the same time, we check our central office to see whether or not they have had any prior claims and then we contact the employer for wage and separation information and we set up the claim determination. Upon his scheduled appointment, he is given a benefits rights interview, explained his rights and responsibilities under the program, and if everything is in order he is then given a check at that time.

Chairman GRIFFITHS. I presume that you find out whether or not a person quit his job voluntarily when the employer screams if you start to give him unemployment compensation?

Mr. BAUMSTARK. Yes; we do. We contact the employer in every instance, whether it's an initial claim or additional claim.

Chairman GRIFFITHS. In fact you kindly gave us several of the forms you use, when we visited the claims office the other day. We can insert those forms into the record at this point.

(The forms referred to follow :)

1. Claim Filed on

IS

DETERMINED ALLOWED
SEE ITEM 15
.....
 DETERMINED AS SHOWN
IN ITEM

2. B.O. No.

4

2

Benefit Year

3-88
73

4 Employer

Emp. No.

5. Claimant

Code

9. Weekly
Benefit Rate

6. Total Employers
& Credit Weeks

7. Average
Weekly Wage

8. Family Class and
Dependency Code

10. Credit Weeks
Allowed This Det.

11. Full Week Payts.
Allowed This Det.

12. Full Week Payts.
This & Prior Dets.

13. Stop Order and Processing Instruction

14.



- DETERMINATION
- REDETERMINATION

DATE MAILED OR PERSONALLY SERVED
TO EMPLOYEE

NOTICE OF DETERMINATION OR REDETERMINATION



<input type="checkbox"/> NEW <input type="checkbox"/> ADD.	Claims Date	Department of Labor MICHIGAN EMPLOYMENT SECURITY COMMISSION	Is New Hire Ficrte Required? <input type="checkbox"/> Yes <input type="checkbox"/> No
TO THE CLAIMANT		APPLICATION FOR UNEMPLOYMENT BENEFITS AND WORK APPLICATION	U. S. No. <u>02</u> Occ. Code <input type="checkbox"/> L <input type="checkbox"/> S
Begin this form with item 1 below.			

1. PRINT Name: Last First Middle		2. Social Security Number	
3. No. and Street		5. Telephone Number	
4. City-State-Zip Code			
6. LAST EMPLOYER—Firm Name		9. Department and Badge No.	
7. No. and Street		10. Plant or Location	
8. City-State-Zip Code		11. Most Recent Kind of Work	
12. Other Kinds of Work You Have Performed for This Employer		13. First Date Worked Last Date Worked	
16. How much Vacation Pay, Holiday Pay, Bonus, Workmen's Compensation, etc. were you paid or will you be paid for this period of unemployment?		14. Do you expect to return to work with this employer? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> I don't Know	
17. How much did you earn (before deductions) in the last calendar week you worked? \$		15. Reason for unemployment (Check correct one) <input type="checkbox"/> Laid Off For Lack of Work <input type="checkbox"/> Quit <input type="checkbox"/> Fired <input type="checkbox"/> Retired <input type="checkbox"/> Labor Dispute <input type="checkbox"/> Other Reason:	
18. Kinds of work performed for other Employers		19. Describe any physical disability	
20. Date of Birth		21. Sex <input type="checkbox"/> M <input type="checkbox"/> F	
22. <input type="checkbox"/> Married <input type="checkbox"/> Single <input type="checkbox"/> Other		23. Height Ft. In. Pounds	
24. Weight		25. Circle highest year of education completed 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25	
26. If You Had Military Service Enter From: Active Service Dates To:		Name School and List Courses or Training (Including Military) which prepared you for work. Give length and date Course or Training ended.	
Branch Rate/Rate Serial Number		LEAVE BLANK—BRANCH OFFICE USE ONLY W <input type="checkbox"/> NW <input type="checkbox"/> N <input type="checkbox"/> I <input type="checkbox"/> S <input type="checkbox"/>	

IF YOU HAVE WORKED FOR OTHER EMPLOYERS WITHIN THE PAST 12 MONTHS, USE THE BACK OF THIS FORM

27. FILL IN THIS PART OF THE FORM ONLY IF YOU ARE CLAIMING DEPENDENTS.

Individuals claimed as your dependents must have received more than half the cost of their support from you for at least 90 consecutive days (or, in the case of a wife, husband, or child, for the duration of marital or parental relationship if such relationship has existed less than 90 days) immediately preceding the beginning date of your benefit year established by this claim. The law specifically names the following individuals whom you may legally include on your unemployment benefit claim as dependents:

- A. Your child, step child, adopted child, or grandchild under 18 years of age (or any age if unable to work because of a physical or mental handicap).
 B. Your legal wife or husband if she or he earned less than \$21.00 in the week before the beginning date of benefit year.
 C. Your legal father or mother if such parent is more than 65 years of age or is permanently disabled from engaging in gainful employment.
 D. Your brother or sister if under 18 years of age (or any age if unable to work because of a physical or mental handicap) provided such brother or sister is orphaned, or if not orphaned the living parents are dependent on any son or daughter.
 List dependents you are claiming as follows: children first, then wife or husband, parents next, and any brothers or sisters last.

NAME OF DEPENDENT	ADDRESS OF DEPENDENT	RELATIONSHIP	AGE	LEAVE BLANK—BRANCH OFFICE USE ONLY

Did you furnish more than half the cost of support of each individual named above for at least 90 consecutive days (or, in case of a husband, wife or child, for the duration of marital or parental relationship if less than 90 days) immediately preceding this benefit year? Yes No
 Is your wife or husband employed at the present time? Yes No
 Did she or he earn \$21.00 or more in the week immediately preceding this benefit year? Yes No
 Is any other person claiming or receiving dependency allowances for any individuals listed above? Yes No

28. YOUR CERTIFICATION: I hereby register for work and apply for a determination of my unemployment benefit rights. I certify that all of the information submitted by me on this form is true and correct to the best of my knowledge and belief. I UNDERSTAND THAT THE LAW PROVIDES PENALTIES OF FINE AND IMPRISONMENT FOR FALSE STATEMENTS TO SECURE BENEFITS.

Sign
29. Your Name _____

30. Date Signed _____
FORM MESC 1554
(REV. 5-67)

Age _____
(years)

LEAVE BLANK—BRANCH OFFICE USE ONLY.				
Filing Date	BY Reg. Wk.	Family Class	Dep. Code	First Appl.
Gross earnings in current and/or preceding week	Wk. No.	Wk. No.	Date MESC THIS Month	
Given Yes <input type="checkbox"/> No <input type="checkbox"/>	Ref. 1900	Clerk		
Work Badge <input type="checkbox"/>	Birth Certificate <input type="checkbox"/>	Service Discharge Papers <input type="checkbox"/>		
Driver's License <input type="checkbox"/>				

(2) - Ms. 289

IF YOU HAVE WORKED FOR MORE THAN ONE EMPLOYER DURING THE PAST 12 MONTHS, CONTINUE BELOW.
Include any work performed for any Federal, State, or local government agency, any work performed in other states, and military service.

Do not go back more than 12 months.

NEXT TO LAST EMPLOYER	Plant or Location	Kinds of Work	Badge No. and Department	Date Began Work with This Employer	Last Day Worked for This Employer
Firm Name _____ No. & Street _____ City _____ State-Zip Code _____	Why did you leave? (Check correct one): <input type="checkbox"/> Laid Off For Lack of Work <input type="checkbox"/> Fired <input type="checkbox"/> Quit <input type="checkbox"/> Retired <input type="checkbox"/> Labor Dispute <input type="checkbox"/> Other Reason:				DO NOT WRITE HERE Date MISC 1555 Method
THIRD LAST EMPLOYER	Plant or Location	Kinds of Work	Badge No. and Department	Date Began Work with This Employer	Last Day Worked for This Employer
Firm Name _____ No. & Street _____ City _____ State-Zip Code _____	Why did you leave? (Check correct one): <input type="checkbox"/> Laid Off For Lack of Work <input type="checkbox"/> Fired <input type="checkbox"/> Quit <input type="checkbox"/> Retired <input type="checkbox"/> Labor Dispute <input type="checkbox"/> Other Reason:				DO NOT WRITE HERE Date MISC 1555 Method
FOURTH LAST EMPLOYER	Plant or Location	Kinds of Work	Badge No. and Department	Date Began Work with This Employer	Last Day Worked for This Employer
Firm Name _____ No. & Street _____ City _____ State-Zip Code _____	Why did you leave? (Check correct one): <input type="checkbox"/> Laid Off For Lack of Work <input type="checkbox"/> Fired <input type="checkbox"/> Quit <input type="checkbox"/> Retired <input type="checkbox"/> Labor Dispute <input type="checkbox"/> Other Reason:				DO NOT WRITE HERE Date MISC 1555 Method
FIFTH LAST EMPLOYER	Plant or Location	Kinds of Work	Badge No. and Department	Date Began Work with This Employer	Last Day Worked for This Employer
Firm Name _____ No. & Street _____ City _____ State-Zip Code _____	Why did you leave? (Check correct one): <input type="checkbox"/> Laid Off For Lack of Work <input type="checkbox"/> Fired <input type="checkbox"/> Quit <input type="checkbox"/> Retired <input type="checkbox"/> Labor Dispute <input type="checkbox"/> Other Reason:				DO NOT WRITE HERE Date MISC 1555 Method
DO NOT WRITE IN THIS SPACE					
WAITING WEEK CERTIFICATION: I hereby certify that during the waiting week indicated:					
1. I was REGISTERED FOR and SEEKING work unless these requirements were waived under Section 26(1)(a) of the MISC Act;					
2. I did not refuse or fail to REPORT for a work interview or to APPLY for or ACCEPT any work offered me except as reported by me to this Commission;					
3. I was ABLE and AVAILABLE to perform full-time work;					
4. I did NO WORK (including self employment) other than that for which I had earnings as reported;					
5. I did NOT CLAIM or RECEIVE benefits under any STATE or FEDERAL law except as reported;					
6. I have not claimed nor did I receive a RETIREMENT BENEFIT or WORKMEN'S COMPENSATION except as reported.					
I KNOW THAT THE LAW PROVIDES PENALTIES OF FINE AND IMPRISONMENT FOR ANY FALSE STATEMENT.					
Claimant's Signature _____	Date _____				W. W. Ending _____ Marriage _____ Next Appt. _____

NOTICE OF CLAIM RENEWAL

TO THE EMPLOYER:

The individual named on the reverse side of this claim form has renewed his claim for unemployment benefits and has stated that he last worked for you. He has given as the reason for his unemployment the item checked in Box #15.

If this claimant has unused credit weeks available from you within his current base period, any benefits paid as a result of this claim may be charged to your rating account.

You must advise this Commission in writing within 7 days from the date of mailing, if you believe the claimant should be disqualified or is ineligible for benefits.

Correspondence regarding this claim must be directed to the Branch Office which forwarded this Notice of Claim Renewal to you. Its number appears in the upper right hand corner on the reverse side.

FORM MESC 1555B
(REV. 10-68)

Department of Labor
Michigan Employment Security Commission
**REQUEST TO EMPLOYER FOR WAGE AND
SEPARATION INFORMATION**

Check if Name
Plate Required

B.O. No.
02

TO: _____

S.S. #	
Name (First, Middle, Last)	
Dept. and Badge #	Reason for Separation:
Last Date Worked For You	<input type="checkbox"/> Lack of Work
New Claim Filing Date	<input type="checkbox"/> Retired Voluntarily
	<input type="checkbox"/> Retired Involuntarily
	<input type="checkbox"/> Other
52 CALENDAR WEEK BASE PERIOD	
F R O M	T H R U
MAIL OR DELIVER ORIGINAL COPY TO	DATE OF MAILING WITHIN 7 DAYS FROM
MICHIGAN EMPLOYMENT SECURITY COMMISSION	

This claimant filed for unemployment benefits and named you as a base period employer. The law requires you to furnish the requested information even if you believe he is not entitled to benefits.

If you were not an "Employer" as defined in Section 41 of the MES Act (See Item 7 on the reverse side) or were not required by law to pay the Michigan Unemployment Tax on the earnings of this claimant during the base period shown above, check here and complete items 6 and 7, then sign and return.

See Definitions and information on reverse side. Use of the work sheet on the reverse side is not required unless specifically requested.

FURTHER INFORMATION IS CONTAINED IN THE BOOKLET ENTITLED INSTRUCTIONS FOR COMPLETING FORM MESC 1555

- Dates of Employment in the 52 week Base Period shown above:
(List each period of employment separately) _____
- CREDIT WEEKS - In how many calendar weeks within the 52 week Base Period shown above (See Items 2 and 3 on the reverse side) did the claimant earn over \$15.00 with you? Count only the 35 most recent calendar weeks of such earnings. (If this number does not agree with dates in Item 1, explain in Item 7 or complete the worksheet on reverse of form.) _____ If or less
- What were his total GROSS WAGES for the weeks reported in Item 2? (Report entire earnings BEFORE deductions for withholding tax, insurance, pensions, bonds, etc.) See Item 4 on the reverse side for effect of special payments. \$ _____
- What was his AVERAGE WEEKLY WAGE? (Amount in Item 3 divided by number of Credit Weeks shown in Item 2) \$ _____
- If you are paying or will pay the claimant a RETIREMENT BENEFIT (See Item 6 on the reverse side) to which you contributed report the monthly amount and the first month for which he may receive such benefit \$ _____ (monthly amount) _____ (first month)
- If the claimant worked for you after the base period shown above, or received or will receive payment for a period after such base period, enter the gross amount, the period covered, and the date of payment if possible.

Period Covered	Earnings (Including Automatic Short Week Benefits)	Lost Earnings	Holiday Pay	Vacation Pay	Payment in Lieu of Notice	Other
Date of Payment	\$	\$	\$	\$	\$	\$

7. IF YOU BELIEVE THE CLAIMANT SHOULD BE DISQUALIFIED OR IS INELIGIBLE FOR BENEFITS, or if you disagree with the above information (last day worked, reason for separation) submitted by the claimant, enter your statement here.

8. Enter your MESC
Account No. here

CERTIFICATION: I certify that the information submitted is true and correct to the best of my knowledge and belief.

Signed for the
Employer by

Date _____

EMPLOYER COPY

MSDC 1838
(Rev. 1-92)

WEEKLY BENEFIT RATE TABLE

FAMILY CLASS A		FAMILY CLASS B		FAMILY CLASS C		FAMILY CLASS D		FAMILY CLASS E		FAMILY CLASS F	
Av. Wkly. Wage	WBR	Av. Wkly Wage	WBR	Av. Wkly. Wage	WBR	Av. Wkly. Wage	WBR	Av. Wkly. Wage	WBR	Av. Wkly. Wage	WBR
626.01 - 26.60	816	626.01 - 26.60	618	0	0	0	0	0	0	0	0
26.61 - 27.00	17	26.61 - 27.00	17	25.01 - 26.50	18	25.01 - 26.50	18	26.01 - 26.60	20	26.01 - 26.60	20
27.01 - 28.50	18	27.01 - 28.50	18	26.51 - 27.00	18	26.51 - 27.00	18	26.61 - 27.00	21	26.61 - 27.00	21
28.51 - 30.00	19	28.51 - 30.00	19	27.01 - 28.50	19	27.01 - 28.50	19	27.01 - 28.50	22	27.01 - 28.50	22
30.01 - 33.00	20	30.01 - 33.00	20	28.01 - 30.00	21	28.01 - 30.00	21	28.01 - 30.00	23	28.01 - 30.00	23
33.01 - 36.00	21	33.01 - 36.00	21	28.51 - 30.00	22	28.51 - 30.00	22	28.51 - 30.00	24	28.51 - 30.00	24
36.01 - 39.00	22	36.01 - 39.00	22	29.01 - 31.00	23	29.01 - 31.00	23	29.01 - 31.00	25	29.01 - 31.00	25
39.01 - 41.81	23	39.01 - 41.81	23	29.51 - 31.00	24	29.51 - 31.00	24	29.51 - 31.00	26	29.51 - 31.00	26
41.82 - 43.63	24	41.82 - 43.63	24	30.01 - 31.00	25	30.01 - 31.00	25	30.01 - 31.00	27	30.01 - 31.00	27
43.64 - 45.45	25	43.64 - 45.45	25	30.51 - 31.00	26	30.51 - 31.00	26	30.51 - 31.00	28	30.51 - 31.00	28
45.46 - 47.27	26	45.46 - 47.27	26	31.01 - 31.00	27	31.01 - 31.00	27	31.01 - 31.00	29	31.01 - 31.00	29
47.28 - 49.09	27	47.28 - 49.09	27	31.51 - 31.00	28	31.51 - 31.00	28	31.51 - 31.00	30	31.51 - 31.00	30
49.10 - 50.90	28	49.10 - 50.90	28	32.01 - 31.00	29	32.01 - 31.00	29	32.01 - 31.00	31	32.01 - 31.00	31
50.91 - 52.72	29	50.91 - 52.72	29	32.51 - 31.00	30	32.51 - 31.00	30	32.51 - 31.00	32	32.51 - 31.00	32
52.73 - 54.54	30	52.73 - 54.54	30	33.01 - 31.00	31	33.01 - 31.00	31	33.01 - 31.00	33	33.01 - 31.00	33
54.55 - 56.36	31	54.55 - 56.36	31	33.51 - 31.00	32	33.51 - 31.00	32	33.51 - 31.00	34	33.51 - 31.00	34
56.37 - 58.18	32	56.37 - 58.18	32	34.01 - 31.00	33	34.01 - 31.00	33	34.01 - 31.00	35	34.01 - 31.00	35
58.19 - 60.00	33	58.19 - 60.00	33	34.51 - 31.00	34	34.51 - 31.00	34	34.51 - 31.00	36	34.51 - 31.00	36
60.01 - 61.81	34	60.01 - 61.81	34	35.01 - 31.00	35	35.01 - 31.00	35	35.01 - 31.00	37	35.01 - 31.00	37
61.82 - 63.63	35	61.82 - 63.63	35	35.51 - 31.00	36	35.51 - 31.00	36	35.51 - 31.00	38	35.51 - 31.00	38
63.64 - 65.45	36	63.64 - 65.45	36	36.01 - 31.00	37	36.01 - 31.00	37	36.01 - 31.00	39	36.01 - 31.00	39
65.46 - 67.27	37	65.46 - 67.27	37	36.51 - 31.00	38	36.51 - 31.00	38	36.51 - 31.00	40	36.51 - 31.00	40
67.28 - 69.09	38	67.28 - 69.09	38	37.01 - 31.00	39	37.01 - 31.00	39	37.01 - 31.00	41	37.01 - 31.00	41
69.10 - 70.90	39	69.10 - 70.90	39	37.51 - 31.00	40	37.51 - 31.00	40	37.51 - 31.00	42	37.51 - 31.00	42
70.91 - 72.72	40	70.91 - 72.72	40	38.01 - 31.00	41	38.01 - 31.00	41	38.01 - 31.00	43	38.01 - 31.00	43
72.73 - 74.54	41	72.73 - 74.54	41	38.51 - 31.00	42	38.51 - 31.00	42	38.51 - 31.00	44	38.51 - 31.00	44
74.55 - 76.36	42	74.55 - 76.36	42	39.01 - 31.00	43	39.01 - 31.00	43	39.01 - 31.00	45	39.01 - 31.00	45
76.37 - 78.18	43	76.37 - 78.18	43	39.51 - 31.00	44	39.51 - 31.00	44	39.51 - 31.00	46	39.51 - 31.00	46
78.19 - 80.00	44	78.19 - 80.00	44	40.01 - 31.00	45	40.01 - 31.00	45	40.01 - 31.00	47	40.01 - 31.00	47
80.01 - 81.81	45	80.01 - 81.81	45	40.51 - 31.00	46	40.51 - 31.00	46	40.51 - 31.00	48	40.51 - 31.00	48
81.82 - 83.63	46	81.82 - 83.63	46	41.01 - 31.00	47	41.01 - 31.00	47	41.01 - 31.00	49	41.01 - 31.00	49
83.64 - 85.45	47	83.64 - 85.45	47	41.51 - 31.00	48	41.51 - 31.00	48	41.51 - 31.00	50	41.51 - 31.00	50
85.46 - 87.27	48	85.46 - 87.27	48	42.01 - 31.00	49	42.01 - 31.00	49	42.01 - 31.00	51	42.01 - 31.00	51
87.28 - 89.09	49	87.28 - 89.09	49	42.51 - 31.00	50	42.51 - 31.00	50	42.51 - 31.00	52	42.51 - 31.00	52
89.10 - 90.90	50	89.10 - 90.90	50	43.01 - 31.00	51	43.01 - 31.00	51	43.01 - 31.00	53	43.01 - 31.00	53
90.91 - 92.72	51	90.91 - 92.72	51	43.51 - 31.00	52	43.51 - 31.00	52	43.51 - 31.00	54	43.51 - 31.00	54
92.73 - 94.54	52	92.73 - 94.54	52	44.01 - 31.00	53	44.01 - 31.00	53	44.01 - 31.00	55	44.01 - 31.00	55
94.55 - 96.36	53	94.55 - 96.36	53	44.51 - 31.00	54	44.51 - 31.00	54	44.51 - 31.00	56	44.51 - 31.00	56
96.37 - 98.18	54	96.37 - 98.18	54	45.01 - 31.00	55	45.01 - 31.00	55	45.01 - 31.00	57	45.01 - 31.00	57
98.19 - 100.00	55	98.19 - 100.00	55	45.51 - 31.00	56	45.51 - 31.00	56	45.51 - 31.00	58	45.51 - 31.00	58
100.01 or more	56	100.01 or more	56	46.01 - 31.00	57	46.01 - 31.00	57	46.01 - 31.00	59	46.01 - 31.00	59
		101.82 - 103.63	57	101.82 - 103.63	57	101.82 - 103.63	57	101.82 - 103.63	57	101.82 - 103.63	57
		103.64 - 105.45	58	103.64 - 105.45	58	103.64 - 105.45	58	103.64 - 105.45	58	103.64 - 105.45	58
		105.46 - 107.27	59	105.46 - 107.27	59	105.46 - 107.27	59	105.46 - 107.27	59	105.46 - 107.27	59
		107.28 or more	60	107.28 or more	60	107.28 or more	60	107.28 or more	60	107.28 or more	60
		108.10 - 110.90	61	108.10 - 110.90	61	108.10 - 110.90	61	108.10 - 110.90	61	108.10 - 110.90	61
		110.91 - 112.72	62	110.91 - 112.72	62	110.91 - 112.72	62	110.91 - 112.72	62	110.91 - 112.72	62
		112.73 - 114.54	63	112.73 - 114.54	63	112.73 - 114.54	63	112.73 - 114.54	63	112.73 - 114.54	63
		114.55 - 116.36	64	114.55 - 116.36	64	114.55 - 116.36	64	114.55 - 116.36	64	114.55 - 116.36	64
		116.37 - 118.18	65	116.37 - 118.18	65	116.37 - 118.18	65	116.37 - 118.18	65	116.37 - 118.18	65
		118.19 or more	66	118.19 or more	66	118.19 or more	66	118.19 or more	66	118.19 or more	66
		120.01 - 121.81	67	120.01 - 121.81	67	120.01 - 121.81	67	120.01 - 121.81	67	120.01 - 121.81	67
		121.82 - 123.63	68	121.82 - 123.63	68	121.82 - 123.63	68	121.82 - 123.63	68	121.82 - 123.63	68
		123.64 - 125.45	69	123.64 - 125.45	69	123.64 - 125.45	69	123.64 - 125.45	69	123.64 - 125.45	69
		125.46 - 127.27	70	125.46 - 127.27	70	125.46 - 127.27	70	125.46 - 127.27	70	125.46 - 127.27	70
		127.28 - 129.09	71	127.28 - 129.09	71	127.28 - 129.09	71	127.28 - 129.09	71	127.28 - 129.09	71
		129.10 - 130.90	72	129.10 - 130.90	72	129.10 - 130.90	72	129.10 - 130.90	72	129.10 - 130.90	72
		130.91 - 132.72	73	130.91 - 132.72	73	130.91 - 132.72	73	130.91 - 132.72	73	130.91 - 132.72	73
		132.73 - 134.54	74	132.73 - 134.54	74	132.73 - 134.54	74	132.73 - 134.54	74	132.73 - 134.54	74
		134.55 - 136.36	75	134.55 - 136.36	75	134.55 - 136.36	75	134.55 - 136.36	75	134.55 - 136.36	75
		136.37 - 138.18	76	136.37 - 138.18	76	136.37 - 138.18	76	136.37 - 138.18	76	136.37 - 138.18	76
		138.19 or more	77	138.19 or more	77	138.19 or more	77	138.19 or more	77	138.19 or more	77
		140.01 - 141.81	78	140.01 - 141.81	78	140.01 - 141.81	78	140.01 - 141.81	78	140.01 - 141.81	78
		141.82 - 143.63	79	141.82 - 143.63	79	141.82 - 143.63	79	141.82 - 143.63	79	141.82 - 143.63	79
		143.64 - 145.45	80	143.64 - 145.45	80	143.64 - 145.45	80	143.64 - 145.45	80	143.64 - 145.45	80
		145.46 - 147.27	81	145.46 - 147.27	81	145.46 - 147.27	81	145.46 - 147.27	81	145.46 - 147.27	81
		147.28 - 149.09	82	147.28 - 149.09	82	147.28 - 149.09	82	147.28 - 149.09	82	147.28 - 149.09	82
		149.10 - 150.90	83	149.10 - 150.90	83	149.10 - 150.90	83	149.10 - 150.90	83	149.10 - 150.90	83
		150.91 - 152.72	84	150.91 - 152.72	84	150.91 - 152.72	84	150.91 - 152.72	84	150.91 - 152.72	84
		152.73 or more	85	152.73 or more	85	152.73 or more	85	152.73 or more	85	152.73 or more	85
		154.55 - 156.36	86	154.55 - 156.36	86	154.55 - 156.36	86	154.55 - 156.36	86	154.55 - 156.36	86
		156.37 - 158.18	87	156.37 - 158.18	87	156.37 - 158.18	87	156.37 - 158.18	87	156.37 - 158.18	87
		158.19 - 160.00	88	158.19 - 160.00	88	158.19 - 160.00	88	158.19 - 160.00	88	158.19 - 160.00	88
		160.01 - 161.81	89	160.01 - 161.81	89	160.01 - 161.81	89	160.01 - 161.81	89	160.01 - 161.81	89
		161.82 - 163.63	90	161.82 - 163.63	90	161.82 - 163.63	90	161.82 - 163.63	90	161.82 - 163.63	90
		163.64 - 165.45	91	163.64 - 165.45	91	163.64 - 165.45	91	163.64 - 165.45	91	163.64 - 165.45	91
		165.46 or more	92	165.46 or more	92	165.46 or more	92	165.46 or more	92	165.46 or more	92

Credit Wks. Allowed	38	34	33	32	31	30	29	28	27	26	25	24	23	22	21	20	18
Full Week																	
Prvs. A1's	26	23	20	24	23	22	21	20	19	18	17	16	15	14	13	12	11

Credit Wks. Allowed	18	17	16	15	14	13	12	11	10	9	8	7	6	5	4	3	2	1
Full Week																		
Prvs. A1's	12	12	12	11	10	10	9	8	7	6	5	4	3	2	1	1	1	

NOTE: If claimant had only one employer in his base period, 34 credit weeks entitles him to 26 weeks of benefits.

FAMILY CLASS A		
Av. Weekly Wage	WBR	
90.91 - 92.72	51	
92.73 - 94.54	52	
94.55 - 96.36	53	
96.37 - 98.18	54	
98.19 - 100.00	55	
100.01 or more	56	

FAMILY CLASS B		
Av. Weekly Wage	WBR	
90.91 - 92.72	51	
92.73 - 94.54	52	
94.55 - 96.36	53	
96.37 - 98.18	54	
98.19 - 100.00	55	
100.01 - 101.81	56	
101.82 - 103.63	57	
103.64 - 105.45	58	
105.46 - 107.27	59	
107.28 or more	60	

FAMILY CLASS C		
Av. Weekly Wage	WBR	
90.91 - 92.72	51	
92.73 - 94.54	52	
94.55 - 96.36	53	
96.37 - 98.18	54	
98.19 - 100.00	55	
100.01 - 101.81	56	
101.82 - 103.63	57	
103.64 - 105.45	58	
105.46 - 107.27	59	
107.28 - 109.09	60	
109.10 - 110.90	61	
110.91 - 112.72	62	
112.73 - 114.54	63	
114.55 - 116.36	64	
116.37 - 118.18	65	
118.19 or more	66	

FAMILY CLASS D		
Av. Weekly Wage	WBR	
90.91 - 92.72	51	
92.73 - 94.54	52	
94.55 - 96.36	53	
96.37 - 98.18	54	
98.19 - 100.00	55	
100.01 - 101.81	56	
101.82 - 103.63	57	
103.64 - 105.45	58	
105.46 - 107.27	59	
107.28 - 109.09	60	
109.10 - 110.90	61	
110.91 - 112.72	62	
112.73 - 114.54	63	
114.55 - 116.36	64	
116.37 - 118.18	65	
118.19 - 120.00	66	
120.01 - 121.81	67	
121.82 - 123.63	68	
123.64 - 125.45	69	
125.46 - 127.27	70	
127.28 - 129.09	71	
129.10 - 130.90	72	
130.91 - 132.72	73	
132.73 - 134.54	74	
134.55 - 136.36	75	
136.37 - 138.18	76	
138.19 - 140.00	77	
140.01 - 141.81	78	
141.82 - 143.63	79	
143.64 - 145.45	80	
145.46 - 147.27	81	
147.28 - 149.09	82	
149.10 - 150.90	83	
150.91 - 152.72	84	
152.73 or more	85	

FAMILY CLASS E		
Av. Weekly Wage	WBR	
90.91 - 92.72	51	
92.73 - 94.54	52	
94.55 - 96.36	53	
96.37 - 98.18	54	
98.19 - 100.00	55	
100.01 - 101.81	56	
101.82 - 103.63	57	
103.64 - 105.45	58	
105.46 - 107.27	59	
107.28 - 109.09	60	
109.10 - 110.90	61	
110.91 - 112.72	62	
112.73 - 114.54	63	
114.55 - 116.36	64	
116.37 - 118.18	65	
118.19 - 120.00	66	
120.01 - 121.81	67	
121.82 - 123.63	68	
123.64 - 125.45	69	
125.46 - 127.27	70	
127.28 - 129.09	71	
129.10 - 130.90	72	
130.91 - 132.72	73	
132.73 - 134.54	74	
134.55 - 136.36	75	
136.37 - 138.18	76	
138.19 - 140.00	77	
140.01 - 141.81	78	
141.82 - 143.63	79	
143.64 - 145.45	80	
145.46 - 147.27	81	
147.28 - 149.09	82	
149.10 - 150.90	83	
150.91 - 152.72	84	
152.73 or more	85	

FAMILY CLASS F		
Av. Weekly Wage	WBR	
90.91 - 92.72	51	
92.73 - 94.54	52	
94.55 - 96.36	53	
96.37 - 98.18	54	
98.19 - 100.00	55	
100.01 - 101.81	56	
101.82 - 103.63	57	
103.64 - 105.45	58	
105.46 - 107.27	59	
107.28 - 109.09	60	
109.10 - 110.90	61	
110.91 - 112.72	62	
112.73 - 114.54	63	
114.55 - 116.36	64	
116.37 - 118.18	65	
118.19 - 120.00	66	
120.01 - 121.81	67	
121.82 - 123.63	68	
123.64 - 125.45	69	
125.46 - 127.27	70	
127.28 - 129.09	71	
129.10 - 130.90	72	
130.91 - 132.72	73	
132.73 - 134.54	74	
134.55 - 136.36	75	
136.37 - 138.18	76	
138.19 - 140.00	77	
140.01 - 141.81	78	
141.82 - 143.63	79	
143.64 - 145.45	80	
145.46 - 147.27	81	
147.28 - 149.09	82	
149.10 - 150.90	83	
150.91 - 152.72	84	
152.73 - 154.54	85	
154.55 - 156.36	86	
156.37 - 158.18	87	
158.19 - 160.00	88	
160.01 - 161.81	89	
161.82 - 163.63	90	
163.64 - 165.45	91	
165.46 or more	92	

RE-COMPUTATION TABLE

To Determine Increased Benefit Rates of Claims With
Benefit Years Beginning Prior to January 30, 1972
(Week No. 5)

MICHIGAN EMPLOYMENT SECURITY COMMISSION

Chairman GRIFFITHS. If he is dismissed for bad conduct, of course, he doesn't get unemployment, does he?

Mr. BAUMSTARK. When you say "dismissed for bad conduct," what do you mean?

Chairman GRIFFITHS. Gross misconduct on the job.

Mr. BAUMSTARK. Normally, he would be disqualified for possibly 6 weeks. Again, we must establish willful disregard of employer interests.

Chairman GRIFFITHS. What are the rules for disqualifying women on leave due to pregnancy?

Mr. BAUMSTARK. This is an area recently changed. We did have a program whereby so many weeks prior to and so many weeks after delivery, during which they would not be eligible. It has been determined by our system that it is now unconstitutional. Now it's strictly a matter of availability for employment and, of course, whether or not they have a leave of absence from that employer which would take precedence.

Chairman GRIFFITHS. What about a woman who might quit working to marry a man living in another city, is she disqualified for unemployment insurance benefits?

Mr. BAUMSTARK. She would be disqualified for 6 weeks, with a 6-week reduction to entitlement.

Chairman GRIFFITHS. Does the same rule apply to a man who leaves work for 6 months to get married?

Mr. BAUMSTARK. No distinction is made.

Chairman GRIFFITHS. Supposing a worker builds eligibility in a UI-covered industry and quits his job and later he is laid off from an uncovered job, is he still eligible for benefits? Does it go back to the first employer?

Mr. BAUMSTARK. Yes; we would go back 52 weeks. If he had 14 or more weeks within the base year, he would be qualified with the other employer for benefits.

Chairman GRIFFITHS. I seem to recall when I was with the Michigan Legislature that if he worked under the first employer and went to work for the second employer and was laid off there it was sudden death, he couldn't go back to the first employer and he didn't get anything under the second employer. I worked like mad and changed that rule and got it through the house and the senate didn't go along with it, and I don't know whether they changed that afterward or not. It seemed to me that that was one of the most rugged things because that really discouraged people from going to work for the second employer. We have a lot of stupid rules.

Mr. BAUMSTARK. Now there would be no disqualification. In fact, the most recent employer would be charged with the entire period of employment.

Chairman GRIFFITHS. Would he?

Mr. BAUMSTARK. Yes.

Chairman GRIFFITHS. Maybe the first one ought to contribute a little. At least you can get him to work. The sudden death rule was a very bad rule.

Mr. BAUMSTARK. This kind of rule went out in 1967.

Chairman GRIFFITHS. Do you allow persons to file their initial UI claim or must they come in personally?

Mr. BAUMSTARK. We have a program but most of our claims are by person. In some instances we do permit claims to be filed by mail but, generally speaking, it's in person. Strangely enough, they prefer to do it that way.

Chairman GRIFFITHS. They prefer to come in?

Mr. BAUMSTARK. Right.

Chairman GRIFFITHS. I would, too.

Mr. BAUMSTARK. There is less delay.

Mr. BASHARA. It's faster.

Chairman GRIFFITHS. Of course, it's faster. It's pony express with the mails at the present time.

Under what conditions are applications accepted by mail?

Mr. BAUMSTARK. This is a special provision which is adopted in some areas in which there is considerable travel involved or on a mass layoff. We are told when we shall do that by the BOUI Director of the Commission.

Chairman GRIFFITHS. If checks are picked up in person, does the claimant have to answer questions about job search or talk to a counselor or go register when he comes in?

Mr. BAUMSTARK. Before a check is issued he must certify, and it's on the check itself, the eligibility conditions that he is able to work, available for work, seeking work, and making reasonable effort, of course, to find employment before the check is issued. He must certify to this.

Chairman GRIFFITHS. For each check?

Mr. BAUMSTARK. Yes; this is part of the check.

Chairman GRIFFITHS. So that every week he does it then?

Mr. BAUMSTARK. Every week and in addition to this, he is given intermittently an in-depth, periodic interview.

Chairman GRIFFITHS. How frequently?

Mr. BAUMSTARK. Every seventh week. At that time we question him as to what efforts he has made to find employment and also make sure that we are doing everything possible to get him back into the mainstream.

Chairman GRIFFITHS. If you have to go in every week it still means that you can't go home to North Carolina in the meantime, can you, unless you can pay the plane fare to get back on time for the next check?

Mr. BAUMSTARK. That's more or less true.

Chairman GRIFFITHS. Do UI benefits have to be reduced when earnings exceed certain levels? Benefits are also reduced, I understand, for other types of income, like social security. How do you verify which people have income and in what amounts?

Mr. BAUMSTARK. You are talking about unemployment insurance?

Chairman GRIFFITHS. Yes.

Mr. BAUMSTARK. This is strictly insurance. The benefits are not necessarily reduced because of earnings. In other words, the fact that he is drawing social security would have no bearing on the entitlement for unemployment, or if his earnings are less than half. With regard to the second part of the question, the only verification that you might have, for example, if these earnings were with his regular employer, the regular employer gets a check copy. This is a part of the

fraud program, as he gets a check copy and he could verify this individual as reflected against his payroll.

Chairman GRIFFITHS. How often do you check or recheck income, every week?

Mr. BAUMSTARK. Each week we ask.

Chairman GRIFFITHS. Each week you ask him?

Mr. BAUMSTARK. This is part of the certification.

Chairman GRIFFITHS. Do you take any measures to ferret out fraud in reporting income?

Mr. BAUMSTARK. Yes; we have a very comprehensive program. First of all, we do, as I said before, give the employer a copy of the check. We contact our central office and make certain he doesn't have another claim.

Chairman GRIFFITHS. You contact the central office to make sure he doesn't have another claim?

Mr. BAUMSTARK. Another claim in another office which is quite possible.

Chairman GRIFFITHS. Do you have many of those?

Mr. BAUMSTARK. Periodically we do have some.

Chairman GRIFFITHS. What if he has a job on which he is not reporting the income, could he have that?

Mr. BAUMSTARK. Very likely.

Chairman GRIFFITHS. How many of those do you find?

Mr. BAUMSTARK. We conduct wage surveys with the Social Security Administration.

Chairman GRIFFITHS. Social Security will make their records available?

Mr. BAUMSTARK. Yes; we do that. We take a number of claimants and verify their earnings.

Chairman GRIFFITHS. Supposing he works under a different social security number, what do you do? You can't find him, can you?

Mr. BAUMSTARK. Chances are we could not.

Mr. BASHARA. Sometimes they are turned in by so-called friends, relatives, wives.

Chairman GRIFFITHS. Yes; lots of so-called friends and neighbors.

The thing that I think is really one of the worst things that the Federal Government does is pass out the social security numbers that are not identifiable, that don't absolutely identify the person. We have learned about one man with 27 social security numbers. Now at the beginning, the very beginning of this study, I checked this out in New York and I pointed out that in a midwestern payment center people were coming in when they started to draw social security, bringing all social security numbers and identifying themselves completely so that they drew from the full record. The man to whom I was talking in New York said there's nobody in New York that dumb, they would draw the minimum under all the numbers which would be far greater. Not only would it be far greater but if they are actually working under all those social security numbers they are probably getting refunds some place on taxes right now. Of course, I take it that only in New York do people figure these things out, not in places like Detroit.

The point of the thing is, the Government entraps itself. What we need in all these programs is a number that absolutely identifies and

that number identifies all over the country for any purpose whatsoever. When you begin raising this question with social security, they begin screaming, "oh no, we are not pulling these numbers out as identification", and yet you can find those numbers as identification on credit accounts, on life insurance, even on driver's licenses. They are wrong. They are being used as identification. They ought to be accurate.

Mr. BAUMSTARK. Madam Chairman, we may be first in trying a program of taking pictures of the individual that files and this, of course, is going to prevent two people from coming in with two numbers or different numbers.

Chairman GRIFFITHS. That's going to be rough to keep running those pictures through.

Mr. BAUMSTARK. We will have one on file, and, of course, once we have the picture on file we can go back to the file.

Chairman GRIFFITHS. He can still go to another office and say, "This is my picture."

Mr. BAUMSTARK. The number would be with that picture.

Chairman GRIFFITHS. What if he puts another number with a different picture, you can't find him then, can you?

Mr. BAUMSTARK. No.

Chairman GRIFFITHS. The only way you can do it is with an identification at birth. Now I have begged the Ways and Means Committee to put that social security number on every birth certificate and I don't see any problem with it. New York has already tried doing it. They are doing it in New York. You could also put on the social security number of the parents and it would be very helpful.

U.I. benefits have to be reduced when earnings exceed certain levels, about 50 percent.

Mr. BAUMSTARK. That is correct.

Chairman GRIFFITHS. Do you just take the person's word and check the social security records to determine the earnings?

Mr. BAUMSTARK. No; we normally take the word of the individual reporting.

Chairman GRIFFITHS. Do you find that people are apt to work right up to the earnings level where they can work and still draw the unemployment?

Mr. BAUMSTARK. Very few.

Chairman GRIFFITHS. That's quite interesting. There has been a study made in Wisconsin that shows an amazing number of persons who worked right up to the amount where they lose half the benefit and stop.

Mr. BAUMSTARK. It would appear to me they would almost have to be in collusion with the employer to effect that. They wouldn't have any control over the work hours.

Chairman GRIFFITHS. They might hunt that kind of a job.

You do require an adequate search for a job?

Mr. BAUMSTARK. Very definitely.

Chairman GRIFFITHS. And regular reporting every week?

Mr. BAUMSTARK. Right, as directed. In some cases it might be 2 weeks.

Chairman GRIFFITHS. Do you ever have to take action against people who do not report for jobs?

Mr. BAUMSTARK. There again, of course, if there was a suitable job they would be disqualified for 6 weeks.

Chairman GRIFFITHS. And that is the action?

Mr. BAUMSTARK. That would be the action.

Chairman GRIFFITHS. If, well, maybe you don't know, if you have U.I. benefits, are these deducted from welfare grants?

Mr. BAUMSTARK. I don't know. I would be inclined to say they are because they do check with us as to the amount of money that he does receive. I think so, off the record, as I can't speak for them, but I'm sure they do that.

Chairman GRIFFITHS. Mr. McCarty, would you care to proceed with your statement?

STATEMENT OF PAUL McCARTY, EMPLOYMENT AND TRAINING SERVICE WORKER, WAYNE COUNTY DEPARTMENT OF SOCIAL SERVICES, DETROIT, MICH.

Mr. McCARTY. My name is Paul McCarty. I am employed as a public welfare worker 09 in the Wayne County Department of Social Services. I have been assigned to work with aid to families with dependent children cases which involve persons with a readiness for employment. I have done this work for approximately 4 years. First, I worked with the work experience program, and for the last 3 years I have worked most closely with the work incentive program. My job title has recently been changed to employment and training service worker.

My caseload contains approximately 60 families, one of whose members is already in a training program. It also contains approximately 80 family cases in which a member is waiting to get into a training program. Of the latter, most are young female family heads whom I referred to the work incentive project during the last year. A few are young men and a few are stepfathers. I hadn't had to deal with many aid to dependent children—unemployed father cases until February of this year. But on that, more later.

Each month I receive more referrals on families for whom employment or training seems appropriate. Each referral has been written up by an income maintenance worker. In Wayne County Department of Social Services this is an eligibility examiner 06. It is her (or his) knowledge of a client which puts a client into motion toward training. If she cannot get to know a client, a referral is based on shreds of evidence and nothing more. This is the case when an income maintenance worker has twice the cases he should reasonably handle.

An eligibility examiner 06 controls the public assistance grant and maintains the case record in AFDC. Because she controls the record it would be helpful if she could relate the basis on which she makes the referral and the composition of the family. Until some months ago we used a referral form which provided the information nicely. It is not clear to us why its use has terminated. We now have to go to the case record ourselves for additional information.

We visit the client with the referral for guidance.

Frequently a client has requested a particular type of training or education. The employment and training worker has to try to under-

stand the client's operations. This is often not easy when he looks objectively at his or her limited resources. Frequently, a young person or a mother has no outside-the-home employment record at all. An employment and training worker has to deal with this situation, too. And realistically. Due to time limitations we generally have to do this in one interview. When the worker and the client decide on a training goal they agree upon the actions each will take. The client may or may not be successful in following through. Employment and training worker, of course, follows through after the interview. He generally does something. The client does not immediately get what she needs. She is not immediately gratified. If she is prone to despair or lethargy she can return to it because the Department has failed her again. She knows it does not see her life from her viewpoint and she knows that it does not care to. The above is true for men, too, with slight variations.

Delay and defeat are the usual result of the training systems. Acceptance into WIN can take a year or more, Division of Vocational Rehabilitation is generally booked up, the MacNamara Skills Center teaches yesterday's skills with tomorrow's equipment and the nursing schools are filled far in advance.

The distinction between education and training has not been eliminated. It is up to the worker to decide whether medical technology is a commodity, college is education or training.

The distinction between a service and an eligibility factor has not been clarified. In fact, a large portion of my time is spent forcing ADC-unemployed fathers to actively participate in WIN. Participation is an eligibility requirement.

There are restrictions incorporated in the laws and with a caseload of 136 there are severe time limitations.

To refer a client to WIN does not mean she will achieve success. There is a backlog just waiting to get in. Apparently there are about 9,000 cases in this group. When I recently heard this figure, I was surprised how low it was. Apparently when workers learned how long it takes a young woman to get in they were discouraged from even referring. This is understandable, as workers have twice the work they could be expected to do.

The Division of Vocational Rehabilitation (DVR) of the Michigan Department of Education recently developed a program for our clients. It was aimed at the disabled disadvantaged, what they called D-2 clients. They sought trainees who were prevented from attaining consistent self-support by both their family background and cultural environment.

We had plenty of the people whom they hoped to reach. Too many. The DVR southern office was inundated by the first ones we sent over. They told us not to send any more since they were booked far in the future. This could have been expected since they usually have a backlog of physically and mentally disabled. We send both men and women to vocational rehabilitation.

CEP-STEPS is another federally funded program in this city. It seems to use Michigan Employment Security Commission counselors. At least in one major office they service OEO clients under Detroit's MCHRD. They take men and women but now avoid AFDC clients. Model Neighborhood provides job counseling and opportunities for

residents of specified inner city neighborhoods. MDTA continues to blunder along in its attempts to provide training for DVR clients. MacNamara Skills Center had once seemed to be the most self-sufficient unit of the lot. Lately we hear less and less of it and most recently that renewed funding was in doubt. Properly administered and coordinated and with the proper respect for trainees it could have been a priceless resource.

I am supposed to receive employment and training referrals only. General educational development is supposed to be provided by basic family service workers. This was not clarified during the first 6 months after separation (of services and eligibility) and we had taken on that additional area.

One of the primary administrative guidelines we were given at the time of separation of services was a hierarchy of service categories. In effect, this means that basic family services takes the easiest cases in which single problems have arisen. They attempt to deal with only that need while disregarding other areas of concern. A child care worker provides services and grants in the area implied by its name but also provides basic family services on its cases. An employment and training worker does not only what his title implies but also provides child care on his cases and basic family services. A protective service worker has ongoing cases of child neglect or abuse and as such is in a special category and has few other service responsibilities.

We all make home calls in the process of applying agency services to client needs.

Basic family service frequently becomes involved in preprotective service by going out to see troubled families. Some of these are community reports, but many of these come out of their interviews regarding simple matters. Some of these are home calls to verify the need for furniture or other emergency items. A mundane matter can be our only reason for conducting in-home interviews since home calls generally are not required, for case records are quickly diminishing as a source of information regarding poor people. As we may more and more concentrate on the financially more severe and therefore more responsive families, as sure as the tides we neglect the poorest and most problem-ridden. This long-term trend is crucial in its impact and implications. Its results are going to be critical for generations to come. Utter despair, poverty, and hopelessness. Fourth and fifth generation welfare families are the most fully reported aspect of the problem. Disability and death may be obvious only to those involved.

When we make the home call we have no way of knowing what other problems we will find. Child care arrangements are always a factor when we are asking an AFDC client to leave her children to take up training. We generally have to deal with the family problems at the same time as we are referring the client to training.

Most of the above is true for male-headed, as well as female-headed families. Our interpretation of the public assistance manual has allowed us to treat men more or less like women, in single-parent homes. AFDC-UF two-parent families are a different matter, of course.

The lack of coordinations between public assistance programs and MCHVRD was one of the most striking things discovered in my first weeks on the job. It has become even more glaring now that we have separated the services, but still not coordinated them.

Actually the federally funded public assistance programs do not appear coordinated, even with the county general assistance program. This might be improved at least a little with the advent this week of district offices in Wayne County. They are a new and potentially useful tool for the administration of the programs. A district supervisor ought to be trained to public administration, not social work. District offices can and should emphasize the function of administration. Social workers, if allowed to do their jobs, can very competently handle the client's problems. If we are ever going to attempt to solve the problems we have to use social workers.

RECOMMENDATIONS

My recommendations, besides those implied above, follow:

Business administration techniques seem to work in those instances where they have been applied with sensitivity. Computers, cost accounting, and cost effectiveness probably find valid application in the Wayne County Department Social Services. This does not mean that administration of programs should be turned over to executives. Business administrators with a few exceptions, are not sensitive to the service needs of poor people.

CONTRIBUTIONS OF FOOD PROGRAMS

Food stamps are valuable and should be mailed out.

USDA excess commodities distribution program for high protein foods is meeting the needs of many.

Summer lunch programs help many children get one square meal a day.

Black Panther's breakfast program also should not be ignored.

Caseloads should be cut in half. Whatever minimum help we provide now could be doubled if caseloads were halved. This is a conclusion on my part. It could be made a hypothesis and tested empirically.

Caseload maximums in income maintenance should be 150 families or individuals. In the service area, the maximums should be 60. A mechanism for absolute enforcement should be developed. I would recommend a total statewide cutoff of Social Security Act funds if one case were found in excess of established worker caseload ratios.

The prospect of a cutoff should firmly establish the primacy of the worker caseload ratio. It might also militate for the creation of a pool of excess caseworkers or case aides, who would always be available where the need was felt.

Chairman GRIFFITHS. Thank you for your excellent statement. We are very pleased to have you.

What are your responsibilities exactly?

Mr. McCARTY. They are broad and somewhat confused. In answer to the last question that was addressed to Mr. Baumstark, they—unemployment insurance benefits—are always subtracted from the assistance grants.

Chairman GRIFFITHS. You were going to explain your own responsibilities.

Mr. McCARTY. Yes. Mainly giving broad and hopefully responsive services to anybody that shows availability, what is called a suitability for employment, male, female, anyone over 16 years of age.

After reorganization in April and May 1971, I came in with a caseload, an active caseload of people who were in the work incentive training project. Since then my duties have been more clarified in that the main one was to accept referrals from what can generally be called an income maintenance worker and to talk with the client, with the client's family, and find if they are really ready for employment, and to refer them generally to the work incentive project.

Chairman GRIFFITHS. How do you get referrals? Who is responsible for referring persons to you for employment services?

Mr. McCARTY. Well, as I said in my statement, they are called eligibility examiners 06 in the State of Michigan. They are the basic workers. They maintain the grant.

Chairman GRIFFITHS. What priorities are there for your service?

Mr. McCARTY. That is an excellent question. Up until just a few months ago we had a set of seven priorities. We still put them at the top of our referral forms that we forward to the work incentive and training project, but, as I understand it, they are avoiding using those with the exception that they use, they read them through and they pull out all the male referrals first.

Chairman GRIFFITHS. You mean they refer only men?

Mr. McCARTY. No; they pull out the AFDC-UF cases as an absolute top priority.

Chairman GRIFFITHS. And they give those to you first and who next?

Mr. McCARTY. I assume they give the next priority to stepfathers and I assume that they attempt to give the next highest priority to youths 16 to 18 who are still on the AFDC budgets.

Chairman GRIFFITHS. Where does a woman come in, last?

Mr. McCARTY. I would assume last.

Chairman GRIFFITHS. This would be particularly true of a young woman; is that right?

Mr. McCARTY. Yes; that's been one of our most, our greatest frustrations.

Chairman GRIFFITHS. And the most ridiculous. The real truth is she ought to be first. She should be given the first chance.

Mr. McCARTY. I would be afraid to make that value judgment.

Chairman GRIFFITHS. I have already made it. I think that's the way it ought to work. I think she ought to be given a chance. This is really what the whole problem is about to a large extent. She isn't given a chance. She isn't given a chance in education. She isn't given a chance at work. She should have as good a chance as anybody else.

Are only those women who volunteer for employment or training referred to you?

Mr. McCARTY. No.

Chairman GRIFFITHS. Where do women volunteers come in this thing? Do they come in among the first?

Mr. McCARTY. Yes.

Chairman GRIFFITHS. They do?

Mr. McCARTY. Yes.

Chairman GRIFFITHS. How is the referral made? What do they send you, a slip, the person themselves, or what?

Mr. McCARTY. No; they use a form called a DSS 322 and it's a replacement of a form we used last year which was DSS 1103 I believe, stating that the client wants a particular kind of service. It's the same form that would be used if the client wanted what is called basic

family services or child care services. There is a space on there for a description of the client. Under the pressures that the eligibility examiners frequently are under, they generally have just a few words, not even a sentence "wants employment."

Chairman GRIFFITHS. Have they had a medical examination before they get to you?

Mr. McCARTY. Absolutely not.

Chairman GRIFFITHS. Do you have to send them for a medical examination?

Mr. McCARTY. No. At first, 3 years ago, we did do that. We were still using the priority system, the 1 through 8 priority system. We would refer folks through the first four, I believe, four priorities for medical examinations at the time when we filled out the DSS 952 and 953's which are the referrals to the State employment service, multi-colored referrals. Sometime ago, oh, either 1 or 2 years back, we discontinued requesting medical for anyone except an AFDC-UF man or a stepfather or a youth because it was only those that we were advised would be called within the next 6 months.

Chairman GRIFFITHS. That is cheerful.

Why aren't they given medicals before they come to you? Why bother sending anybody for employment that simply is going to be disqualified medically?

Mr. McCARTY. I don't know.

Chairman GRIFFITHS. Do they get all the way over to you before they get medicals so you run all these people and a whole sheaf of papers through this system before you ever find out that they couldn't work, if you could find a job for them?

Mr. McCARTY. I would, if I might address myself to that, I am not in a position to know the broad scope of things because I am at the bottom. It's perfectly obvious to me that Mr. Shelton in his statement, gives an idea of an eligibility caseload of 200, whereas the actual is much nearer 325 to 350. The union that I worked with, we feel that 200, even if it were achieved, would be too many. It's for that reason that a number of kinds of things, quasi-services, enormous number of quasi-services cannot be provided by the income maintenance worker otherwise known as the eligibility examiner.

Chairman GRIFFITHS. The truth is that the eligibility examiner is being asked to determine services and everything else, isn't he or she?

Mr. McCARTY, that is one of the real reasons we have enjoyed talking to these people who are the intake people. We find also that the higher you go in the system the more you see how etherealized the statements become. You ought to hear what we listened to from HEW in Washington. You would think that they weren't even part of the same organization.

Mr. McCARTY. As often as I pull myself away from Dick Cavett, I like to read HEW statements and put myself to sleep.

Chairman GRIFFITHS. The same kind of stuff that is happening there. I think you are quite right.

How long does a referral process take? What about child care? Who arranges for child care? Supposing they refer a woman to you—in the unlikely situation that you have finally got a woman referred

to you—do you ask about child care? Does somebody make arrangements for that?

Mr. McCARTY. I do.

Chairman GRIFFITHS. You do?

Mr. McCARTY. Yes.

Chairman GRIFFITHS. And how do you do it?

Mr. McCARTY. As best I can with the system changing daily. Generally, we can only afford one home call, to spend one home call in talking with the client. With child care, because of the increase and much more rigorously applied rules, it generally involves two or three home calls, far more involvement on our part, if they are able to get into training.

Chairman GRIFFITHS. Do you interview persons referred to you to determine their employment potential, or do you depend upon information from the case record or other sources?

Mr. McCARTY. Both, and a lot of luck.

Chairman GRIFFITHS. Do you refer people directly to jobs or do you refer them only to WIN?

Mr. McCARTY. I wish to God I could refer them directly to a job.

Chairman GRIFFITHS. You don't?

Mr. McCARTY. No.

Chairman GRIFFITHS. You refer them to a training program?

Mr. McCARTY. Generally WIN.

Chairman GRIFFITHS. What kind of jobs do you assume they will get from WIN?

Mr. McCARTY. None.

Chairman GRIFFITHS. But you have done your duty when you get them over to WIN, is that it?

Mr. McCARTY. I go to church on Sunday.

Chairman GRIFFITHS. Are there some types of jobs, such as domestic service, for instance, to which you would not refer people?

Mr. McCARTY. I'm sorry, domestic?

Chairman GRIFFITHS. Would there be some types of jobs, such as domestic service, to which you do not refer people?

Mr. McCARTY. No.

Chairman GRIFFITHS. There are no types of jobs to which you do not refer people?

Mr. McCARTY. No.

Chairman GRIFFITHS. You in general refer them just to WIN?

Mr. McCARTY. Yes.

Chairman GRIFFITHS. What system do you have for knowing when a client has obtained a job?

Mr. McCARTY. I would like to expand on that, if I could?

Chairman GRIFFITHS. Yes, if you would.

Mr. McCARTY. I was able to mention this only briefly in my prepared statement. I would welcome the opportunity for, I would say, a fiftyfold, and I say that advisedly, increase in the function of the Division of Vocational Rehabilitation of the Michigan Department of Education. In my statement I pointed out that they developed something they called the DD II program which is confusingly called the disabled and disadvantaged, because anyone who is disabled is disadvantaged and anyone unemployed, male or female, is disadvantaged in a number of senses.

The division of vocational rehabilitation has clearly become, over the years, has become from our level, one of the most effective and best and most sensitive and perceptive agencies there is for providing services to our clients.

Chairman GRIFFITHS. Is it vocational rehabilitation?

Mr. McCARTY. Yes.

Chairman GRIFFITHS. And how many people can you refer over there?

Mr. McCARTY. Well, they developed this program back in either January or February 1972, if I am not mistaken, and for some reason they believed, in the face of contrary political realities, that there was no limit on the number of people they could take in. We have very, very effective workers on our staff, extremely effective and they sent a large number of referrals over there. The psychological change that we saw in some very effective vocational rehabilitation counselors under the kind of workload we gave them was just startling.

Chairman GRIFFITHS. And hopeless.

Mr. McCARTY. Not necessarily hopeless, but I wait for a fiscal response on the part of the State legislature so they can expand the program.

Chairman GRIFFITHS. You will be waiting until you are quite old, I'm sure, on that, because they won't.

What system do you have for knowing when a client has obtained a job or has refused a job or training? Are you ever notified?

Mr. McCARTY. Oh, yes; I am generally notified.

Chairman GRIFFITHS. How are you notified?

Mr. McCARTY. If it's through any official agency I am generally notified.

There is another form we get in duplicate—the name escapes me at the moment—from WIN which is a form letter notifying us that a client got a job and generally indicating the hourly wage with the implication that it's a 40-hour week. This may beg a future question. We are asked to fill out welfare data on the bottom of that form indicating what the grant was prior to work, whether the grant was canceled or not canceled, and by how much it was reduced.

Chairman GRIFFITHS. You said in your prepared statement that delay and defeat are the usual results of training systems. What delays occur throughout the training systems?

Mr. McCARTY. Well, I would say vocational rehabilitation has been extremely effective in avoiding delays. They are able to work very quickly with our clients and get the clients at the time in their lives, I'm speaking largely of women now, at the time in their lives when they are now motivated and are realistically motivated because there is some stabilization in the home situation.

Chairman GRIFFITHS. Is that when they are younger?

Mr. McCARTY. It can take place any time.

Chairman GRIFFITHS. When are they motivated?

Mr. McCARTY. It can take place any time. It's true that we find a large number who are younger and, as you pointed out earlier, there is considerable reason to believe that the younger women are in a better position to go into training. It's also true for women all the way up to 45 years of age.

Chairman GRIFFITHS. Good.

Why is defeat the usual result of the training system?

Mr. McCARTY. Largely because case work services just are not there. They are not there from our department and they don't seem to be there from, well, by law, by application of the rules, they are not there from WIN.

Chairman GRIFFITHS. Well, aren't valuable job skills being taught?

Mr. McCARTY. Some are.

Chairman GRIFFITHS. Aren't the trainees anxious to learn?

Mr. McCARTY. Yes; they are anxious to learn, but along with the casework services that aren't there, there is not the awareness of the problems that exist. There is not the understanding that the problems exist in the home. Part of the problem, I think, is that the WIN counselors never—almost never—make home calls. They only make home calls when they have already come upon a problem and the client isn't coming into their interview, isn't gratifying the WIN counselor.

Chairman GRIFFITHS. What kind and type of problems exist?

Mr. McCARTY. The full range. I suppose that is one of the most difficult things for a Congress and for a committee to understand, since most of us are black and white, are middle class and upper middle class people and don't have the experience with the disorder and the variable conditions that can exist.

Chairman GRIFFITHS. Can you name some of them?

Mr. McCARTY. The failure of a child care plan is one that seems to be recognized by Congress and by the laws. Luckily that, you know, gives us a chance. If there ceases to be a satisfactory child care arrangement, luckily we can generally take that into account and if one is not worked out, the client can leave training until one can be worked out.

Young people's problems, the teenagers. In the suburbs finally people are becoming aware of the disenchantment of young people. This is blatant. This couldn't be more obvious than in the city of Detroit where a client is having difficulty with the children or the children's school progress. She has to be making conferences with the teachers and counselors. She has to be home when the child comes home or untold problems can result from unsupervised children.

Chairman GRIFFITHS. One of the witnesses said today that some of the problems for some mothers would be the fact that in child care, if she took the children from the home and put them in a day care center, she might have trouble with the fact that the home would be robbed. Would this be one of the problems?

Mr. McCARTY. That's a serious problem.

Chairman GRIFFITHS. In your statement you also said that much of your time is spent forcing AFDC-UF unemployed fathers to actively participate in WIN. The law requires that these fathers be given higher priority for enrollment in WIN than mothers who volunteer to participate; isn't that true?

Mr. McCARTY. Yes.

Chairman GRIFFITHS. Why do unemployed fathers resist participating?

Mr. McCONNELL. Is that for me?

Chairman GRIFFITHS. Can you answer?

Mr. McCONNELL. I wish I knew the answer to that. As a group, they cause more problems in participation than women.

Chairman GRIFFITHS. Really?

Mr. McCONNELL. Yes.

Chairman GRIFFITHS. What the the problems, what do they do?

Mr. McCONNELL. They seem to have more physical or health problems.

Chairman GRIFFITHS. What other types of problems?

Mr. McCONNELL. A few of them who may be AFDC may have child care problems also, men who have children in the home that they are responsible for.

Chairman GRIFFITHS. Yes; I understand.

Mr. McCONNELL. Primarily, though, it would be the alleged or actual physical problems.

Chairman GRIFFITHS. One of the answers to this then would be if these people were first given physical examinations before they were ever referred to WIN wouldn't it? Would that be true, Mr. McCarty?

Mr. McCARTY. Technically, we do that. Particularly in the case of AFDC-UF fathers we request a physical examination at the same time as we fill out the referral forms and forward them to a control unit that has been established. Sometimes they get as much as 4 to 6 weeks behind, sometimes more, in providing the physical exams. They are done here by a doctor employed by the Department of Social Services, so the physical exam generally comes about the time he is being enrolled. Generally, there is a paperwork lag, it appears to me, from 3 to 6 weeks for the enrollment to take place.

Chairman GRIFFITHS. Why should it be that a stepfather gets any priority on WIN if he is not going to be required to support the children? He doesn't have to pay anything to support those children, does he? She still gets aid to dependent children for the children, so why should stepfathers get any consideration?

Mr. McCARTY. I can only respond that the welfare system has traditionally. Whenever we can't find another answer in the Wayne County Department of Social Service, we say "traditional." It's only traditional that we push men.

Chairman GRIFFITHS. It's been a tradition for quite a few hundred years. You can see the foolishness of the whole thing if you are going to let that man be in the home, in the first place. I insist that we are saying to every woman, you know, get rid of your husband and go on aid to dependent children, get yourself a new husband and we will still give you the aid to dependent children and now we are going to give him the first chance at a job, the new husband and he doesn't have to contribute a penny. If it had been their own father and he had gotten the job, that whole family would have gone off ADC right then, wouldn't they?

Mr. McCARTY. I might add on that point that it's gotten worse in the last couple of months. It's not an income test for an AFDC-UF family that throws a man off assistance. Previously it was working 64 hours in a 2-week period. Recently it has been changed in the law or at the State office, to 100 hours in a month. So if he earns \$1 an hour at 100 hours work in a month period, then the case is closed.

Chairman GRIFFITHS. But if he is the stepfather it doesn't close.

Mr. McCARTY. He's sitting in the cat bird's seat.

Chairman GRIFFITHS. So the whole law is set up really to break up families, that's really what it is. That's what this law is doing to people. The law ought to be changed.

Mr. McCarty, during the period while a person is being referred to and enrolled in WIN, is he expected to be available for employment and accept a job if it's offered?

Mr. McCarty. While he is waiting to be enrolled?

Chairman GRIFFITHS. Yes.

Mr. McCarty. Yes, he certainly is.

Chairman GRIFFITHS. Supposing he is enrolled in WIN and taking some sort of a training course and all at once he is offered a different kind of a job; does he have to take it?

Mr. McCarty. Yes, he is expected to take that job. This is a negation of the law and the rule of law, but he is supposed to take that job really because of social pressure, really, because we want him to.

Chairman GRIFFITHS. Look at it for a minute from the taxpayer's standpoint. The taxpayer is working so that there isn't anything wrong with asking that somebody take a job and go to work to help pay the taxes, nothing wrong with that.

Mr. McCarty. No, all I am saying is, as I think I pointed out in my prepared statement, that the State manual is extremely, you know, extremely loose on that and open to various interpretations.

Chairman GRIFFITHS. You have described a number of practical problems in implementing the employment and training programs and as you note in your prepared statement, some of the problems are incorporated in the laws. What are the most significant obstacles which are built into the law?

Mr. McCarty. I am not sure if this is the most appropriate answer, or it may not be the broadest answer which would have to be provided by Mr. Shelton or perhaps the service supervisor for employment and training. You brought up a question earlier about if a man refuses to comply, you know, really the most basic question, if a man refused to comply with the work incentive and training program, shouldn't his case be closed? I think 253 of the State manual of public assistance indicates vaguely, implies that the case should be closed or at least, if the Department of Social Services determines that he has failed to comply, he hasn't done what we wanted, without good cause, he has bad reasons for doing that, that we are supposed to take action against him.

The next item in 253 spells out in some detail how relatively complicated and difficult it is to apply the program of a third-party payee in which the caseworker is supposed to find with the family someone in whose name the assistance grant can be placed and the man's name removed from the grant.

Chairman GRIFFITHS. He is given the money and he takes care of the family. I didn't vote for that. I thought that was ridiculous on the face of it. Some system better than that has to be figured out. I decided myself that if you didn't know how to spend the money you probably didn't know anybody that knew how to spend the money either.

Mr. McCarty. I would comment that in Macomb County they have a credit counseling bureau that takes over, I'm not flat recommending that. I agree with you that the procedure itself leaves a great deal to be desired. In a smaller county they seem to be able to find some rational solutions or resolutions to that problem.

Chairman GRIFFITHS. One of the reasons is because in a smaller county, a smaller area, you have more community help and community pressure. The trouble with the cities is that you are anonymous. Nobody knows and nobody cares. This is one of the problems that you have in any big city.

Why is the Government ineffective in getting women off welfare and into jobs? Are you trying?

Mr. McCARTY. I beg your pardon?

Chairman GRIFFITHS. Are you trying?

Mr. McCARTY. Yes. I'm not the Government.

Chairman GRIFFITHS. You are in this case. You are the establishment.

Mr. McCARTY. I am not enough of the establishment.

Chairman GRIFFITHS. Why do you think we are ineffective in getting women off of welfare and into jobs? Is it because they don't understand the earnings disregard and work incentive provisions in AFDC? Is it because we don't have child care available? What kind of an incentive do you think we could give them or do you think we should just cut out the discrimination?

Mr. McCARTY. Which discrimination?

Chairman GRIFFITHS. Against women at all levels. You discriminate against them in training. You discriminate against them in jobs and we have already found out right here that you are going to say to any woman, first, we put the father to work and then next the stepfather but we don't require him to pay a cent. And if she should have a man in the house that isn't even the stepfather, we don't even require him to go to work or take training, right?

Mr. McCARTY. In effect, yes.

Chairman GRIFFITHS. That's right, isn't it?

Mr. McCARTY. The question of why women aren't successful in getting into jobs, I'm an 09 welfare worker thrown into the breach, as it were. That begs all of the questions about a service-oriented society that the United States is not politically ready to face.

Chairman GRIFFITHS. No nation is facing the problem of women very well.

Mr. McCARTY. Could I add that I agree with you that the inability to refer women first to the training program is extremely frustrating to them and to anybody that works directly with them.

Chairman GRIFFITHS. Of course, so many of them would be far more capable.

Mr. McCARTY. There is no question about that.

Chairman GRIFFITHS. Mr. McConnell, the total cost of the WIN program in Michigan from the initiation of the program in 1968 through the end of 1970 was \$11 million of which the State of Michigan contributed about 20 percent. But the welfare savings for this same period, that is the reduction of welfare payments by placing WIN trainees in jobs, was about \$2 million. Only two out of every five former WIN trainees left the WIN program because they were placed in jobs and only half of those remained in their jobs. Why do you think that half of those who were placed in jobs would leave these jobs before completing 90 to 180 days of employment?

Mr. McCONNELL. I think some of it is because the people become disenchanted, you know, with the benefits they get from the job at that

point, and I think some of it is because they are not able to iron out their child care problems in that period of time. Some of it is because they find out that the transportation costs and work-related costs are more than they are able to contend with.

Chairman GRIFFITHS. What I asked first from Mr. Bashara about the woman who said to me that she got, I believe, at that time \$75 at the McNamara Skill Center and if she went to work for \$85 it's not enough of a differential to cause anybody to want to go to work, is that what you are saying?

Mr. McCONNELL. I am saying that is part of it.

Chairman GRIFFITHS. In reality when they are trained and when they get the job and when they have to pay the taxes and the cost of going to work, whatever that may be either in clothing or transportation or whatever, that even with the disregard it still doesn't make the difference between that and drawing welfare. They might as well stay home and draw welfare.

Mr. McCONNELL. Not as long as they have to deal with a lot of different problems.

Chairman GRIFFITHS. How many people completing WIN find jobs?

Mr. McCONNELL. Roughly 35-40 percent.

Chairman GRIFFITHS. Most of those who leave WIN for reasons other than job placement, leave because of family care requirements or poor health or refusal to continue in the program or pregnancy or because they get married or leave ADC or move to another area. How can the number of people leaving WIN for reasons other than job placement be reduced?

Mr. McCONNELL. I think you discussed it earlier when you talked about child care services. There is a need for in-home child care services for women who want to participate in the world of work.

Chairman GRIFFITHS. At the present time in the State of Michigan we are paying for babysitters. Can't they handle that, can't they get sufficient babysitters to handle that?

Mr. McCONNELL. I am not exactly sure what the wage is that they are paying babysitters but it's not a large amount. Many people will not babysit for that amount.

Chairman GRIFFITHS. Well, in view of the fact that if the woman who did the babysitting was on welfare herself in general that money which another woman paid her could be disregarded so it would actually add to her income and the woman who did the work would gain; couldn't that be worked out?

Mr. McCONNELL. I think it's an excellent idea. I think sometimes the women who are on welfare are leary of doing that for another person on welfare.

Chairman GRIFFITHS. Why?

Mr. McCONNELL. Mainly through lack of knowledge about how it's going to affect her welfare grant.

Chairman GRIFFITHS. Can't we explain that to them?

Mr. McCONNELL. I think we do. I think the rules have changed over a period of time and people are still not quite sure that they want to accept that.

Chairman GRIFFITHS. Can't family care responsibilities be determined before enrollment in WIN?

Mr. McCONNELL. I think a determination is made but depending on the length of time that the determination is made until the person

is enrolled, that may change. So that if it's timely then it's effective.

Chairman GRIFFITHS. When a person refuses to continue in WIN, is he or she dropped from the AFDC rolls?

Mr. McCONNELL. Right, the Department of Social Service removes her name from the welfare roll.

Chairman GRIFFITHS. What do they do about the children?

Mr. McCONNELL. That is continued.

Chairman GRIFFITHS. The money for the mother or father is removed?

Mr. McCONNELL. Right.

Chairman GRIFFITHS. Approximately what percentage of WIN enrollees have been dropped from the rolls because of a refusal to continue?

Mr. McCONNELL. What percentage?

Chairman GRIFFITHS. Yes.

Mr. McCONNELL. I would have to hazard a guess. I would say 10 percent or less.

Chairman GRIFFITHS. When you get this record back to check will you make sure you have the figures in there because we will send you the record.

Mr. McCONNELL. Yes.

(The information referred to follows:)

The period from June 1971 through May 1972 shows 902 terminations, 76 for refusal to participate or 8 percent.

Chairman GRIFFITHS. When a WIN enrollee moves to another area and remains on AFDC, is he or she automatically put into the WIN program at the new location?

Mr. McCONNELL. Yes.

Chairman GRIFFITHS. The number of persons referred to WIN far exceeds the number which can be placed for enrollment. In 1971 the Michigan Auditor General estimated that at the present rate of terminations and enrollment, if all referrals to WIN were to stop, it would take about 2 years to enroll all people who are in priority No. 4 and an additional 6 years to take care of priority No. 5, mothers with pre-school children. Most mothers in priority No. 5 are young and many are high school graduates and need only a small amount of training to be placed on a job. Is there still a long waiting list on WIN?

Mr. McCONNELL. Recently it's been reduced because we have tried to step up our intake so that we are reaching the four's and five's.

Chairman GRIFFITHS. What do you think of the priorities?

Mr. McCONNELL. What do I think of them?

Chairman GRIFFITHS. Yes, do you think they are in proper position or do you think they should be changed?

Mr. McCONNELL. I think they should be changed.

Chairman GRIFFITHS. Who do you think should be given the first priority?

Mr. McCONNELL. The people who volunteer for the program.

Chairman GRIFFITHS. Would you think that the young mothers, the ones with the high school education, the ones who have the ability, should be second or do you think they should be given a higher priority?

Mr. McCONNELL. Yes, I think they should.

Chairman GRIFFITHS. Good. I think that's one of the first times we have had an answer where male prejudice has been overcome.

Are there sufficient numbers of staff to be able to develop the individualized employment plans that are required?

Mr. BASHARA. Yes.

Chairman GRIFFITHS. I'm sure you think that WIN is serving a useful purpose.

Mr. BASHARA. Yes; I believe that it is.

Chairman GRIFFITHS. Could you give us suggestions on how it could be improved?

Mr. BASHARA. Well, the biggest need in WIN is for opportunities for employment for people. One of the things I think, and I hope, is going to happen, is the tax credit thing. I think other incentives to employers, whereby they would be encouraged to take people who are welfare recipients into the labor market, would necessarily be a boon to the program. I think if we can have timely medical services and child care services, I think those will assist the people remaining in the program to complete the program.

Chairman GRIFFITHS. Could you give us some idea of the types of training WIN enrollees have been given in the last year?

Mr. BASHARA. Yes. I don't know where to start. It was in the clerical field and we can start with bookkeeping training, clerk typing, stenographer, secretarial training, just to name a few.

Then you have, in the medical profession, licensed practical nurses, inhalation therapy, medical lab assistants, ward clerks, medical transcriber machine operators.

We have training in mechanical and repairing occupations, automobile mechanic, automobile repairmen, TV repairmen. I could go on and on.

Chairman GRIFFITHS. What are the most common types of training which AFDC mothers participating in WIN get?

Mr. BASHARA. It would probably be clerical training.

Chairman GRIFFITHS. Clerical training?

Mr. BASHARA. Within that broad category.

Chairman GRIFFITHS. Which type of training results in the most jobs?

Mr. BASHARA. It would also probably be clerical.

Chairman GRIFFITHS. What is the average pay scale on jobs which WIN-trained people get?

Mr. BASHARA. I don't know the average. I have some sample figures of some of the monthly rates.

Chairman GRIFFITHS. Will you attach that sheet to the record when you get it. I believe I saw some of those and I think those are quite interesting. It looked to me like a maid out at Howard Johnson's got more money than anybody else. I think that was probably before tips. I was amazed at the salary.

Mr. BASHARA. The salaries range on this sheet which is for 1 month from \$774 down to approximately \$200 per month.

Chairman GRIFFITHS. I think those are interesting figures.

Then I would like to ask you all, do you really think that the training programs are effective in getting jobs for people? Mr. Bashara, you said you thought they should be longer. We should have a training period that should be longer.

What do you think, Mr. Baumstark?

Mr. BAUMSTARK. I think they are effective. I think the MDTA programs are effective.

Chairman GRIFFITHS. How many people have been placed from the MDTA figures?

Mr. BAUMSTARK. I don't have those figures.

Chairman GRIFFITHS. When I send back this record, would you put that in if available?

What suggestion would you like to make for improving any of these programs or improving the way in which they are handled?

Mr. BASHARA. Can I answer the last question about MDTA?

Chairman GRIFFITHS. Yes.

Mr. BASHARA. For the fiscal year 1971, the number of trainees for MDTA institutional training was 2,074. JOBS 1970, number of trainees was 3,845. On the job training was 324. These were the number of approved which totaled 3, 4, 5, 6,000. Dropped were 518, 961, and 81 which is about 1,500.

Completed MDTA institutional 1,556. JOBS 1970, 2,884. OJT, 243.

Placed MDTA institutional, 1,182. JOBS 1970, 2,884. OJT, 243.

Naturally, the JOBS 1970 and the OJT figure of the number completed and the number placed would be the same because they are on the job, they are doing the job at the time they complete it so therefore, they are working and would work right in.

I do feel that the relationship between the MDTA completed of 1,556 and placed 1,182 is not a bad figure.

I don't know if the costs are of any interest to you but it cost about \$15 million.

Chairman GRIFFITHS. Yes, it interests me.

Mr. BAUMSTARK. I might add, that after these individuals were placed they became taxpayers and it's an all new ballgame.

Chairman GRIFFITHS. Of course, it doesn't make any difference if WIN did save only \$2 million, you put those people into the position of paying taxes so that in the long run the savings is present besides the fact that it certainly must make a more meaningful, helpful life for people than sitting around collecting welfare.

Mr. BASHARA. I hate to repeat myself, but, again, if there was more allowance for longer and more skilled training more people would go to work.

Chairman GRIFFITHS. It would be more helpful.

Mr. BASHARA. We would be better able to place more people.

Chairman GRIFFITHS. I think that seems quite obvious.

Mr. BAUMSTARK. I think I might emphasize the last point you make, it becomes more meaningful. You eliminate a lot of personal problems. They learn to cope with things that they were not able to do prior to the training.

Chairman GRIFFITHS. One of the suggestions I believe that two of you have made is that it would be helpful if more employers were given a subsidy to take on a less well-trained individual. I think this is going to go into law. I think it will gladden the heart of Senator Long who wants it to go into law. One of the things towards which everyone now pushes is an increased minimum wage. Of course, when you get that minimum wage up to \$2 an hour, which is conceivable that it's going to be in anything governmental, in interstate commerce, it means actually that you are asking a private employer and, very frequently, a very small private employer, to assume the full risk, not only for taking on the \$2 an hour but all the fringe benefits he has to pay be-

sides that, and that's a tremendous financial burden upon him, so that if he is subsidized on it perhaps it makes some sense.

What do you think, Mr. McCarty?

Mr. McCARTY. Well, the union has not formulated any specific reaction to that kind of proposal yet.

Chairman GRIFFITHS. You can talk for yourself.

Mr. McCARTY. I would hope for the really big corporations—some of which we have seen recently in the papers, including, I would guess, the mortgage companies that operate in the city of Detroit that make some billions of dollars nationwide and some of the things that have occurred recently—that the effective, the real tax rate that some of these corporations, some of these banks are paying, could be put at a high enough level so that the taxes for working people and for working businesses wouldn't have to be out of line.

Chairman GRIFFITHS. Of course, isn't the problem with welfare, all types of welfare, the real problem is that you are not treating people equally. It's not alone that some do not get enough. It's the fact that not all get whatever they are entitled to. The fact that people who work in many instances are getting less than the people who don't, that's really the problem. What you ought to do is treat everybody equally.

Mr. McCARTY. I would welcome an extremely rigorous enforcement of, say, of a minimum wage at \$2.50 an hour and perhaps \$3 an hour.

Chairman GRIFFITHS. But that begs a question of what are we doing on welfare now. We are treating people unequally. The working poor are not doing nearly as well as people on welfare and they are actually contributing to the people who are on welfare.

Now this is the thing that H.R. 1 started out to correct so that you at least treated the working poor and those who were already on welfare more equally. You didn't have to give up your job, go on welfare and then go back to work.

Mr. McCARTY. I would assume it would be the union's position that if you are treating the people on welfare and the working poor equally under H.R. 1, the treatment for both would be quickly reduced to abysmal treatment.

Chairman GRIFFITHS. It would be what?

Mr. McCARTY. It would be reduced to abysmal treatment unless the very recalcitrant State legislatures step into the void to reduce the benefits from 90 percent of the welfare recipients.

Chairman GRIFFITHS. I think you are quite wrong. I think all you are looking at is Michigan. You have no idea what H.R. 1 would do for large parts of the South. There's one entire congressional district where the average income in that district is less than the income in H.R. 1. So that in effect for those more than 400,000 people, you would pick up more than half of them under H.R. 1, more than half of those who were working. You can't look at just Michigan. You have got to look at the whole Nation and the truth is that H.R. 1 was the first step that was ever made to try to treat all of these people equally.

You know the first step can't be the ideal step. You just have to start some place. A journey of a thousand miles begins with one step and that's the first step. You have got to do something besides what we are now doing.

Mr. BASHARA. Madam Chairman, if they could find ways to improve the welfare laws so that they would reward rather than penalize

recipients who are willing to try to go to work, who are willing to try family life, this is what we need rather than the penalizing that we are going through now. As long as there are more unemployed people than there are jobs, we may change the mix but we are not going to change the number of unemployed.

Chairman GRIFFITHS. And we are still going to have the same old discrepancies in the thing if we go on the way we are.

Mr. BASHARA. We may put a welfare applicant to work but the person who did not get a job because of that particular person working, may wind up on welfare—who knows? I don't know. I am just starting an assumption that this could happen. Part of it is the economy. Part of it is this problem. We go back to the point of he wants \$2.50 an hour for minimum wage. That will put a lot of small businesses right out of work. They couldn't compete.

Chairman GRIFFITHS. You destroy the business completely. Many small firms can't manage that kind of wage.

I want to thank all of you for your testimony. It was just excellent.

This subcommittee will stand adjourned until 10 o'clock in the morning at this same place.

(Whereupon, the subcommittee adjourned, to reconvene at 10 a.m., Friday, May 5, 1972.)

PROBLEMS IN ADMINISTRATION OF PUBLIC WELFARE PROGRAMS

FRIDAY, MAY 5, 1972

CONGRESS OF THE UNITED STATES,
SUBCOMMITTEE ON FISCAL POLICY
OF THE JOINT ECONOMIC COMMITTEE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10 a.m., in room 859, the Federal Building, Detroit, Mich., Hon. Martha W. Griffiths (chairman of the subcommittee) presiding.

Present: Representative Griffiths.

Also present: Alair A. Townsend, technical director; Sharon S. Galm, staff counsel; Patricia Kelly, legislative assistant to Representative Griffiths; and Walter B. Laessig, minority counsel.

Chairman GRIFFITHS. I would like to announce that the witness to my left is Mr. Harold Varner, director of the Detroit Housing Commission, and the witness to my right is William Whitbeck, HUD area director.

We will begin with your statement, Mr. Varner.

STATEMENT OF HAROLD VARNER, DIRECTOR, DETROIT HOUSING COMMISSION

MR. VARNER. Let me first indicate that the Detroit Housing Commission does not administer any welfare or ADC programs. We are an agency of the Detroit city government responsible for the redevelopment efforts of the city, and the development, maintenance, and management of approximately 10,000 units of public housing. Because of our involvement in these programs, we are generally charged with the responsibility of finding housing for persons displaced by governmental action, many of whom are agency-assisted families. Often such displacees are rehoused in one of our public housing developments. Our experience in these areas, we believe, gives us intimate understanding of the social, economic, and emotional problem of those who find themselves captives of the public assistance programs.

Detroit's principal source of decent, safe, and sanitary housing for the very poor is public housing. Analysis made just last year indicated that approximately 40 percent of the public housing residents are families that receive public income assistance, and that percentage is increasing steadily. As you probably know, the rent charged residents in public housing cannot exceed 25 percent of the families adjusted income. If you couple that with the rapid increase of the lowest income families, it should be easy to see that the public housing program is being economically shaken.

So that there is no possibility of misunderstanding, let me make our position perfectly clear. We consider our responsibility in our public housing program to provide housing for all who do not have the economic ability to find decent, livable housing in the private market, and within the statutory limitations under which we operate, shall continue to serve that need, as long as economically possible.

One of the economic burdens in the public housing program is the loss of delinquent rent. Residents get behind in their rent from time to time, as many who are affluent in our society do on occasion. For the economically deprived, however, the ability to catch up on that delinquency is difficult, if indeed, at all possible. When their income is inadequate to meet their family needs for mere existence, some families become frustrated and embarrassed and simply leave. Rents of those who are not on public assistance are generally collectable, and in most instances, we're able to collect the rent that was due. But under Michigan law, public assistance checks cannot be attached by a creditor, nor can the agency be forced to "guarantee" rent payments.

The experience of the Detroit Housing Commission with our welfare clientele has pointed out to us that the funds necessary to create incentives among them to ascertain higher goals and expand opportunities for their children is not contained in the present "bare bones" allotment they receive. The program of assistance, as now constituted, perpetuates and traps a majority of its clientele in "lower-class" isolation from generation to generation. The incentives for the "good life" and the opportunity for upgrading their "quality of life" is not contained in the inadequate "maintenance allowance" which provides no "margin for error" by the recipients. Members of the more affluent society, attorneys and accountants, and fiscal specialists in government, provide for and expect budgetary overrides in their cost analysis, yet we provide no allowance override for those who are the least prepared in budgeting and home management.

There are those, I am sure, who have difficulty understanding why a family on public income assistance should be behind in their rent. But it is not really that difficult to understand, if we properly analyze it. The tight money funding of most of these programs often force and create crisis choices for the recipients. The choice between paying your rent and providing food and clothing for your family is one that I would not like to find myself in too often. I would not envy the parent who faces the question: "How do I provide a gift for my child on Christmas so that she can enjoy some of the pleasures of the good life that so many others in society take for granted?" The family that must make the choice between providing for a loved one's funeral and paying the rent will find that either choice will lead to emotional as well as fiscal chaos. I'm sure that all of you can think of the kind of emergency situations that arise in each of our lives that cause us to make choices about how we spend our income and that often set us back financially. When a person of the very lowest income is set back, however, they have absolutely no way to recuperate. They have no way to make the necessary adjustment without neglecting another vital part of their economic responsibility.

Some will still not accept this as a reason of going into debt or not being able to take care of the economic responsibilities that the family faces. They would say this is an indication of the family's

inability to manage their financial affairs, and perhaps a training program should be established to train the family in money management. I submit to you that any family of four that manages to stay current in their financial responsibilities of \$216 a month for any period of time has an ability of money management that far exceeds that of most of the people in the society who find themselves in a better economic situation.

We have a program that we call family housing. We purchase housing in reasonably good neighborhoods and lease them to our public housing clients. Under this program it is the residents' responsibility to maintain that property as best they can. But with the low level of income payments to those who find themselves on agency assistance, we are very much afraid we will not be in a position to offer that as a possible choice to them. We are concerned that without the family's financial ability to take care of the minimum repair and maintenance of that house, we will be in fact asking for difficulties in that neighborhood. It is a shame and unconscionable that our programs can't be structured so that every family regardless of income has the possibility of living in a decent environment.

We have a similar program that we are developing for home purchase under the turnkey III program. A family can move into a unit and by maintaining that unit without any expense to our agency, can eventually become owners of that unit. For those that are on public assistance again, because of their level of income, it is absolutely impossible to afford the expense of maintenance and repair. Thus, this is another program that they will be left out of if some corrections are not made. Not only is it getting more and more difficult to house the very, very poor in public housing, but the other low-income programs such as 235 and 236 are beginning to suffer also. We find it difficult to provide housing for this, the lowest income group in our society.

What we view as chaotic is the trend toward reducing assistance to welfare recipients rather than expanding assistance. As a nation we appear to be approaching a policy of sterile containment and "maintenance level" of a low-income class in neighborhoods void of good schools, containing high prices for inadequate and substandard merchandise, where drug sales and addiction, crime, and prostitution abound and continue to escalate.

This is generally justified by the discovery of violators in the program. It seems that the exaggerated importance given to that small percentage that have misused the program is too often used as an opportunity by those who consider poor and black synonymous with lazy and immoral, an opportunity to discredit any program that attempts to recognize and assist those who have been socially, economically, and educationally deprived. We recognize that the programs as presently structured do no more than entrap those that are forced to exist in their clutches. However, it is not because of poor or inadequate administration, but rather from inadequate funding and the lack of meaningful ancillary programs designed to give the poor an opportunity to remove themselves from the fishbowl of public assistance. The misguided and unknowledgeable structuring of laws, rules, and regulations in effect force those of low income into a situation of what I'd consider indentured slavery. To be forced to work at a wage below,

the minimum wage level established in this country seems to be fashioning a conscripted cheap wage labor program. How can we in good conscience say to the poor that rather than structuring the kind of jobs that could meaningfully assist in the production of a better society, we will force you, if you intend to live at all, to become the lackies and the coolies of our society, to work at whatever task we say you should work at, regardless of whether it's constructive or not?

In this the most affluent country that the world has ever known, it would seem that we would be more humane. It would seem that it is time now to reassess our racist classist attitude and get down to the task of formulating the kind of programs that would allow those who, for the most part, have been forced into their social and economic deprivation to gain the dignity of being a productive and valued member of society. I would suggest that your subcommittee investigate the possibility of creating the following kinds of programs to achieve this goal:

The establishment of a comprehensive day care-child care program run and operated by those who presently are dependent upon agency assistance. With these persons involved in the program being paid a living wage that would permit them to not only be useful but to also have the kind of economic upward mobility that government programs allude to. This kind of program would then provide a way for other families that find it difficult to take employment because of their children's needs to go out and secure jobs.

I would suggest the establishment of a training program on a massive and comprehensive level that could give people the opportunity to develop the skills necessary to participate in this and other programs.

The development of a social service program to provide for the young and the old; the kind of social service programs, and activities, that both age groups so desperately need. Again, a person involved in the program should be selected from the present assistance rolls and be paid an adequate wage; not a wage that is below or at the minimum level, but one that would allow participation in the "good life."

The establishment of conservation jobs which relate to the improvement of the ecology of our city could employ those who are presently underemployed or unemployed so that they too could provide necessary services not presently structured in city budgets.

With our ever growing need for public housing development and housing management services we should involve many of those in residence in the execution of these services.

Those that presently find themselves dependent upon programs of public income assistance could and should have priority in being educated and trained to take these positions. And when I say priority, I means just that. They should have the No. 1 opportunity at these new positions and the Federal Government should demand it as a part of its housing assistance program.

I am sure that if we had been given more time to prepare our statement, we would have been able to suggest a great many programs for job development. I submit to you that most of these that we've discussed could in fact be self-sustaining. But, if they are not totally self-sustaining, I am sure that the subsidy level required to assist in the development of productive jobs would be well worth the dollars

that this country committed to the alleviation of total Federal dependency.

While we mouth the desire to help the poor in this country, our monetary commitment is to the dictatorships around the world. Our commitment to democracy is in some propped-up military government in some far-off land; and the commitment in terms of lives, money, and dedication is far greater than any expression we have ever manifested toward the "democratically deprived" in the United States of America. The tragedy is that at home we are fostering the cancer of revolution and creating the enemy of our society by the perpetuation of welfare enclaves. This well could be our next Vietnam. We are swiftly, and unconcernedly moving toward a divided society. America inadvertently is bombing one segment into mass resentment with half truths, and the other with economic, social, and political exclusion. There is no one in this country who can say after we have placed a man on the moon, that we cannot solve the despicable problems of a permanent revolving class of the poor, which appears to be in the process of becoming hermetically sealed off from the affluent suburban society. There was a time when the affluent society thought drug addiction could be restricted to the inner cities of this Nation, to the black and the poor. We know better now, and should realize that this country will not contain the major social problems of unemployment, crime, dope, prostitution, and disease by a return to involuntary servitude. In these days of mass communication, the high visibility of affluence cannot be concealed from the burgeoning number of poor and they will not be tranquilized into subhuman obedience.

There is a nonstatement that I often like to make. It is, that the problem with poor people is that they don't have any money. And, if we are sincere about assisting the poor, then what we should get on with is the business of finding a way to remove them from poverty. It is time that we dedicated ourselves to the problem of solving the cancer rather than wrapping a band-aid around it; that we get to the core of the problem of providing the kind of opportunity that would eliminate the appalling differential between haves and the havenots.

We have talked about the problem. We have spread perfume on the problem. We have criticized the problem. We have investigated the problem. We have studied the problem. We have written reports on the problem. Then we have studied it again. But, we've never yet committed ourselves to dealing with the problem. It is time that we packaged our commitment of the Declaration of Independence, the Constitution of the United States, and the Bill of Rights and delivered it to all the people.

Thank you.

Chairman GRIFFITHS. Thank you, Mr. Varner.

Mr. Whitbeck, would you proceed please?

STATEMENT OF WILLIAM C. WHITBECK, AREA DIRECTOR, DETROIT, MICH., AREA OFFICE, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Mr. WHITBECK. Madam Chairman and members of the committee: Thank you for the opportunity to testify concerning the administra-

tive actions involved in obtaining a home or a rental unit under the housing programs of the Department of Housing and Urban Development (HUD).

I. HOMEOWNERSHIP

Let me begin by discussing HUD's homeownership programs. There are a variety of programs designed to assist a purchaser in obtaining a home. This assistance is in the form of insurance of mortgage loans.

There are three basic homeownership programs, two unsubsidized and one subsidized:

Section 203B.—This is an unsubsidized, no-income limit program, which permits a mortgage as high as \$33,000.

Section 221(d)(2).—This is the low and moderate income non-subsidized program. The mortgage cannot exceed \$21,000–\$24,000.

Section 235.—This is the low- and moderate-income subsidized program for the income eligible purchaser. The mortgage limits are the same as for section 221(d)(2).

Administrative steps involved in purchasing a home

The committee has asked for the administrative steps involved in the purchase of a home under HUD programs. The administrative steps involved in the purchase of a home are essentially the same for all HUD homeownership programs, whether subsidized or unsubsidized. Where there are significant differences in requirements, they will be noted. Since the committee's chief interest is subsidized homeownership I will walk the committee through the procedures leading to acquiring homeownership under section 235.

No housing is built under the section 235 interest subsidy program, per se. Applications for the construction of new housing are processed under one of the regular mortgage insurance programs, such as 203, 221(d)(2).

Let's take an example of a new or proposed house which is to be built on land not yet developed. There are certain steps necessary to qualify the land for application processing.

Precommitment processing (new construction on undeveloped land)

1. *First submission.*—Two sets of "application for subdivision feasibility analysis" are filed.

2. *Feasibility analysis.*—HUD issues a letter stating that the subdivision is feasible and requests submission of complete preconstruction exhibits.

3. *Second submission.*—The developer submits two sets of exhibits for preconstruction analysis. The exhibits include plans for each basic type of house.

4. *Preconstruction exhibit analysis.*—Upon approval HUD returns one set of preconstruction exhibits to the developer indicating revisions, if any, and invites applications for commitments on individual properties.

Conditional commitment (appraisal)

1. The mortgagee submits applications for individual properties on behalf of the developer.

2. HUD completes architectural and valuation approval analysis and issues commitments.

3. Construction begins upon issuance of commitment.

4. The developer notifies of the construction start and calls for a site inspection.

The foregoing are the basic steps for obtaining property approval for mortgage insurance on new construction. Appended to my statement as exhibit I, is a submission guide which covers those steps; column I, summarizes the steps which are involved in obtaining a conditional commitment on new construction. The total processing time for a conditional commitment, on new construction is 10-15 days.

For an existing or older house no preliminary analysis is required. The standard application (form 2800) is submitted. The house and site are inspected and a conditional commitment is issued. This commitment contains the appraisal, mortgage amount, and any special conditions. A conditional commitment for existing construction requires 5-10 days. Exhibit I, submission guide, column 2, Existing Construction details the forms required in this step.

II. SUBSIDIZED HOMEOWNERSHIP SECTION 235

To continue the hypothetical case let us assume that the house to be constructed will be purchased and insured under section 235. As the committee will recall, this program enables lower income families to obtain homeownership with the aid of Federal subsidy payments and mortgage insurance. If the homebuyer cannot afford a mortgage payment with 20 percent of his income, HUD will reduce his interest cost on a market-rate mortgage to as low as 1 percent.

The regular mortgage limits under section 235 in Detroit are \$21,000 with an added increment of \$3,000 for properties with four or more bedrooms purchased by a family of five or more persons.

The maximum interest rate that can be charged by the mortgage is presently 7 percent plus an annual mortgage insurance premium of one-half of 1 percent. The downpayment must be at least \$200.

Eligible home buyers must have an adjusted family income before taxes which does not exceed 135 percent of the local maximum entrance limits for public housing. Adjusted family income equals the gross annual income of the family from all sources, before taxes and withholding, minus certain exclusions. In addition to these limits, there is a maximum asset limitation.

The income limits applicable to Wayne County for section 235 are:

Location, Wayne County, Mich.

Number of persons in family :

1	-----	\$5, 535
2	-----	6, 885
3	-----	7, 560
4	-----	8, 100
5	-----	8, 640
6	-----	9, 045
7	-----	9, 450
8	-----	9, 720
9	-----	9, 990
10	-----	10, 260

To be eligible for subsidy under this program, the purchase must be made for family use. A family is defined as two or more persons related by blood, marriage, or operation of law; a handicapped person; or single person 62 years of age or older.

Public assistance recipients (ADC)

Since April 1968, those receiving public assistance have been considered eligible for home purchase under interest subsidy as well as all other mortgage insurance programs. The source of income is disclosed on the mortgagor application as well as in the credit report accompanying the application. The application for public assistance purchasers is accompanied by evidence of the allowance provided by the Department of Social Services.

The area office estimates that approximately 12,000 mortgages have been insured for public assistance recipients, 3,000 under section 235.

The interest subsidy works in the following manner. Assistance payments are made pursuant to a mortgage assistance payment contract. The provisions of this contract are incorporated into the contract between HUD and the approved mortgagee.

The assistance payment is an amount representing the difference between a monthly mortgage payment based on the full interest charge and the payment based on a 1-percent interest charge.

The application for assistance is submitted together with the regular application and other required exhibits needed for credit approval. A hypothetical case is appended to my statement as exhibit II.

If a builder or seller wants to be sure that assistance funds will be available when he is planning a project, he may request a preliminary reservation of funds. Otherwise, there is no assurance that subsidy funds will be available when the completed units are ready for sale. Funds are not reserved for fewer than five dwelling units.

Application for a firm commitment and buyer approval

I have outlined the steps for obtaining property approval. The following steps for a firm commitment under section 235 deal with approval of the purchaser. Application for approval of the home buyer originates with the mortgage lender. Exhibit 1, column 3 identifies the required documents.

1. The first step in the process is the mortgagees application for mortgagor approval and commitment (form 2900). The information with respect to this submission is obtained by the mortgagee from the mortgagor and must be executed by the mortgagee and the purchaser.

2. If the application discloses savings deposits, the mortgagee must request verification of deposit from the depository.

3. The mortgagee initiates the request for verification of employment from the purchaser's employer.

4. If the applicant is self-employed, he must prepare and submit to the mortgagee representative a profit-and-loss statement and a balance sheet.

5. The mortgagee requests and obtains a credit report. The credit reporting bureau generally confers with the mortgagor applicant before issuance of the report.

6. A purchase agreement previously executed between buyer and seller accompanies the submission.

7. If the house consists of more than one dwelling unit, the purchaser must execute a mortgagor's contract with respect to hotel and transient use of property, certifying that the rental unit or units will not be used for transient purposes.

8. The purchaser qualifying for interest subsidy must execute one additional form which provides information as to family composition,

age of dependents, asset disclosure, and contains the worksheet which allows for computation of the amount of subsidy for which the family might qualify.

The firm commitment for the approved buyer issued to the lender is accompanied by the calculation reflecting the Government's portion of the monthly payment. Assuming all exhibits are complete and acceptable and no additional information is required, buyer processing requires 4 to 7 days.

The homebuyer under section 235

Like any other homebuyers the subsidy purchaser is responsible for finding the house he wishes to buy. The means of locating the house is the same for all purchasers.

For those interested in purchase subject to subsidy, the area office maintains a register which identifies those builder-sponsors for whom reservations of contract authority have been set aside. The register describes location of proposed construction as well as the name and address of the builder-developer sponsor. Since January 1971, the purchase of an existing house under section 235 has been limited to housing which HUD has acquired, reahabilitated, and offered for sale.

Case studies.—Appended to my statement as exhibit III are four actual cases of subsidized home purchase under section 235, two of which are public assistance recipients. The committee will note that in case A, an ADC recipient, receiving public assistance in the amount of \$671.87 per month, purchased a home for \$23,050. Her total monthly payments are \$221.00 per month, of which \$88.78 is being paid by HUD under section 235. In case B, an ADC recipient receiving public assistance in the amount of \$447.00 per month, purchased a home for \$19,400. Her total monthly payments are \$173.00, of which \$74.78 is being paid by HUD under section 235.

III. SUBSIDIZED MULTIFAMILY HOUSING

The two basic subsidized multifamily housing programs are section 236 and rent supplement.

Section 236

Section 236 is an interest subsidized rental program for low- and moderate-income families. The housing is privately built and privately owned. Assistance in the form of interest reduction payments is provided by HUD to the mortgagee to reduce costs to the occupant.

The program is designed for low- and moderate-income families, but other eligible single persons over 62 years of age or handicapped persons are also eligible. Income limits are identical to those previously described under section 235. Income limit restrictions do not apply to tenants who pay the fair market rental.

Rent supplement in section 236 projects

Up to 40 percent of the units in a project may be occupied by tenants receiving rent supplement payments. By using this program in tandem with section 236, families at public housing income levels are provided with expanded housing options.

The additional assistance is in the form of a subsidy of that portion of the rental payment beyond the maximum allowable subsidy under section 236.

Basic and market rentals in section 236 projects

The project sponsor must establish a basic monthly rental and a fair market monthly rental for each dwelling. The basic monthly rental charge is based on operation of the project at a 1 percent interest rate on the mortgage and the fair market rental is based on operation at a market interest rate.

Multifamily processing stages

All multifamily projects are developed procedurally in the same basic manner. The basic steps include the following:

1. The sponsor-developer makes initial contact with the HUD office on the proposal.

2. The sponsor prepares the application with related exhibits outlining the proposal.

3. HUD analyses the application, making a project cost estimate, establishing a construction budget, determining tentative mortgage amount, cash requirements, site selection, permissive zoning, project income, prospective market, proposed project management and the sponsor's acceptability.

4. The determinations named above are discussed at a feasibility conference. If the sponsor agrees with the determination, a formal feasibility letter containing the terms and inviting application for commitment is issued.

5. The sponsor, assisted by the assigned HUD design representative, prepares the required exhibits including schematic architectural drawings and outline specifications.

6. The application for commitment is filed accompanied by an application fee.

7. The exhibits are reviewed and conditional commitment issued to the mortgage lender.

8. The sponsor's architect prepares the final drawings and specifications.

9. The mortgagee makes application for firm commitment and pays the balance of the commitment fee.

10. HUD issues the firm commitment. With the issuance of a firm commitment, the date for initial closing and the date for start of construction are agreed upon by HUD, the mortgagee, the sponsor and his architect.

11. Initial closing is held and the original credit instrument is endorsed.

12. Simultaneously with the initial closing, a preconstruction conference is held and is a prerequisite to start of construction. The conference outlines responsibilities in the areas of equal housing opportunity, prevailing wage requirements and fair employment practices.

13. The project is constructed.

14. Cost certification is made.

15. Final closing is held.

These basic steps may be reduced at the discretion of the sponsor and based upon his knowledge and experience in project development. HUD's multifamily project processing is a flexible approach respon-

sive to the sponsor's preparation and the character of the proposal. It is possible to process in a single stage or in three consecutive stages, namely:

Feasibility analysis

This initial stage analysis provides a determination of feasibility or lack thereof for a sponsor's specific proposal. If funds are available and feasibility is determined a feasibility letter is issued.

Conditional commitment

The second stage involves preparation of exhibits by the sponsor and his architect that conform to the feasibility analysis. The resulting formal conditional commitment assures acceptance of an application for firm commitment provided the conditions identified are satisfactorily assured.

Firm commitment

The third stage after review of the architect's working drawings and specifications by HUD culminates in a HUD firm commitment.

Single stage

Knowledgeable sponsors, familiar with HUD multifamily processing requirements, may achieve a firm commitment in a single stage. The sponsor's complete case submission may be processed in one stage and a firm commitment issued.

Case studies

Appended to my statement as exhibit IV are actual cases of subsidized rentals, under section 236, two of which are public assistance recipients. The committee will note that in case A, an ADC recipient, receiving public assistance in the amount of \$3,084 yearly occupies a unit having a market rental at full interest of \$198 per month. Her portion of the monthly rental, which is the basic rental, is \$123.19 per month and the difference, \$74.81 is paid by HUD.

In case B, an ADC recipient, receiving public assistance in the amount of \$1,733 yearly occupies a unit having a market rental at full interest of \$198 per month. Her portion of the monthly rental, which is the basic rental, is \$123.19. The difference of \$74.81 is paid by HUD through the interest reduction payment. In both cases A and B, the tenant's rent is further reduced by rent supplements.

Like any other renter, the tenant eligible for subsidy is responsible for finding the unit of his choice. For those interested in renting subject to subsidy the area office, as has been previously stated, maintains a register which identifies the project sponsor, and location of the project on which contract authority has been set aside. Tenant selection is a management responsibility under all HUD multifamily programs. Only subsidy tenants must be approved by HUD. An application disclosing family composition, income, and assets is executed for analysis of tenant eligibility and the amount of subsidy which will be HUD's portion of the monthly rental.

The section 236 program has phased out the section 221(d)(3) BMIR (below market interest rate) program. Because the mortgage

must return to HUD all rents collected above basic rent, the section 236 program subsidizes the eligible tenants for the duration of their eligibility rather than the full project mortgage for the entire term of the loan as was provided by section 221 (d) (3).

In the 26 counties formerly comprising the insuring office jurisdiction, 148 section 221 (d) (3) projects were completed and seven are still under construction for a total of 12,322 units. Under the interest subsidy program, section 236, 40 projects have been completed, 50 are under construction, and 52 are in processing for a total of 16,896 units.

The committee has requested any suggestions or changes in the administration of housing programs.

The department has advocated changes in the housing programs since 1970. For our most recent recommendations, I refer the committee to the 1971 Housing Consolidation and Simplification Act now before Congress, H.R. 9331.

Madam Chairman and members of the committee, this concludes my prepared statement. I will be happy to attempt to answer questions which you may have.

(The following exhibits were attached to Mr. Whitbeck's statement:)

EXHIBIT I

CHECKLIST OF FORMS NEEDED IN PROCESSING VARIOUS HOME MORTGAGE ACTIONS

Form required	Conditional		Firm		Architectural reconsideration ⁵	Valuation reconsideration ⁶	Firm re-finance ⁷	Change of mortgagors prior to insurance ⁸	Change of mortgagors after insurance form 2210 ⁹	P.F.S. applications and FNMA ¹⁰
	Proposed ¹	Existing ²	Conversion ³	Extension ⁴						
Form 2800—Mortgagee's application for property appraisal and commitment for mortgage insurance under National Housing Act	X ^{11 12 13}	X ^{11 14}			X ¹⁰					
Form 2900—Mortgagee's application for mortgagor approval and commitment for mortgage insurance under National Housing Act			X ^{3 15}				X	X ⁸	X	X ¹¹
Form 2004f—Verification of deposit			X				X	X	X	X
Form 2004g—Verification of employment (unless self-employed)			X				X	X	X	X
Profit and loss statement and balance sheet (if applicable)—Verification of self-employment			X				X	X	X	X
Credit report (must include mortgagee number)			X				X	X	X	X
Form 2005—(in duplicate) description of materials	X				X ⁵					
Purchase agreement	X ³	X ³	X					X	X	
Amendment to purchase agreement			X ³							
Form 2561—(in duplicate) mortgagors contract with respect to hotel and transient use of property where rental property is involved or mortgagor owns 4 or more dwelling units			X				X	X	X	X
Drawings, plot plans, elevations, floor, foundations, heating electrical (duplicate) and construction details	X				X ⁵					
Site report—(well or septic tank) (if applicable) signed by the county (duplicate) sanitarian	X	X ¹								
Plot plan layout of septic tank and tile field; drawings and specifications; builder's certification that installation is as described	X	X ¹								
Firm bid—Intended improvement (if applicable)		X					X			

See footnotes at end of table.

EXHIBIT I

CHECKLIST OF FORMS NEEDED IN PROCESSING VARIOUS HOME MORTGAGE ACTIONS—Continued

Form required	Conditional		Firm		Architectural reconsideration ⁶	Valuation reconsideration ⁶	Firm re-finance ⁷	Change of mortgagors prior to insurance ⁸	Change of mortgagors after insurance form 2210 ⁹	P.F.S. applications and FNMA ¹⁰
	Proposed ¹	Existing ²	Conversion ³	Extension ⁴						
Itemized list of personal obligations in excess of indebtedness against subject property for which funds are sought (if applicable).....							X			
Verification of land contract balance, signed by holder (if applicable).....							X			
Commitment.....										
Form 2210—Consent to substitution of mortgagor (triplicate).....					X ⁷	X ⁷		X ⁸		
Form 2577—Request for acceptance of changes in approved drawings and (duplicate) specifications.....									X	
Request by letter.....					X					
Form 2384—(executed) sales contract.....			X ⁴		X ⁶					X
Form 2004W—Major financing costs (P.F.S. only).....										X

- ¹ If house is under 1 year old.
- ² Copy of purchase agreement if house is sold.
- ³ Do not return conditional commitment when requesting increase on a conversion commitment. Any increase granted will be reflected on conversion commitment.
- ⁴ Be sure to use imprint stamp.
- ⁵ Needed only when major change is involved (change of plan).
- ⁶ Submit 3 comparable properties (recently sold).
- ⁷ Return outstanding conditional commitment when increase is being requested.
- ⁸ Relinquish any outstanding firm commitment.
- ⁹ Must be included when purchase agreement is executed prior to issuance of commitment.
- ¹⁰ For a change of location or for a change of plan.
- ¹¹ Unexpired CRV if initially processed by VA (must involve a known borrower).

PREPROCESSING EXHIBITS

- ¹² Equal employment opportunity certification (form 2010) required only once from each builder.
 - ¹³ Builder's certification (form 137) required only once.
 - ¹⁴ Equal opportunity in housing certificate (2011) signed by seller, when house not previously occupied.
 - ¹⁵ Include Form 3100, application for homeownership assistance for interest subsidy sec. 235 cases.
- Note: Submit 1 of each form unless otherwise indicated.

EXHIBIT II-A

APPLICATION FOR HOME OWNERSHIP ASSISTANCE UNDER SECTION 235 OF THE NATIONAL HOUSING ACT Mortgage - Home, Address and Zip Code (Please Type)		C. Property Address: 1015 McCord Detroit, Michigan	
21296-8 AREA MORTGAGE COMPANY WASHINGTON BUILDING DETROIT, MICHIGAN 48236		D. MORTGAGOR(S) NAME(S): Husband - <u>ADAMS, JOHN</u> Wife - <u>ADAMS, CONNIE</u> Co-Mortgagor(s) _____	
F. EMPLOYMENT: 1. Occupation - Husband <u>ADAMS, JOHN</u> Wife _____		2. Years Employed - <u>4</u> 3. Employer - <u>Atlas Radiator Company</u> <u>Detroit, Michigan 48235</u>	

F. HOUSEHOLD COMPOSITION AND ANNUAL FAMILY INCOME:				INCOME DURING LAST 12 MONTHS							
NAME	Age	Sex	Relationship	Social Security Number	Wages or Salary	RETIREMENT		BENEFIT PAYMENTS			
						Social Security	Other	Disability	Unemployment	Welfare	Other
1. ADAMS, JOHN	30	M	Husband or Head	364-46-0122	3036						
2. ADAMS, CONNIE	29	F	Wife								
3. ADAMS, DEBRA	12	F	Daughter								
4. ADAMS, PAMELA	8	F	Daughter								
5. ADAMS, GREGORY	5	M	Son								
6.											
7.											

8. Number in Household 5 9. Number of Minors (Under 21) 3 10. Number of Dependents (Exclude spouse) 3 11. Number of Handicapped 12. Total Income (Exclude Minors) \$ 3036 13. Less Unusual Income (See Instructions B) 152 14. Adjusted Annual Income of Adults (F-12 minus F-13) - \$ 2884 15. Less Number of Minors (F-9) 3 x \$300 900 16. Certified Adjusted Annual Family Income \$ 1984 17. Certified Adjusted Monthly Income (F-16 ÷ 12) \$ 165	TOTAL 3036 H. HOME INSURANCE TRANSACTION (FROM FIA FORM 2900) 1. Sale Price - \$101,500 4. Term in Months 360 2. Mortgage Amount - \$104,500 5. Interest Rate 7 1/2 3. Down Payment - \$ 350 6. Est. Mortgage Payment - \$ 85.68 I. ASSETS: (All Family Members) 1. Cash \$ 352.92 2. Checking or Savings Accounts \$ - 3. Bonds and Stocks \$ - 4. Real Estate Holdings (a) Original Sale Price \$ - (b) Less Unpaid Balance \$ - (c) Equity (4a minus 4b) \$ - 5. TOTAL ASSETS \$ 350.00
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G. ASSISTANCE CALCULATIONS: 1. Area Income Limits for this Family \$ 2830 2. Based on - <input type="checkbox"/> 155% of Public Housing <input checked="" type="checkbox"/> 90% of 221(b)(3) 3. Monthly Mortgage Payment (H-6) 95.48 4. 30% of Certified Monthly Income (F-17) 33.00 5. Formula (1) For Monthly Subsidy (G-3 minus G-4) 62.48 6. Monthly Payment (Principal + Interest + MIP) 77.48 7. Monthly Payment Principal + Interest @ 1% 33.65 8. Formula (2) For Monthly Subsidy (G-5 minus G-6) \$ 43.83 9. Assistance Payment Authorized (Lesser of G-5 or G-8) 43.83 10. Mortgage's Monthly Payment (G-3 minus G-9) 51.65		J. ASSETS ALLOWANCE: 1. Dependents (F-10) 3 x \$500 \$ 1500.00 2. Annual Share of Mortgage Payment (Mortgagor's Monthly Payment (G-10 x 12)) \$ 620.00 3. If Mortgagor is 62 or Older Enter \$5000 or if Mortgagor is less than 62 enter \$2000 \$ 2000.00 4. Total Assets Allowance \$ 4120.00 5. Total Assets (I-5) may not exceed Total Assets Allowance (J-4)
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K. PROPERTY ELIGIBILITY: 1. Approved Prior to Beginning of - a. <input type="checkbox"/> New Construction b. <input type="checkbox"/> Substantial Rehabilitation 2. Unit in Condominium or Cooperative not Previously Occupied in - (1) <input type="checkbox"/> New Construction Completed within 2 years. (2) <input type="checkbox"/> Substantial Rehabilitation within 2 years		3. <input type="checkbox"/> Unit in Existing Dwelling, or <input type="checkbox"/> Unit in Condominium or Cooperative over 2 years old When occupants qualify as one of the following: (1) <input type="checkbox"/> Displaced Family. (2) <input type="checkbox"/> Family with 5 or more Minors (3) <input type="checkbox"/> Family Occupying Public Housing (4) <input type="checkbox"/> Previous Owner or Cooperative Member Received Assistance Payments. a. Unit in Existing Project - a. <input type="checkbox"/> Insured under Section 236 b. <input type="checkbox"/> Receiving Rent Supp. Pymts. 5. <input checked="" type="checkbox"/> Unit in Other Existing Dwelling or Project
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L. CERTIFICATION:
 I/we hereby certify that the foregoing information is true and complete to the best of my knowledge and belief. If the application results in approval of Assistance Payments, I/we agree to furnish the Mortgagee Electronically, on FIA Form 3101, a current certification of family income and composition and occupancy of the property. Inquiries may be made to verify the statement herein.

Date February 14, 1968 Signatures Jean Adams (Husband) Connie Adams (Wife)

WARNING Section 1001 of Title 18 of the United States Code makes it a Criminal Offense to make a willfully false statement or misrepresentation to any Department or Agency of the United States as to any matter within its jurisdiction.

M. REVIEW AND ELIGIBILITY:
 The above information has been reviewed and the applicant is is not eligible for Assistance Payments in an amount of \$ _____ per month.

IF NOT ELIGIBLE CHECK REASON:
 1. Income too High (F-17) 3. Property Ineligible
 2. Assets Exceed Limits (I-5) 4. Other

Signature _____ (FIA 01P-141)

EXHIBIT II-B

MORTGAGEE'S APPLICATION FOR MORTGAGOR APPROVAL AND COMMITMENT FOR MORTGAGE INSURANCE UNDER THE NATIONAL HOUSING ACT <input type="checkbox"/> SEC. 203(b) <input type="checkbox"/> SEC.		3. PROPERTY ADDRESS 1015 McCord, Detroit, Michigan	
4. MORTGAGORS: Husband ADAMS, JOHN Age 30 Wife ADAMS, CONNIE Age 29 Address 1510 McLellan Detroit, Michigan Married Yes Yrs. 15 No. of Dependents 3 Age 12, 8, 5		5. MORTGAGE APPLIED FOR → Mig. am. \$10,450 Int. rate 7 1/2 % No. of months 360 Monthly Payt. prin. & int. \$73.15	
6. MORTGAGEE - Name, Address & Zip Code (Please Type) 21296-8 AREA MORTGAGE COMPANY WASHINGTON BUILDING DETROIT, MICHIGAN 48236 (Please locate address within corner marks)		7. PURPOSE OF LOAN: <input type="checkbox"/> Finance Constr. <input checked="" type="checkbox"/> Finance Purchase <input type="checkbox"/> Refinance <input type="checkbox"/> Exist. Loan <input type="checkbox"/> Builder Mortgagor will be: <input checked="" type="checkbox"/> Occupant <input type="checkbox"/> Landlord <input type="checkbox"/> Finance Impr. <input type="checkbox"/> to Exist. Prop. <input type="checkbox"/> Escrow Commit. Mortgage <input type="checkbox"/> Other	
8. EMPLOYMENT Husband's occupation Laborer Employer's name & address Atlas Radiator Company Detroit, Michigan 48235 years employed 4 Wife's occupation none Employer's name & address years employed		9. MONTHLY INCOME Husband's base pay \$255 Other Earnings (explain) Wife's base pay Other Earnings (explain) Gross Income, Real Estate Other (explain) TOTAL \$255	
10. PREVIOUS MONTHLY HOUSING EXPENSE Mortgage payment or rent \$ 75.00 Fire Ins. Taxes, special assessments Maintenance Heat & Utilities 20.00 Other (explain) TOTAL \$ 95.00		11. PREVIOUS MONTHLY FIXED CHARGES Federal, State & Local income taxes \$ -0- Prem. for \$ 2,000 Life Ins. 200.00 Social Security & Retirement payts. 15.00 Installment account payt. Oper. Expenses, other Real Estate Other (explain) TOTAL \$ 215.00	
12. ASSETS FOR CLOSING Cash accounts \$ -0- Marketable securities Other (explain) OTHER ASSETS (A) TOTAL \$ Cash deposit on purchase 350.00 Other (explain) Furniture 3000.00 (B) TOTAL \$ 3350.00		13. LIABILITIES Automobile Monthly Payt. Unpt. Bal. Debts, other Real Estate Life Ins. loans Notes payable Credit Union Retail accounts TOTAL \$ - \$ -	
14. FUTURE MONTHLY PAYMENTS (a) Principal & Interest \$ 73.15 (b) FHA Mig. Ins. Prem. 4.24 (c) Ground rent (Leasehold only) (d) TOTAL DEBT SERVICE (a + b + c) 77.49 (e) Fire Ins. 3.00 (f) Taxes, special assessments 15.00 (g) TOTAL MTC. PAYT. (d + e + f) 95.49 (h) Maintenance 11.00 (i) Heat & utilities 21.00 (j) TOTAL HSG. EXPENSE (g + h + i) 137.00 (k) Other recurring charges (explain) 3.00 (l) TOTAL FIXED PAYT. (j + k) \$ 140.00		15. SETTLEMENT REQUIREMENTS (a) Existing debt (Refinancing only) \$ (b) Sale price (Realty only) 10200 (c) Repairs & Improvements (d) Closing Costs 250 (e) TOTAL (a + b + c + d) 10450 (f) Mig. amt. 10450 (g) Mortgagor's required investment (a - f) -0- (h) Prepayable expenses 200 (i) Non-realty & other items -0- (j) TOTAL REQUIREMENTS (g + h + i) 350 (k) Amt. pd. <input checked="" type="checkbox"/> cash <input type="checkbox"/> Other (explain) 200 (l) Amt. to be pd. <input type="checkbox"/> cash <input type="checkbox"/> Other (explain) -0- (m) Total assets available for closing (12(A)) \$ -0-	
16. OTHER REAL ESTATE: To be sold <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No FHA or VA Mig. <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Sales Price \$ Unpd. Bal. \$ Address none Orig. Mtg. Amt. \$		17. MORTGAGOR'S CERTIFICATE - Have you sold property within the last 2 years which had on FHA or VA mortgage? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes" give FHA Case No. Buyer's Name 2 YEARS Did buyer intend to occupy <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Prop. Address Sales Price \$ Unpd. Bal. when sold \$ Have you ever been obligated on a home loan, or a home improvement loan which resulted in foreclosure, deed in lieu of foreclosure, or judgment? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes" give Property Address Name & address of Lender If dwelling to be covered by the mortgage is to be for rent - is it a part of, adjacent or contiguous to any project subdivision or group of rental properties involving eight or more dwelling units in which you have any financial interest? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No. If "Yes" give details. Do you own four or more dwelling units insured under any title of the National Housing Act? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No. If "Yes" submit Form 2561. The mortgagor certifies that all information in this application is given for the purpose of obtaining a loan to be insured under the National Housing Act and is true and complete to the best of his knowledge and belief. Verification may be obtained from any source named herein.	
Signatures: <i>John Adams</i> <i>Connie Adams</i> Date: February 14, 1960		MORTGAGOR'S CERTIFICATE - The mortgagor certifies that all information in this application is true and complete to the best of his knowledge and belief. Signature: <i>John Adams</i> Date: February 14, 1960	

EXHIBIT III

Case studies—Section 235 interest subsidy

A. Mary Doe—age 30—7 dependents:	
Income from aid to dependent children and social security-----	\$671. 87
Purchase price of home-----	23, 050. 00
Downpayment (covers prepaids)-----	200. 00
Total monthly mortgage payment-----	221. 00
Homeowner's share of monthly mortgage payment-----	132. 22
HUD's share of monthly mortgage payment-----	88. 78
B. Jane Doe—age 26—1 dependent:	
Income from aid to dependent children-----	\$447. 00
Purchase price of home-----	19, 400. 00
Downpayment (covers prepaids)-----	200. 00
Total monthly mortgage payment-----	173. 00
Homeowner's share of monthly mortgage payment-----	98. 22
HUD's share of monthly mortgage payment-----	74. 78
C. Bonnie Moe—age 32—5 dependents:	
Income from employment as bank teller-----	\$584. 00
Purchase price of home-----	19, 000. 00
Downpayment (covers prepaids)-----	200. 00
Total monthly mortgage payment-----	175. 45
Homeowner's share of monthly mortgage payment-----	102. 18
HUD's share of monthly mortgage payment-----	73. 24
D. Joseph Berg and his wife Denise, 1 child:	
Income from work as a landscape architect and off season part- time work in a photographic studio-----	\$573. 00
Purchase price of home-----	21, 000. 00
Downpayment (covers prepaids)-----	200. 00
Total monthly mortgage payment-----	184. 00
Homeowner's share of monthly mortgage payment-----	103. 87
HUD's share of monthly mortgage payment-----	80. 13

EXHIBIT IV

Case studies—Section 236 interest subsidy

A. John Smith—age 21—2 dependents.	
Yearly income from aid to dependent children-----	\$3, 084. 00
Market rental at full interest rate per month-----	198. 00
Tenant's monthly rental payment-----	123. 19
HUD's share of monthly rental payment-----	74. 81
B. Jane Doe—age 18—1 dependent:	
Yearly income-----	1, 733. 00
Market rental at full interest rate per month-----	198. 00
Tenant's monthly rental payment-----	123. 19
HUD's share of monthly rental payment-----	71. 81
C. Mr. Roe and his wife, 22 and 24 respectively—1 dependent	
U. S. Army yearly income-----	2, 314. 50
Market rental at full interest rate per month-----	198. 00
Tenant's monthly rental payment-----	123. 19
HUD's share of monthly rental payment-----	74. 81
D. J. Jones—age 58—no dependents:	
Monthly retirement income-----	500. 00
Market rental at full interest rate per month-----	194. 00
Tenant's monthly rental payment-----	118. 00
HUD's share of monthly rental payment-----	76. 00

Chairman GRIFFITHS. Thank you, Mr. Whitbeck.

Mr. Varner, does the Brooke amendment create any inequities between the public assistance received by tenants of public housing and that received by persons who must find housing on the open market?

Mr. VARNER. I wouldn't suspect it does.

I think the Brooke amendment does it in a very equitable way by taking it as a percentage of their income. I don't see how it would be injurious to anyone.

Chairman GRIFFITHS. But if you are in public housing you pay only 25 percent?

Mr. VARNER. That is right.

Chairman GRIFFITHS. But if you have to find it on the open market you may have to pay more than that so that person—we need something that helps that person; don't we?

Mr. VARNER. I would suggest we do; yes.

The Brooke amendment does not cover everyone who is of low income, it only covers those that are in public housing situations.

Chairman GRIFFITHS. Right, but it doesn't cover either those people that earn that low income and may be in public housing; isn't that right?

Mr. VARNER. That is correct.

Chairman GRIFFITHS. So, that there are at least two inequities. The person who is drawing public assistance and cannot live in public housing and has to pay more than 25 percent of his income and the person who is earning low income and is in public housing and isn't covered by the Brooke amendment.

Mr. VARNER. Everybody in public housing is covered by the Brooke amendment.

Chairman GRIFFITHS. Then for them it helps?

Mr. VARNER. Absolutely.

Chairman GRIFFITHS. But do you find that you tend to bring in people who are on higher incomes than they would be if they were getting general assistance?

Is this just one of the ways you make the thing operate?

Mr. VARNER. No; it isn't. I think that perhaps we ought to define low income, because as I view it, we don't cover low income people totally, the public housing. We cover the very, very low in public housing so everybody in public housing needs that kind of a 25-percent upper limit on their rent.

Chairman GRIFFITHS. But, if you have somebody who has a \$300 a month income, they are paying more rent than somebody who has \$265, aren't they?

Mr. VARNER. Oh, absolutely, and that is the way it should be, because we are talking about how much of a person's disposable income can be spent for housing.

Chairman GRIFFITHS. Do you have a feeling some of the directors are trying to let in the people with the \$300 in place of the \$265?

Mr. VARNER. If they are, they are not doing their job properly because it is the prerogative of the director to determine at what level of poor can go into public housing, but you are to house everyone and anyone who cannot afford housing on the open market.

Chairman GRIFFITHS. At least there is no effort to make it work inequitably?

Mr. VARNER. I find no inequity in it, whatever.

Chairman GRIFFITHS. How many federally assisted public housing units and tenants are there in the city of Detroit?

Mr. VARNER. We operate 10,000 units, that equates to about 32,000 people.

Chairman GRIFFITHS. How many of these are family housing?

Mr. VARNER. Family housing, about 39 percent of all public housing is in senior citizen housing and that number is increasing, by the way.

Chairman GRIFFITHS. But I thought you said here you have a program called family housing, we purchased housing in reasonably good neighborhoods?

Mr. VARNER. That is a different program. We have 125 of those units. That is what we call the scatter site family housing program.

Chairman GRIFFITHS. What about the turnkey III program?

Mr. VARNER. We are developing the turnkey program for our new programs that are coming out.

We don't have that program in operation yet.

Chairman GRIFFITHS. Oh, I see. You mentioned that under Michigan law, public assistance checks cannot be attached by a creditor.

Do you attach the income of nonpublic assistance tenants?

Mr. VARNER. Yes; when they leave without paying the rent.

Chairman GRIFFITHS. Do you think you should be able to attach the public assistance grant?

Mr. VARNER. Well, that is a hard question to answer. I would hope that we wouldn't have to attach any poor person's income, but we are, by our regulations, forced to pursue every method necessary to get the rent.

To put them on the same basis with everybody else, I'm sure that would be a more equitable way, but I would suggest there would probably be a better way to provide for taking care of that deficiency and I would suspect one of them would be for the welfare department to find a way to pay for those delinquent rents.

Chairman GRIFFITHS. But the truth is that it is an inequity now among people equally poor; isn't it?

Mr. VARNER. I'm not sure I know what equally poor means, but, for those that are low income that leave and are not on public assistance, yes; we have a way of collecting.

For those that are on public assistance, we do not and in that sense you might call it an inequity; yes.

Chairman GRIFFITHS. If you earn the money you can be attached. If it comes out of public assistance it cannot although it might be exactly the same amount of money, so that is an inequity.

Mr. VARNER. Yes, OK, it is a play on words, but, yes.

Chairman GRIFFITHS. What we are trying to find out and make clear in this record is the terrible inequities among all these programs and how they don't function really.

Mr. VARNER. I would say inadequacies rather than inequities.

Chairman GRIFFITHS. Well, there are still great inequities among them.

Is there any procedure for exchanging of information or is there a centralized recordkeeping system so that the public housing and welfare authorities can reduce their separate administrative burdens for this overlapping group of recipient tenants?

Mr. VARNER. We don't separate our records for those that are on public assistance and those that work.

Chairman GRIFFITHS. Do you ever talk with the welfare department?

Mr. VARNER. Quite often.

Chairman GRIFFITHS. Do you have separate public housing rent schedules for public assistance recipients?

Mr. VARNER. No; we do not. We did before the Brooke amendment, I make the clarification. We had what we call the base rent for all welfare recipients.

Chairman GRIFFITHS. Since rents are related to income, how often are rents adjusted to change in income?

Mr. VARNER. We have a mandatory annual rent adjustment and we have a rent adjustment at any point where the income varies, where the adjustment is to report any income difference.

Chairman GRIFFITHS. Can you consider for rent calculation purposes the income of all the people who live in the family unit, for instance, if a son delivers papers?

Mr. VARNER. Yes.

Chairman GRIFFITHS. Do you consider that income, too?

Mr. VARNER. We consider all family income.

Chairman GRIFFITHS. You do?

Mr. VARNER. Yes.

Chairman GRIFFITHS. Well, now, we are trying to get rid of that, you know, in the welfare part.

Mr. VARNER. I hope we do.

Chairman GRIFFITHS. Because it really, that too, is a very unfair thing.

Mr. VARNER. I believe that is also.

Chairman GRIFFITHS. So that it would be better for the child to have a job of his own that wasn't considered, where you don't cut down on the welfare and you shouldn't, you certainly shouldn't, be increasing the rent.

Mr. VARNER. I agree with you.

Chairman GRIFFITHS. What if sometimes income has increased early in that 1-year period. Is that increase to a higher rent simply forgotten or supposing you have just done a review and in the next 2 weeks somebody in the family gets a raise in income?

Mr. VARNER. That should be reported so the rent is adjusted.

Chairman GRIFFITHS. Well, if it isn't—

Mr. VARNER. We catch them the next time around.

Chairman GRIFFITHS (continuing). And it goes on for a year, do you raise the rent retroactively?

Mr. VARNER. No; we don't.

Chairman GRIFFITHS. What if someone's income drops drastically, what do you do?

Mr. VARNER. We reduce the rent. Believe me, they will report that.

Chairman GRIFFITHS. Has any Federal or State agency ever done an audit or quality control review to determine tenants' actual incomes and whether they are paying the correct rent?

Mr. VARNER. Not to my knowledge.

Chairman GRIFFITHS. Public housing projects nationwide are having difficulty keeping up with high operating costs; isn't that right?

Mr. VARNER. Absolutely.

Chairman GRIFFITHS. Are you positive that the procedures you follow are getting the rent as it should be collected or not?

Is this one of the problems or isn't it?

Mr. VARNER. We do the best we can, let me put it that way.

We make every effort to collect rent without being abusive to people.

Chairman GRIFFITHS. Well, now, would it be—of course, it is no longer possible under the Brooke amendment that anyone—well, yes, it would be too—for the manager in a housing project to not inquire too closely, supposing that he has somebody there that is paying \$100 a month rent and that is a high rent and he suspects maybe the person has gotten a \$100-a-month raise, would he be inclined to get that money or would he feel maybe the person would move out?

Mr. VARNER. If there is a way that he can determine that a person's income has increased, he can ask him to come in for rent adjustments, but I'm not sure that the managers act as that kind of a CIA kind of a person and investigate it that closely.

I think we depend on the residents to declare what their income is accurately and we go on that.

Chairman GRIFFITHS. Sometimes their neighbors declare it for them, I take it?

Mr. VARNER. Well, you have that too, sometimes.

Chairman GRIFFITHS. How large is the waiting list for public housing?

Mr. VARNER. We have about 1,600 and some-odd people on the waiting list.

Chairman GRIFFITHS. Do you allocate the slots?

Mr. VARNER. First come, first serve.

Chairman GRIFFITHS. Really?

Mr. VARNER. Absolutely. Except in one situation that if a person is being displaced by public action they have priority.

Chairman GRIFFITHS. There is an argument that the limited number of units relative to the demand creates an inequity, that some people get the benefits of Federal and non-Federal housing programs but many eligible and equally needy persons do not.

Mr. VARNER. That is absolutely correct.

Chairman GRIFFITHS. You feel that that is true?

Mr. VARNER. If you look at the median income of the city of Detroit, I believe it is somewhere about \$6,700, and I recognize the fact that a family making \$6,700 would in most instances, depending on their size, qualify for public housing. You will find we are talking about almost 50 percent of the people in the city of Detroit who would qualify, yet we only have 5.4 dwelling units per thousand in the city of Detroit. So, the need for public housing is extremely great.

Chairman GRIFFITHS. One of the reasons I think that the public housing program has had such a difficult way to go was that it was built nationwide, and in small communities the mayor was living in public housing. So that it really had a very bad effect upon it.

Mr. VARNER. By the mayor living in it?

Chairman GRIFFITHS. Yes, and lots of other people. I mean, the Congressmen looked at their own districts and when they realized this was being used really by not necessarily the needy but by some of the people with the highest incomes in town, they decided that we could do with less public housing. Now, that was very unfortunate.

Mr. VARNER. I never heard that, but I do know there was a time when public housing was segregated between the, if you can call it that, affluent poor and the very poor.

Chairman GRIFFITHS. I can remember when half the people I knew lived in Herman Gardens. They graduated from law school with me and so on and the managers went in and moved them out. It was quite a shock to everybody that it worked out that way.

When you compare the family housing program and leased sites throughout the city, with standard public housing, which would you prefer and why?

Mr. VARNER. We have about 63 units leased in the city of Detroit and all of them are leased in another form of federally assisted program, either general 236 or D-3, and I would consider those units comparable to those in public housing. In some instances there is a little better environmental situation surrounding them, but I don't see too great a difference between the two.

I would say that those that are in 236 and D-3 programs are in housing that does not have the same quality of construction as public housing. I feel the public housing in Detroit, except for two projects that we have, are built much better than the standards for the 236 and D-3 program.

Chairman GRIFFITHS. I think Herman Gardens, for instance, is one of the really good housing projects in this country. It is comparatively well built.

Mr. VARNER. Yes, it is well built if you can consider housing 2,300 families of low income on one site a desirable place to live. I happen not to believe in the reservation concept.

Chairman GRIFFITHS. I agree with that, but I'm sure that was not the original intent. I was there when it was built, I was there and I saw the people go in and no one really considered that that was ever going to be what happened. In the original concept they did not intend it that way.

Mr. VARNER. The whole attitude toward public housing, I think, has changed because there were a great many what I would consider backward ideas about how the poor should live on reservations and in austere housing as it is written in the law when the program first started, and I think we've learned a lot about that. That people don't, in fact, have the ability to be upward mobile when they are put on reservations where the school itself is a public housing school and they have no opportunity for real intermingling with other socioeconomic groups.

Chairman GRIFFITHS. I think we learned that.

Mr. VARNER. Yes, I think we have.

Chairman GRIFFITHS. But, I don't think anybody intended that in the beginning and I think that really is one of the things that happened to it.

Mr. VARNER. They just really didn't understand.

Chairman GRIFFITHS. That is correct; they didn't understand how it would work out because the people who originally went into Herman Gardens were college graduates. You look back in the record and you will be amazed at the people who lived there.

Mr. VARNER. If that is true, college graduates must not have made much money then.

Chairman GRIFFITHS. They didn't. Very few of them were making more than \$150.00 a month. In general, they were getting about \$125, but that is generally what people thought—those were the people that many people thought were going to be living in public housing. No-

body ever considered that it was going to be the very poor and that you were going to just put all these people off in one little spot. I'm sure that is right.

In your prepared statement you call for the development of social service programs.

Specifically, what social services should be provided that are not now provided?

Mr. VARNER. We will have to split them between the aged and the young.

Social service for the young; we have problems with those that have educational problems in school, tutoring, social service programs, recreational programs, the kind of things that are necessary for children who have the socioeconomic problems that they have, the very poor have.

For the elderly there is a host of kinds of problems. The UAW—United Auto Workers—presently has, their retired workers have a program for social services where they go in and they set up dances, they set up classes, all kinds of therapy programs for the aged and they are not broad enough, they are not comprehensive enough at this point because we haven't really had an opportunity to set up a comprehensive program of that sort.

Chairman GRIFFITHS. Do you have day care in all those housing projects?

Mr. VARNER. We have a day care center in Brewster and Jeffries and they are very minimal and we are trying to find a way to expand them.

Chairman GRIFFITHS. Is it used?

Mr. VARNER. Yes; it is.

Chairman GRIFFITHS. To its capacity?

Mr. VARNER. I don't know the total number of families using it, but, I know we are expanding the one in Jeffries because the one we have now is totally inadequate.

Chairman GRIFFITHS. Do you think there is an optimal size for a public housing unit in order to avoid creating what you call a reservation?

Mr. VARNER. If there is, we haven't determined what it is yet.

I imagine that we could talk about optimal size, but, I think it depends also on the location of that particular development. In some instances, depending upon the neighborhood that it is put in, I can see where more than four units would be objectionable because you would have a situation where you have people all around and that would be where the poor folks live and it would be just as injurious as in a high density area putting a thousand units in one area. So, a great deal depends where you put it.

If we are going to put public housing residents in an area that has single family houses the only kind of unit you could do is a single family unit.

Chairman GRIFFITHS. Isn't this one of the real problems they are having now, isn't Secretary Romney trying to build high rise housing in St. Louis?

Mr. VARNER. No.

Chairman GRIFFITHS. Out on the river. Oh, yes, to take care of, I think, 98 families on a single unit where there were one or two houses there before.

Mrs. Sullivan has told me about it and he is bringing in a high rise unit that would take care of 98 families where there had only been two families.

Mr. VARNER. Is it a senior citizen building or a family building?

Chairman GRIFFITHS. No; it is for families. So, this is one of the big problems.

You argue for a vast expansion of training.

Do you believe the existing training programs have been successful?

Mr. VARNER. No; and the reason I say no is not the quality of the training necessarily. And, the essence of what I have said in my statement was that training without jobs does not mean very much.

If we are going to talk about training, we have to structure jobs to go along with the training of the people that are to be trained. The problem with our training programs today is that we train people for nonexistent and dead-end jobs.

Chairman GRIFFITHS. Well, if we are going to do that, do you then argue for the government as the employer of last resort?

Mr. VARNER. If it is necessary.

Chairman GRIFFITHS. If it is necessary.

Mr. VARNER. I don't always believe that is necessary. I think we have not been creative enough to find a way to build the kind of programs and jobs that don't have to be government supported.

For example, a social service program does not have to be one where the government is the employer.

Chairman GRIFFITHS. I held some income maintenance hearings some years ago and I was very impressed by a Yale economist that felt that maybe the government as the employer of last resort was really re-instituting slavery.

Mr. VARNER. Depending on what you pay people.

Chairman GRIFFITHS. Well, there would always be that possibility that that is what happens, I think.

I would like to ask you, Mr. Whitbeck, the question I know you haven't been asked and I'm sure you feel like you have been picked on probably enough, but I would like to ask you: For about the last 6 years out in the district that I represent, which you are aware is the northwest area of Detroit, and for those who may not be aware I would like to point out that according to the Government census this is the best housing in any congressional district in America—

Mr. VARNER. Thank you, I live there.

Chairman GRIFFITHS. It may not be the most expensive housing in general, but it is the best. There are less than a hundred homes in that area that are not fully and completely modern and it is the newest housing.

Now, the complaints I have had made to me over and over for at least the 6 years is that the FHA is underappraising those homes, underappraising. And, I would like to hear your answer.

Mr. WHITBECK. Well, Mrs. Griffiths, that is, as you say, not a complaint I normally face.

Normally persons say that we are overappraising homes, at least in the inner and middle city.

I think one of the problems, of course, would be the question of value which is what an appraisal is meant to determine. The problem is how you define "value."

The FHA has for 30 years used one technique predominantly, which is a technique essentially based upon the market, upon what other comparable homes in the area sold for recently.

Chairman GRIFFITHS. But, you see, that is a vicious circle.

Mr. WHITBECK. Indeed it is.

Chairman GRIFFITHS. They sell at the price you say they are going to sell at.

It is very difficult. You go in on a conventional mortgage so when you send out that appraiser and he names the price, that is the price.

Mr. WHITBECK. Particularly in the instance such as Detroit. Detroit, in one sense at least, is almost unique nationally in the very heavy reliance on FHA programs in the city and most of the outlying areas. So I would have to say, and I have said this numerous times publicly, if an attack can be made upon our appraisal system, it ought to be made at the root of the appraisal system rather than at the end result. The root of the system in Detroit, where I think a legitimate attack can be made, is the fact that it is rather incestuous. We depend upon previous appraisals we have made and the whole circle revolves.

Now, if we start high or if we start low, we will tend to repeat that error. It is very seldom alleged to us, other than by the seller or the realtor, that our appraisals are low. Rather frequently, the allegation is made by the buyer that the appraisals are high.

Chairman GRIFFITHS. When I first went to Congress I sat on the Banking and Currency Committee which controlled housing and I was impressed then that the housing bill never was really a bill to supply homes. The housing bill was a builders' bill. I think that is true now. I thought it was true then and I think it is true now. And, I think that one of the problems with it—and as I look at those complaints that come out of the 17th District and those appraisals out of FHA it is very easy to draw a conclusion—is that many of those people would be in a position to buy another home only with great sacrifice. Therefore, if you appraise that home low you sell it, it is sold low because there are purchasers at that price and they are forced out into another area.

Now, I am going to give you some exact addresses and let you look at them again and tell me whether or not you believe that those appraisals are proper appraisals.

For instance, maybe you don't remember, but, Leroy Smith was once the Wayne County road commissioner. A home that he owned on Rutland south of Grand River, a two-story brick home with an additional lot, sold last December to the absolute amazement of the whole neighborhood at \$20,000.

Now, when you look at the price these inner city homes have been appraised at, then you really are shocked.

I had a woman call yesterday into my office from Mansfield. She is objecting to an appraisal. I think her home was appraised at \$19,000.

A woman who has helped me repeatedly, who lives over between Seven and Eight Mile Roads, in a home that I know well, had that home up for sale and finally in disgust withdrew it from the market because of the low appraisal on the house, because most of those houses in that area cannot be replaced in the suburban areas for less than three to four times what they are being appraised at in the city.

Now, you know there is something wrong with that.

Mr. WHITBECK. Mrs. Griffiths, as I say, much of that relates to the appraisal technique itself.

For instance, I have been to Harold's home several times and I know the section that you speak of, some of my friends live there, and these are very decent homes and you are absolutely right as to the quality of housing in the area.

Chairman GRIFFITHS. This is the best and newest housing in any city in America.

Mr. WHITBECK. If one were to take that home and transport it, if you could go out to an outlying area, there is no question that the value would be higher.

The reason for the discrepancy, and it's understandable on the surface, is the approach that the FHA traditionally has used to value. That approach is a market approach. So, we look at the area and we poll what comparable homes have sold for in the area recently, and that is the basis on which we premise value. We cannot, therefore, value a home on the northwest side of Detroit against a home maybe in Sterling Heights or Grosse Pointe.

Chairman GRIFFITHS. But, you see, you sent the original appraisals, you have been doing it.

Mr. WHITBECK. For 30 years.

Chairman GRIFFITHS. That is the thing that is wrong with it.

What you ought to do is change the whole system.

What is this home worth in comparison to other homes. This in my opinion has been one of the problems.

Mr. VARNER. That is a two-edged sword, Mrs. Griffiths.

One is, you would have the effect of making sure there was an exodus from the city of Detroit, and the other is, it would deny a great many factory workers and low-income families decent housing if we were to all of a sudden change the appraisal method and go about having those houses appraised at a much higher rate.

You would find out also the people that have lived in those houses for a great many years didn't pay anything near that for them and they have to understand that they used up a part of that house.

Chairman GRIFFITHS. I don't know whether you meant it that way, but the FHA appraisal system is compelling the exodus out of Detroit. That is what is causing it.

Mr. VARNER. I would disagree with that.

Chairman GRIFFITHS. This is one of the things that is doing it.

One of the factors that is making it easier for the situation to go that way is that you are undervaluing those houses. That is one of your real problems, I think.

Well, anyhow, I am going to give you some of the addresses and I would like you to look at them, and don't come back and tell me that the other house next door sold at the same price, because I don't think that is the issue. I think the issue is that some of those houses have been really purposely underappraised. No matter what the original intent was to begin with, the effect of it is that you sell new houses and that is why I say that the housing bill has always been a builders' bill.

Mr. VARNER. Don't leave out the bankers and the mortgage bankers.

Chairman GRIFFITHS. Well, I agree with that, but it is a builders'

bill. It never was set up, really, in any big way to supply homes. It was to sell buildings. That is really what it was for.

Mr. **WHITBECK**. If I might comment on that just briefly; I guess I agree in part, but I don't agree totally.

Going back, if we could, to when the National Housing Act, which is the legislation on which the FHA was based, it was passed in the midst of the depression and it varied the housing market significantly in about four ways.

It first of all set a maximum permissible interest rate. This is not of benefit particularly to the lender, nor is it of benefit particularly to the builder, although it facilitates housing production.

Second. It lengthened mortgage terms.

Third. It provided for a lower down payment and higher ratio loans, and, fourth, it provided for an appraisal.

Now, most of that was designed originally to cure or to deal with the depression housing situation and fundamentally to deal with that situation in favor of the homeowner, home seller, and home buyer, not the industry per se.

Now, it has worked out as a tremendous benefit, no question about that, to those who can build, finance and sell houses.

Chairman **GRIFFITHS**. I think even originally it was meant to help create jobs in the building of houses and the only way we could do that would be if you made it easier for someone to buy. So you lowered the interest rate and put a lower down payment and extended the time.

I was sitting on the committee when we increased once again the length of time you had to pay, you were committed to pay, so that, you know, you're paying more in interest today than you are paying on principal.

Mr. **WHITBECK**. Certainly in the first several years you have a mortgage.

Chairman **GRIFFITHS**. Well, let's get back to the problem that everybody else worries about.

But, that, I just want you to know, is not the only problem as far as I am concerned.

In the houses that you have reclaimed in the inner city how many of them do you have now?

Mr. **WHITBECK**. We have in our present inventory, at the end of March, approximately 7,500 homes, of which 80 percent, or about 6,000, are in the city of Detroit.

Chairman **GRIFFITHS**. How many additional homes are in jeopardy of being repossessed?

Mr. **WHITBECK**. These are figures that become somewhat less accurate, obviously. Under Michigan law there is a 6 months' redemption period after the sheriff's sale during which period of time the defaulted homeowner can redeem the property if he pays all past principal and interest. There are in the redemption period approximately 7,000 homes. We will take the majority of these back. Very few people redeem under Michigan law, or, as a matter of fact, anywhere in the country.

So, it is reasonably accurate, I think, to predict that within the next 6 to 8 months we will take back a good number of those 7,000. The next segment is 90 days or more in default where the homeowner has missed,

1, 2, or 3 payments. We have homes that are in that position accumulating to approximately 8,000 to 10,000. With these, there is a much greater chance that the default will be cured, so it is much less likely we will take back a high percentage of those homes.

Chairman GRIFFITHS. The figures quoted in the News said that FHA is losing \$28,000 a day in maintaining vacant homes, is that correct?

Mr. WHITBECK. Well, it depends on how you do the arithmetic, but, essentially nationwide it costs us \$4 per day to hold the property in our inventory. Some of that is the fee that we pay to our agents to secure the home and to program it for either demolition or repair. Some of it is maintenance and security services, but, the vast part of that, some \$2.63 out of \$4, is something called the imputed cost of money. In other words, that is what it is costing the Government in terms of funds it could invest elsewhere. Depending on how you multiply that out, you get a figure that tells you how much we are losing per day or per month.

Chairman GRIFFITHS. What are your plans for these vacant homes?

Mr. WHITBECK. Fundamentally I intend to pursue the traditional course of action with respect to high inventory within an office's inventory.

We have really two options with respect to homes we take back.

The first option, if the home is uneconomic to repair, is to demolish it, tear it down, and attempt to sell the land or to hold the land for later and perhaps other use.

The second option is to fully repair it and offer it for sale to a qualified buyer.

I would point out that, although we have high concentrations of repossessed homes in some areas of the city, we have a scattering of homes throughout the balance of the city in areas that are very strong housing markets—where the housing conditions in general are good, and where, when we offer a home for sale we often get many more buyers. As a matter of fact, in one instance we had 70 offers on a home we offered for sale. So, in much of the city of Detroit where we own repossessed homes we can repair and sell them. We can repair and sell a very decent home with a 6-month warranty with the availability of section 235 subsidy and I think these homes are a resource gained at tremendous cost, both physical and social, but, a resource I don't intend to squander, particularly in most of the areas of the city in which housing conditions are good and housing demand is strong.

In some areas of the city it seems to me inevitable that we will have to tear down more homes than we are presently tearing down. Vandalism has been so severe; the sales market is not strong. We will have to take the homes down and either hold or sell the land. We will be thereby accumulating something of a land bank in some areas of the city of Detroit which is again an asset, an asset which ought not to be squandered.

Chairman GRIFFITHS. If I were a possible purchaser under 235 how would I go about it?

Mr. WHITBECK. Under section 235, the purchaser can, of course, watch the newspapers for ads, although increasingly sellers or builders or developers or realtors don't advertise using the term section 235, they simply quote the price.

Another technique is the technique many people use of driving into the neighborhoods and looking for "for sale" signs.

To assist a section 235 purchaser, the area office maintains in its lobby a register which shows under section 235 all the preliminary reservations outstanding; the location; the builder-sponsor. Any person interested in purchasing under section 235 can obtain assistance from our office.

Chairman GRIFFITHS. Who decides whether I'm income eligible under 235?

Mr. WHITBECK. We do.

Chairman GRIFFITHS. How do you do that?

Mr. WHITBECK. The section 235 purchaser fills out an income statement or form, which is delineated in my statement, to submit to the builder-sponsor. They submit it to us, we do a mortgage credit analysis and there is a section 235 reservation available for that particular projected home.

Chairman GRIFFITHS. What do you do to check the income?

Mr. WHITBECK. Check the income?

Chairman GRIFFITHS. Yes.

Mr. WHITBECK. We use credit reporting services. We require employment letters or verifications; we use verifications of deposit forms, all of which are delineated in my statement, to show the assets.

Every 2 years, unlike public housing where it occurs every year, there is an income recertification procedure.

Chairman GRIFFITHS. Do you check with the welfare department if they are getting the money from welfare?

Mr. WHITBECK. Yes; if they are a public assistance recipient the counterpart to the employment letter is a certification from the welfare department.

Chairman GRIFFITHS. When you make up your mind that this person is a good risk, have you checked with the welfare to determine if they have been a good risk in rent?

Mr. WHITBECK. In rent?

Chairman GRIFFITHS. Yes.

Mr. WHITBECK. The determination of eligibility is not a determination of risk. Risk or mortgage credit is an entirely different matter and that is a separate step in our processing.

Chairman GRIFFITHS. But, you see, what I want to know is how did you try to protect that mortgage fund?

Mr. WHITBECK. The credit reports that come back indicate to us, to a greater or lesser degree, what the past credit history of the buyer, whether it is a section 235 buyer or an unsubsidized buyer, has been.

Chairman GRIFFITHS. How would it show that on welfare?

Mr. WHITBECK. In terms of the credit?

Chairman GRIFFITHS. Credit, what would it show?

Mr. WHITBECK. It would show vendor purchases. For instance if they are delinquent in paying for an item they purchased on time, like a car or credit card purchases, this would be shown. The report would also show, if I'm not mistaken, the question of prompt payment of rent.

Chairman GRIFFITHS. If there were such a thing as a credit report available on the person?

Mr. WHITBECK. Yes.

Chairman GRIFFITHS. You mean that all these people that bought these houses where you had to reclaim them, you mean that those people had good credit ratings?

Mr. WHITBECK. No ma'am, not all of them.

They had credit reports pulled on them.

Now, often a person of low or moderate income has a past poor credit history. In many instances this should not, in my mind at least, disqualify them from home purchase.

In instances where it would disqualify them, we do have a section 237 credit counseling program that is run through a nonprofit organization which allows us to counsel them and to clean up their past credit history.

I don't think, if I may say so, that past credit delinquencies should necessarily disqualify a person from buying a home. I think it is a judgment matter as to whether the person is now in a position to meet their obligations.

Essentially, mortgage credit analysis determines two things, very simply: the ability to pay and the willingness to pay, based upon past credit history.

Chairman GRIFFITHS. Well, now, isn't one of your problems that you have always in your department been dealing with the middle class and you can attach whatever funds they have, or the sellers can attach whatever funds they have, but, when you started dealing with people who were drawing welfare the seller cannot attach anything?

Mr. WHITBECK. Then Mrs. Griffiths, that is a problem I do not—

Chairman GRIFFITHS. Well, it seems to me that a different arrangement should have been sought to make a determination as to whether or not this person could have purchased the home. I agree with you. I think they ought to be able to purchase it, that is great, but I don't agree with letting any bunch of mortgage bankers or real estate people loot the funds. You know, that is terrible. Some system should have been set up to stop this.

How could you have done that?

Mr. WHITBECK. Mrs. Griffiths, I agree, again as I said, that there are credit problems with people of low and moderate incomes.

The FHA aspect of my agency was unprepared, coming out of the background of dealing with newer construction and outlying communities and persons of moderate income, unprepared to deal with the totally different problems that are involved with the sale and rental of housing in the inner and middle city. There is no question about that, but I think one point has got to come through and that is this:

When you're speaking of a question of an ADC recipient or a person on public assistance purchasing a home, I really don't think that the fundamental problem of the program there was a credit problem or a delinquent payment problem caused by lack of understanding of the obligation. I really think the problem there was the fact that an ADC recipient in Michigan is on strictly limited income and is simply unable out of that income to deal with the question of routine maintenance or major maintenance items. If something went wrong with the home, the furnace, roof or electrical wiring system, the ADC recipient simply had no resources to deal with that major problem.

They were faced with a situation where they could either deny their children food or clothing or things of that nature or they could default on their mortgage. I don't think most people would make the former decision, they would always make the latter decision and that is what has happened.

Chairman GRIFFITHS. But, don't you think that someplace or other you should have some contact with the welfare department, the people that knew something about this person and what the problems were going to be?

Now, the reason is this. This is a tremendous subsidy, you know, it is one thing for all of you to come here and tell me you are not in the welfare business, but you are.

Mr. WHITBECK. I don't believe I said that.

Chairman GRIFFITHS. Well, you and Mr. Varner both are.

What we are trying to figure out is what can we do to make all these programs put together make more sense.

Mr. VARNER. Give the people more money would be a big step in the right direction.

Chairman GRIFFITHS. Well, that is one thing, but you have got to give it all on the same, absolutely the same, basis, and what we are looking at here and what we have been looking at for days is the fact that you have one set of rules for one program and another set for another program, and some other set for another program, so that it would take Houdini to figure out who is entitled to anything.

The thing should be uniform, but part of the uniformity of it, it seems to me, is that this type of a program has to be connected somewhere with the welfare department.

Mr. WHITBECK. Mrs. Griffiths, I couldn't agree more.

Chairman GRIFFITHS. They have got to help you. They have got to show you what the problems are for that family and you have got to take that into consideration before that family is permitted to buy that house.

Mr. WHITBECK. There were, by the way, numerous contacts with Wayne County Social Service and the State Department of Social Service with respect to this program after 1968, but, if I might indicate perhaps what I think should have been done, and should still be done with respect to public assistance recipients purchasing homes, it seems to me fundamentally that there are probably three or four things that are involved that are very, very important.

The first is an adequate screening job on the part of Wayne County Social Service, or whatever social service agency is involved, to ascertain for us and for the seller that the purchaser is in fact able to be a homeowner. That is the first thing.

The second thing is an adequate program of counseling and training, particularly aimed at the maintenance and repair sorts of things that can be done by the homeowner.

The third thing, and I find it fundamental, is an adequate maintenance allowance for persons on public assistance to allow them to maintain their home on a routine basis and to deal with major maintenance items.

The fourth thing, and I realize this may sound somewhat radical, is a guarantee of payment on the part of the social service agency. If

the recipient defaults, the agency will make the payment then pursue that recipient in order to recoup the funds or move them out of the home if they are not going to be good homeowners and move in another person to assume the mortgage.

This is the approach that was used in Milwaukee and it proved to be quite successful. In fact, it set up a pool of about 500 homes for ADC recipients on whom they had less than 1 percent defaults. It is workable, I think, in Detroit.

Chairman GRIFFITHS. If I were to come into your office do you have a file that shows who bought homes under 235?

Mr. WHITBECK. No, ma'am, not set out in alphabetical order.

Chairman GRIFFITHS. Is there any way in which HUD can show me who bought homes under 235?

Mr. WHITBECK. Yes, ma'am, I think we could probably through our computer service in the central office pull the statistics out and show that.

Chairman GRIFFITHS. Well, you know, this is a tremendous Government subsidy. It seems to me that the records require it to be open and available so that the Government itself would know where the subsidy went.

Of course, obviously in the cases we are talking about, this subsidy went really to the real estate agents and the bankers.

Mr. WHITBECK. No, ma'am, I'm sorry. Under the 235 program the subsidy does not go to real estate agents.

Chairman GRIFFITHS. Who does it go to?

Mr. WHITBECK. It goes to the homebuyer. If you will look at the case studies that I submitted with my statement, they show that the interest reduction subsidy went technically to the lending institution for the benefit of the homebuyer.

Chairman GRIFFITHS. So, he defaulted.

Mr. WHITBECK. No, ma'am, they did not default.

Chairman GRIFFITHS. I see, what happened?

Mr. WHITBECK. Of the 7,000 or so properties, or, 6,000 we own in Detroit, less than 200 were on 235 interest subsidy homes. The vast majority of defaults in Detroit have been on the unsubsidized program.

Chairman GRIFFITHS. You mean not under 235?

Mr. WHITBECK. Yes, ma'am.

Chairman GRIFFITHS. What happened on those under 221?

Mr. WHITBECK. Well, there the situation gets right down to the problem of housing in the city, and I would say probably four factors are at work.

The first factor is the condition of the home. Now, there is no question that in the past some of the homes that were insured by the agency were not up to our standard and not up to city code. That home itself was in poor condition or less than the standard condition. In January of last year I required that city inspections be had in each instance where a home was sold in Detroit. I'm reasonably confident that at the present time the homes that are being sold under our programs are up to city code and up to our requirements. That is only one part of the problem, however, and I have said this before publicly. If we had not had one speculator in Detroit, and every appraisal had been on the dime in terms of market value, and every home been in standard condition, we would still have a major housing problem in the city of

Detroit, major abandonment, and major defaults, because there are other factors at work including unemployment.

Many of the homes we insured during 1968, 1969, and 1970 were insured during an economic upturn. In 1970 as the economy began to turn around, unemployment rose in Detroit and in Michigan and particularly the inner city. The persons simply had less income and that is the cause of default on home payments.

Thirdly, the areas of our high repossessions, the lower east side of Detroit and near west side, are the highest crime rate areas in the city of Detroit in terms of major homicides, breaking and entering, and total street crimes. There is a crime problem and a severe one, either actual crime, or, perhaps even more important, fear of crime, which directly affects housing defaults, foreclosures, and repossessions.

Fourthly and lastly, when one looks at the school turnover figures in those areas, one finds that the average school turnover per year in the school systems is 40 percent. The average turnover citywide is 20 percent. In some elementary schools the turnover has been, in one case, 120 percent in 1 year. To me that means that those are neighborhoods with high mobility, neighborhoods with high crime rates, and high unemployment. They are also the very neighborhoods where we are taking back the majority of the homes we presently own. The problem itself is not just a housing problem and if it is viewed as that I think we could go down a dead end because we are not going to solve it.

Chairman GRIFFITHS. Well, of course, I think it was just sort of thievery to me when they sold one woman two houses in 1 week.

Mr. WHITBECK. She bought two houses in 1 week?

Chairman GRIFFITHS. Yes, but she was urged on to do it. Somebody organized that and there was a method found in which, you know, you reached those FHA funds and you got that. And that is the unfortunate part.

Now, this is one of the reasons though that I have always felt that the housing bill is a builder's bill. It is not a homeowner's bill. Those houses should have been put in good repair before they were sold.

Mr. WHITBECK. Yes, ma'am; I think that is absolutely right; the homes should have been in good repair.

Chairman GRIFFITHS. If it be for the homeowner's benefit that would have been the thing that happened, but what we have really been urging on is to see to it that all the builders are at work because this creates employment and so forth. That is really what the bill is for, I think.

This court reporter has worked very hard for the last 2 days.

We will take about a 10-minute break.

(Short recess taken.)

Chairman GRIFFITHS. You recertify families annually, is that right?

Mr. WHITBECK. No, ma'am; every 2 years.

Chairman GRIFFITHS. How do you do it?

Mr. WHITBECK. In rental housing there is an income recertification procedure that is handled by the owner of the project responsible.

In the sales housing 235 program the responsibility is on the mortgagee and on the buyer to handle that recertification.

Chairman GRIFFITHS. Is there any check on how accurate the recertifications are?

Mr. WHITBECK. Yes, ma'am, through our own agency we often do spot-checking in rental housing with respect to the accuracy of the recertification. It is our responsibility and we attempt to carry out that responsibility.

Chairman GRIFFITHS. How do you recheck on sales housing?

Mr. WHITBECK. The procedure?

Chairman GRIFFITHS. Yes.

Mr. WHITBECK. The mortgagee notifies the home purchaser that he must execute a new statement disclosing income, assets, and family composition. The information is provided by the buyer to the mortgage lender, rechecked by the mortgage lender, and submitted to them to our office.

Chairman GRIFFITHS. In any of these sales supposing they bought under 235 and they suddenly have more money.

Do your rechecks show that and would you again increase the price or reduce the subsidy?

Mr. WHITBECK. At the time the mortgage is insured, the purchaser is given notification of this obligation to recertify every 2 years and is requested to notify the mortgage lender whenever they have a change of income, either upward or downward, and instructed to make an optional recertification. If more subsidy is needed and is available, it will be provided at the time of the recertification or the optional recertification; conversely if the income has increased, the subsidy will be reduced accordingly.

Chairman GRIFFITHS. But the lender has no financial incentive to do any of this, does he?

Mr. WHITBECK. He is obligated as part of the mortgage insurance contract to do this.

Chairman GRIFFITHS. But, he is not paid to do it?

Mr. WHITBECK. There is a handling charge of \$3.50 per mortgage per month for the extra work precipitated by the billing for the subsidies and the recertification obligation.

Chairman GRIFFITHS. Do you have any check, any further check on how accurate the recertifications are?

Mr. WHITBECK. The statement itself contains a certification by the mortgagor to the effect that the statements are true and correct and the penalty.

Chairman GRIFFITHS. You said that 3,000 homes had been bought by welfare recipients under section 235.

Is the default rate for welfare recipients lower or higher than for any other group?

Mr. WHITBECK. It is higher, Mrs. Griffiths. Unfortunately our data there are not as accurate as I would like them to be; however, in an attempt to get accurate data we did survey 10 major lenders in the city of Detroit with respect to their default experience with public assistance recipients.

Chairman GRIFFITHS. General public assistance recipients?

Mr. WHITBECK. ADC.

Chairman GRIFFITHS. Or these particular people?

Mr. WHITBECK. Yes, ma'am.

Chairman GRIFFITHS. The particular person?

Mr. WHITBECK. Yes, ma'am, it would have to be.

In this survey the default experience of these persons, on ADC, approached 40 percent; my own opinion is that this estimate is high. The figures did not jibe exactly, in terms of number of cases insured, with our own figures and, therefore, I think there is a possibility that the estimates in the survey were high.

Chairman GRIFFITHS. I am going to ask you again, you ask them and they give you their opinion on public assistance recipients on the whole as a group, or on the individual person?

Mr. WHITBECK. No, ma'am.

Chairman GRIFFITHS. Well, you know, I am spending half my time trying to get out of having people judged as a class. I want to be judged individually and I think any of these people that are buying the homes would like their individual credit rating judged, not to be put in with a whole class. Maybe that class isn't as good as they are, maybe they have a real good credit rating. So, it wouldn't be fair, really, to keep them from buying a home because 99 other people were not good risks.

Mr. WHITBECK. Yes, ma'am; I fully agree.

Chairman GRIFFITHS. So I would want to be judged, if I were the person, individually.

Do you then go to the Department of Welfare and ask them—I still think if you went to the Department of Welfare where they are getting all kinds of complaints on rent, that that would be one of the best places to go.

Do you know how much the Department of Welfare has budgeted for them for rent?

Mr. WHITBECK. For rent, it varies.

Chairman GRIFFITHS. Does the Department of Welfare discuss with the person the cost of home repairs or do any of you do that?

Mr. WHITBECK. I do not know what the department of social services discusses with each individual recipient. With respect to the problems of the maintenance and repair, I do know that through the case-worker system, some of that information is undoubtedly being transmitted. Our counseling program emphasizes this rather heavily. One part of our counseling program is a situation where the Detroit Board of Education, through their adult education program, has a program of home maintenance and repair training for purchasers under our programs. It is not limited to public assistance purchasers, however.

Chairman GRIFFITHS. Do you think that the 235 subsidy program is a feasible way to assist low-income families to obtain adequate housing and to improve housing in Detroit?

Mr. WHITBECK. Within the city of Detroit alone?

Chairman GRIFFITHS. Within the city of Detroit.

Mr. WHITBECK. Answering quite frankly, I have some question in my own mind as to whether the section 235 program operates optimally on existing older homes in areas which are experiencing blight and decay. To me the program operates optimally with new housing in solid neighborhoods and there I think our experience has been very good. I think our experience has certainly been less salutary with existing older homes in older declining neighborhoods. These are where the heavy defaults occur under section 235.

Now, the city of Detroit has numerous solid residential neighborhoods where the sale of new housing and existing housing works and

works quite well. I would have to say, however, that either the unsubsidized program or the subsidized program, any housing program, will run into severe difficulties when you are dealing with persons of lower or moderate income in older homes and blighted and deteriorated neighborhoods. It is inevitable that you will have major problems in any housing program under such circumstances.

Chairman GRIFFITHS. I would like to ask both of you: Do you think it would be better if there were simply a housing allowance set up someplace in the system and paid for the housing?

Mr. VARNER. I think if it is a housing allowance payment it shouldn't have the description, that's the only way it would work. Bill and I have both discussed this before, say, on a number of occasions, that the problem is simply that the people don't have enough income to sustain all their needs, housing being only one of them, and that if they were going to go to housing allowances, it should be considered just an increase in a person's income. It should not be devoted just for housing. In other words, you should not say, "I'm going to give you \$150 a month more and you must spend that on housing." It should be added to their income and allow them to make the evaluation as to how that money is spent.

Chairman GRIFFITHS. Do you agree?

Mr. WHITBECK. Yes, ma'am.

My own personal opinion is, and this is yet to be tested so it is a theoretical opinion, is remarkably parallel to Mr. Varner's; the mistake I fear perhaps we may make if we don't carefully evaluate the results of the experiments is, that we will take the approach that the poor are stupid and that in fact if we provide cash that they will not spend it on housing or clothing or whatever, that they will spend it on beer, cigarettes, and heroin. That is the old argument.

I think that in fact that in most instances this probably would not happen.

Secondly, I'm very much afraid that it is possible that we may get ourselves into a situation of imposing rather middle class values on a program that should be free of such values. By that I mean, I would think that one thing that would be very important to explore is whether or not we should make the requirement that a housing allowance recipient live in standard housing. In fact, a person of lower or moderate income may opt not to live in standard housing but rather to live in moderately substandard housing or perhaps badly substandard housing and use the money for other purposes. It seems to me at least in a pure experiment that the possibility should be explored as to whether in fact we want to impose upon the recipients a value which they may not in some instances agree with.

Chairman GRIFFITHS. You said that of the 12,000 mortgages which your office has insured for public recipients 3,000 of those were under 235; the vast majority were under section 221-D and some under section 203-B.

Mr. WHITBECK. Limited downpayment, very much lower downpayment, and lower mortgage amounts.

Chairman GRIFFITHS. All of these were insured after April of 1968?

Mr. WHITBECK. Yes, ma'am, all of the section 235. The 221(d)(2) and 203(b) programs are older programs.

Chairman GRIFFITHS. The 235 program is designed to help the purchaser, not the builder?

Mr. WHITBECK. Yes, ma'am.

Mr. VARNER. I disagree.

Chairman GRIFFITHS. Yes. Then is it the builder that has the option of requesting that section 235 funds be reserved for certain housing?

Mr. WHITBECK. Yes; the option is there primarily because without the benefit of subsidy, in this area at least, no builder is building \$21,000 to \$24,000 homes; they are rather building homes of \$25,000 to \$30,000 to \$40,000. There is no economic incentive for them to build a lower cost home other than the guarantee of the availability of subsidies. Now, the availability of the subsidy doesn't benefit them directly but it is almost a guarantee of sale.

Chairman GRIFFITHS. But, the home purchaser is limited in his home buying by the list of builders who have requested funds?

Mr. WHITBECK. Yes, ma'am and we are limited by the funds allocated to us and the Department is limited by the funds allocated to them by Congress.

Chairman GRIFFITHS. It is all set up for the builders.

Now I would like to talk about rents on the 236 subsidy program.

Does your office manage or supervise those programs?

Mr. WHITBECK. Let's take the section 236 program; it of course is a subsidized multifamily rental program. The sponsors manage the housing; a sponsor can be either a limited dividend corporation, partnership, or individual, a nonprofit or a co-op. When the housing is constructed and open for occupancy they manage the property, either self-manage it or hire a managing agent. The management of the property and the selection of tenants are the responsibilities of the owner or sponsor. The same is true with the rent supplement program.

Chairman GRIFFITHS. How many units are there in Detroit in which families receive rent supplements or have their rent reduced under section 236?

Mr. WHITBECK. Section 236 and rent supplement units within the city of Detroit?

Chairman GRIFFITHS. Yes.

Mr. WHITBECK. Our figures show that we have 40 section 236 projects completed throughout our jurisdiction totaling 4,037 units; of these, 13 projects with 1,081 units are in the city of Detroit. Further, we have 50 section 236 projects initially endorsed and under construction throughout our jurisdiction totaling 6,663 units; of these, 33 projects with 3,259 units are in the city of Detroit. We also have 52 projects in process throughout our jurisdiction totaling 6,196 units; of these, 17 projects with 1,674 units are in the city of Detroit.

Chairman GRIFFITHS. How is rent and the amount of the supplement determined for welfare recipients?

Mr. WHITBECK. For welfare recipients under section 236?

Chairman GRIFFITHS. Yes.

Mr. WHITBECK. There is no difference between welfare recipients under section 236 or a nonwelfare recipient.

Chairman GRIFFITHS. Where does a person apply for a rent supplement?

Mr. WHITBECK. Rent supplements are available for persons who are displaced by public action; they are given priority. Or, persons who are presently residing in substandard housing, they are given a priority; and the handicapped and elderly are also given priority. We therefore in these instances must have a certificate, generally from the city, although that is not universally the case, that indicates to us that the person has been displaced or is presently an occupant of substandard housing.

Now, under the section 236 program automatically 20 percent of the units within the section 236 project are eligible for rent supplement. Let's assume it has 100 units, 20 units will be eligible for rent assistance automatically. That is a piggyback approach and if they are able to attract families who qualify for a supplement, then the rent supplement certificates come forward, I sign them and the person qualifies for the supplement.

Mr. VARNER. You might add though, Bill, there are very few rent subsidies around. The funding of the rent supplement program is pretty meager and we don't have a great many rent supplements in the city.

Mr. WHITBECK. Actually, pardon me, the funding is one part of the problem, but another part of the problem is twofold. Under law, to utilize rent supplements we must have either a workable program for community improvement or a resolution passed by the city council authorizing the use of rent supplements, and in the outlying areas there are neither of the two circumstances existing. That is the first problem.

The second problem is the difficulty in obtaining certification of displacement or of present occupancy of substandard housing. It is a very difficult administrative process.

Chairman GRIFFITHS. Who is responsible for getting information on family income and deciding the family is eligible under the program?

Mr. WHITBECK. Under section 236?

Chairman GRIFFITHS. Yes.

Mr. WHITBECK. The owner of the project is responsible for that task.

Chairman GRIFFITHS. Really?

Mr. WHITBECK. Yes, ma'am.

Chairman GRIFFITHS. Not a Government-paid employee?

Mr. WHITBECK. In terms of the records again, they are forwarded to us, a certificate as described in my statement comes forward to us from the sponsor, but, in terms of tenant selection, ascertaining income, et cetera, this is the responsibility of the owner of the project.

Chairman GRIFFITHS. How would you find out, supposing you were somebody who wanted a rent supplement, how do you find out where you can get one?

Mr. WHITBECK. Again, as I say, in every 236 project there is 20 percent available, so the first recourse is to the project itself.

Chairman GRIFFITHS. But how do you find out where the project is?

Mr. WHITBECK. We maintain in our own office a registry on the 236.

Chairman GRIFFITHS. Do these people know this?

Mr. WHITBECK. Yes, ma'am; as much as we can publicize.

Chairman GRIFFITHS. How many people come into your office a day and ask for this information?

Mr. WHITBECK. I couldn't estimate. We get hundreds of people in our office every day.

Now, also the city knows the location.

Chairman GRIFFITHS. Do they refer them over to you?

Mr. VARNER. Yes. You see, we are responsible for central relocation in the city of Detroit also, and those people who are being replaced by public action are informed by us as to their rights for rent supplement, so they find out from us and we have a listing of all the projects that we got from Mr. Whitbeck's office that have the supplement, and we then inform those people who are being displaced of the availability of those supplements.

Chairman GRIFFITHS. Can they come into your office and get a little list?

Mr. VARNER. Yes; they could, but those people that generally qualify, Mr. Whitbeck pointed out, other than the handicapped who move themselves, are generally people that are being displaced. All people who are being displaced by public action in the city of Detroit, we are responsible for.

Chairman GRIFFITHS. Well, now, is a verification of income required, do you get pay stubs, employer's statements, income tax returns or anything like that?

Mr. WHITBECK. Under section 236 directly to our office we do not.

Chairman GRIFFITHS. Does the landlord?

Mr. WHITBECK. Yes, ma'am.

Chairman GRIFFITHS. How do you know it is done properly and accurately?

Mr. WHITBECK. We go back and audit on many occasions.

Chairman GRIFFITHS. How many of them do you audit?

Mr. WHITBECK. Audits are done by our office of audit and over my desk in the last, I would say 4 months, I have seen probably 10 audits of 236 projects.

Chairman GRIFFITHS. How many units are there?

Mr. WHITBECK. How many units in those 10 projects?

Chairman GRIFFITHS. Yes.

Mr. WHITBECK. I would estimate approximately 1,000 to 1,500.

Chairman GRIFFITHS. Well, that is better. In New York we found they were doing sample quality control audits in 48 out of something like 7,500 public assistance cases. Now, you know, that is such a small sample—

Mr. WHITBECK. Well, I should point out that when our auditors go into a project to audit the project's books, they don't look at every income certification, they do it on a sampling basis.

Chairman GRIFFITHS. Does your office check on eligibility of tenants or review applications to be sure they are correct?

Mr. WHITBECK. Yes, ma'am.

Chairman GRIFFITHS. Is there any record in your office of who these families are and the supplement they receive?

Mr. WHITBECK. Under the rent supplement program you are speaking of in conjunction with 236?

Chairman GRIFFITHS. Yes.

Mr. WHITBECK. Yes, ma'am, there is.

Chairman GRIFFITHS. You have that?

Mr. WHITBECK. Yes, ma'am.

Chairman GRIFFITHS. How often is income checked and eligibility recertified?

Mr. WHITBECK. Every 2 years.

Chairman GRIFFITHS. Are tenants required to report changes in income in the interim?

Mr. WHITBECK. Yes, ma'am, the same procedure.

Chairman GRIFFITHS. What happens if they fail to report a change or if the family composition is changed that would result in increasing their rent, what do you do then?

Mr. WHITBECK. That would result in increasing their rent?

Chairman GRIFFITHS. Yes.

Mr. WHITBECK. Yes, ma'am. The section 236 program, I should point out, is different in one respect from section 235. If a person is income eligible under the 236 program income limits, he pays the subsidy rent which is called basic rent or 25 percent of his income, whichever is greater. As his income goes up he pays more until he reaches the market rent level. He can then stay in paying the market rent. With respect to recertification and failure to do so, we are and the project owner is in the same position that Mr. Varner is in, in public housing, if their income is down they report it, if it goes up—

Chairman GRIFFITHS. In a study of low-rent housing projects in 1968, GAO found that project owners did not verify income and employment information of about one-fourth of the families prior to occupancy and did not recheck income of one-fifth of the families during that year. GAO also found out that half the families in the project they studied may have had incomes higher than that which they had reported. Certainly neither the family or the project owner has any great incentive to report higher income.

Has anything been done to improve this?

Mr. WHITBECK. I am not familiar with the GAO study, however, as I say, our technique with respect to dealing with 236 projects is essentially an audit followed by the remedial action on our part with respect to the project owner, the sponsor. We have been successful in some instances where these audits come through and show deficiencies.

Chairman GRIFFITHS. The limited dividend partnership provided under 236 is a lucrative tax shelter for individuals in the high income tax brackets. I am told the liberal mortgage provisions offered by HUD—up to 90 percent of the projects have subsidized interest rates—together with the accelerated depreciation allowance, result in a developer being able to acquire assets which generate large tax savings with only a modest commitment of his own funds. Furthermore, once HUD has authorized the mortgage he can sell the partner-type shares at a price that permits recoupment of the investment. Really, this is attractive, and is such a large incentive necessary to induce the construction of low-income housing?

Mr. WHITBECK. I can answer the first question. Yes, investors are attracted to section 236 projects in point of view of the tax shelter. It is the most attractive real estate investment presently available. The tax law is relatively complex, but you have outlined essentially what occurs.

As to whether this is necessary for the construction of housing for low and moderate income persons, I think you can find 10 people who will probably have 10 different viewpoints on that.

I know that in 1968, the Congress passed the act and later tax reform provisions under 1969 and 1970 legislation provided the tax incentives and I know they are being utilized.

Chairman GRIFFITHS. One of the interesting things members of the Ways and Means Committee are always being told that we should do something about is oil depletion allowances. Finally, after what seemed like an age, we had it passed, but the biggest tax shelter of all, of course, is real estate. This is the biggest. Of all those who pay no taxes, this is the first thing they use. This and gifts. We tried to shut out the gifts and we tried to cut down on this too, but this is the biggest shelter. Real estate is the biggest shelter of all. More people grow rich and pay nothing on real estate than on any other investment. Oil comes in about fourth.

Mr. WHITBECK. Homeownership also offers tax shelter with respect to real estate which many people overlook and that is a fact. Every single homeowner in the United States pays interest. On a home purchase he is receiving a tax benefit since he is able to deduct this interest from his income. In fact, more money has been lost to the U.S. Treasury, as Senator Douglas used to point out, on that small section of the tax law than has been spent in the entire history of the U.S. Government for any type of housing construction, particularly for persons in lower and moderate incomes. So it is not just a question of sheltering the income of the rich.

Chairman GRIFFITHS. Oh, no, it shelters low income people too, that really is why you have such difficulty in repealing it or doing anything about it because, well, for instance, my own district is the highest percentage of owner-occupied homes in America. The thing that holds us all together is those mortgages.

In your prepared statement, Mr. Whitbeck, you indicated strong approval of the 1971 Housing Consolidation and Simplification Act which has been on the floor of Congress.

In your opinion, what are the most needed program changes incorporated in this bill, and would this bill introduce any reforms that you consider unwise?

Mr. WHITBECK. Attempting to answer those in order, I think my statement reveals the enormous complexity of our program. I attempted to keep my description of our processing of our programs as simple and as straightforward as I could, and yet, reading it over I realized it was enormously complex and perhaps occasionally even ununderstandable. That is the first point about the Housing Consolidation Act that I think is important. I am perhaps something of an expert on the question of housing law, yet I have great difficulty attempting to administer properly these varying sections of all of them having varying requirements, some of them which date back to the depression and some of them are simply not applicable to the 1970's. If I have problems with them, I'm sure the average home buyer or average renter or average developer who is engaged in our programs must occasionally throw up his hands in despair. If legislation would reduce the number of operative sections, the very reduction of the

number of programs and conflicting kinds of requirements seems to be something that could not but help both the administrator involved in the programs but, more importantly, the public that deals with them.

Second, to eliminate the various rigidities in terms of the way in which we can raise or lower the interest rate, having to come back every year for instance for authority to do that, would be very helpful. To eliminate the, what is on occasion, very complex system and provide some degree of flexibility I think is also very, very important.

Third, dealing with the question of cost, going to a system of prototype costs seems to me to also make a very good deal of sense.

I find nothing in that proposed piece of legislation that in my opinion would be deleterious to the administration of our programs.

Chairman GRIFFITHS. Well, I want to thank you both.

Mr. VARNER. I have some difficulty with that.

Chairman GRIFFITHS. All right, what would you like to say?

Mr. VARNER. The problems I see with the program as it affects public housing is the fact that it sets a minimum rent that must be equal to the cost of utilities. What this will do in many instances, especially in the city of Detroit, is remove from the rolls those people who are of the lowest income and they will not be able to live in public housing.

There is also a provision that indicates public housing will, in fact, have to pay full taxes, all new projects will pay full taxes, and you won't get any new ones built unless you go in the program where every public housing unit will, in fact, have to be on full taxes over a period of 10 years. In the bill it says that they will then further subsidize the operating cost to take care of taxes, but it doesn't say that they will split that operating subsidy from the tax adjustment. As I see the program being administered and operated today, when you lump more things in that one operating subsidy, you stand the constant danger that whenever you get into an economic situation where you have a financial problem in the country, you reduce that operating subsidy and again in public housing it is more difficult for them to operate economically.

The third thing is that they asked for a balanced income in public housing. Where philosophically that may be a great idea, if you have to maintain that balance where the median rents must cover operating costs; and if you find a situation such as the one where the median income in the city of Detroit falls below that, we are going to find that, unless we do a massive construction of public housing, we will eliminate again a great many people from living in public housing.

And, I also have some difficulty with the income limits being 90 percent of median because as far as I am concerned, the income limits today are far too low. Our income limits, I think, go to \$6,300 or \$7,300, I don't remember which, but at any rate, it is far too low already and that would mean that when you went into an area that had poverty and its median income was low you would still have a great many poor people that couldn't live in public housing. So, I think that is an error also, and I think those four points need to be corrected.

Chairman GRIFFITHS. I will remember that. I am no longer on that committee, but, in my personal judgment, it will probably not be that we will be putting people in public housing, there will never be a mas-

sive construction of public housing. Now, maybe we shouldn't have it the way we know it, we shouldn't have, as you point out, 10,000 very poor people living in one area. They ought to be spread out among everybody. The way people learn to live and be motivated is for poor people to be spread among the whole population like you have in a little town, where the richest kids in town go to school with the kids who don't have very much.

Mr. VARNER. And the poorest lived along the railroad track, too.

Chairman GRIFFITHS. That is right.

Mr. VARNER. I don't think I'm saying we shouldn't have massive public housing. I think the public housing program should be expanded to include a great many more people than it presently includes, and by doing that we will raise some of the stigma they have presently on public housing along with the concept of scattering that public housing.

I think the problems have been the way we have looked at it in the past and I think, you know, we end up putting people in little boxes and saying, you are the poor, you are the very poor, you are the middle poor and upper poor, and that has been part of our problem.

Chairman GRIFFITHS. It could be done better.

I am going to thank both of you very much and I hate to hit you with a different type of question, but I think that the question has some seriousness and I would like to remind you of that. A man in my district who was a builder and owned the lot put up a house some years ago that cost him \$75,000. He carpeted it, draped it, and did all the exterior landscaping, and on the rising market in less than 5 years that house sold at \$30,000. Now, you know that comes pretty close to being confiscation.

Mr. VARNER. Maybe he overspent in building the house.

Chairman GRIFFITHS. No; this was—

Mr. WHITBECK. Well, of course anything that gets beyond \$33,000 we are out of it.

Chairman GRIFFITHS. The problem is that I think you have to look at some of those homes in that area where I have had the complaint.

Mr. WHITBECK. We would be more than happy to. We can reevaluate it.

Chairman GRIFFITHS. Please see what you can do about it.

Thank you very much for being here.

(Whereupon, the subcommittee recessed, to reconvene at 2 p.m. the same day.)

AFTERNOON SESSION

Chairman GRIFFITHS. The witnesses this afternoon are: from the Michigan Department of Social Services—Dr. Leland Hall, deputy director, research and program analysis; Mr. Stuart Paterson, deputy director for medicaid and management information systems; Mr. Joseph J. La Rosa, assistant deputy director, income maintenance and community social services; Mr. Edward Updyke, chief, planning and administrative staff, bureau of management information systems; from the Michigan Office of the Budget—Mrs. Eileen Ellis, assistant director; and from the Michigan Employment Security Commission (MESOC)—Mr. S. Martin Taylor, director.

We are very happy to have all of you here. Thank you very much for being here and I hope that you take our best wishes for a speedy recovery to Mr. Houston (Mr. Bernard Houston, director of the Michigan Department of Social Services).

Dr. HALL. Mr. Houston again would like to convey his regrets to you personally, Madam Chairman, and also to the subcommittee.

Chairman GRIFFITHS. Well, I realize that he certainly would have been here if he could have been, and I do appreciate the fact that he has sent all of you to help.

We will begin with Mr. Taylor. Mr. Taylor, would you proceed with your testimony, please?

STATEMENT OF S. MARTIN TAYLOR, DIRECTOR, MICHIGAN EMPLOYMENT SECURITY COMMISSION

Mr. TAYLOR. I am S. Martin Taylor, director of the Michigan Employment Security Commission (MESC). I have been invited here today to present an administrative overview of the Michigan Employment Security Commission's programs and responsibilities.

I am advised that the subcommittee is particularly interested in information regarding:

(1) Local office operations:

(a) Unemployment insurance (UI);

(b) Manpower services (sometimes referred to as employment service or ES);

(2) The operation of the work incentive program (WIN).

Unlike many other States where employment service responsibilities lack of coordinated leadership, more practically in Michigan all manpower services are combined under one bureau director, facilitating and assuring a more unified operation.

1. Composition of the commission and the advisory council, their duties and responsibilities

The Michigan Employment Security Act provides that its purposes are to protect the people of Michigan from the hazards of unemployment, provides for the levy and collection of unemployment taxes from employers, provides for the payment of unemployment benefits, provides for the cooperation of Michigan and compliance with the provisions of the Federal Social Security Act and the Wagner-Peyser Act, and provides for the establishment and maintenance of free public employment offices.

The commission is mandated to establish policies to reduce and prevent unemployment, to encourage and assist in vocational training, retraining and vocational guidance, to promote reemployment, and to investigate, recommend, advise and assist in the establishment and operation of public works in times of business depression and unemployment.

The commission is composed of five members, one of whom is the director of the department of labor who serves ex officio and without vote. The other four members are appointed for 4 years. Two of the members must represent employer interests and two must represent employee interests. Not more than two members can be of the same political party.

The present members of the commission are: Mr. Frank Padzieski, chairman, Republican, of the Dearborn Underwriters, represents employer interests; Mr. Raymond M. Lyons, Republican, of Fruehauf Corp., represents employer interests; Mr. Walter Campbell, Democrat, of the State AFL-CIO, represents employee interests; Mr. Alex Fuller, Democrat, of the United Steel Workers of America, represents employee interests; and Mr. Barry Brown, director of the department of labor.

The advisory council is responsible for making recommendations to the commission on policy and to the Governor, the legislature, and the commission on proposed amendments to the Michigan Employment Security Act.

The Michigan Employment Security Advisory Council consists of eight members, four of whom must represent employer interests and four must represent employee interests.

The present members representing employee interests are: Mr. Richard L. Schmidt, chairman, of the UAW; Mr. Simon Chappel of the Michigan AFL-CIO; Mr. Neil J. VanStelle of the building and construction trades; and Mr. Leonard Zimmerman, secretary of the Michigan State Carpenters' Council.

The present members representing employer interests are: Mr. Colin L. Smith, secretary, director of the Employers' Unemployment Compensation Council; Miss M. Jane Kay of the Detroit Edison Co.; Mr. B. D. Maddox of the Gardner-Denver Co.; and Mr. Joseph A. O'Reilly of the Ford Motor Co.

The employer members of the commission and the advisory council represent approximately 132,000 subject employers while the employee members of the commission and the advisory council represent more than 3,600,000 workers.

The Michigan Employment Security Commission is unlike any other State agency in scope and responsibility. Because the many varied programs administered by the agency touch all phases of the social and economic life of the community, the vital economic interests of labor and management are directly involved in the administration and day-to-day operations of the Michigan Employment Security Commission. Accordingly, commission activities are the subject of constant scrutiny by management, labor and the general public.

MICHIGAN'S ECONOMIC OUTLOOK—FISCAL YEAR 1973

After a disappointingly slow recovery period following the 1969-70 recession the Michigan economy now appears to be geared up and ready to expand. Through the first quarter of 1972 economic growth was steady although slow but marked signs of recovery are now becoming evident.

Car and truck production for fiscal year 1973 is expected to reach 11,050,000, up 3.3 percent from the 10,700,000 projected for fiscal year 1972. The repeal of the excise tax on car and truck combined with international currency revaluation should make domestic vehicles more competitive in the compact car market. Credit availability and lower interest rates should also be a contributing sales factor. The demand for trucks will continue its upward trend.

Unemployment which has remained high—the preliminary estimate for March 1972 is 9.1 percent—is expected to fall off sharply as the Michigan economy picks up steam again. The average unemployment rate for fiscal year 1973 should be about 6.7 percent, down from 8.2 percent estimated for fiscal year 1972. In order to attain this lower unemployment rate nonagricultural employment must increase at least 3 percent over fiscal year 1972 with moderate labor force growth of 1.2 percent. This would bring fiscal year 1973 labor force to 3,683,000, total unemployment to 3,428,000, and unemployment to 247,000.

Currently, the Michigan labor market is waiting for the improved national economic indicators to exert a significant impact on the supply of jobs available and the level of unemployment. Despite efforts to stimulate the national economy and curb the inflationary spiral, Michigan's unemployment in March of 1972 stood at an extremely high level of 332,000, representing 9.1 percent of the total labor force. About one worker out of every 11 was looking for a job.

The lack of available jobs held unemployment to a monthly average of 295,000 or 8.2 percent in 1971, the highest annual average for the 10-year period since 1961.

The Michigan economy during much of 1971 may be best described as in a state of transition. Although the national economic policy produced some minimal effects upon the State's economy, the performance of the Michigan labor force and its significant employment components such as manufacturing, construction, trade and government, can certainly be regarded as lackluster. Compared with 1970, unemployment in 1971 reflected an increase of 42,000 from the 1970 when the unemployment rate was 7 percent. The State's unemployment for the first three quarters of 1971 were at higher levels than for the corresponding period of 1970. However, during the 4th quarter of 1971, unemployment showed a slight improvement averaging 7 percent compared with 7.4 percent during the final quarter of 1970.

The easing of unemployment reflecting in the 4th quarter of 1971 did not continue through the first quarter of 1972. Unemployment in the first quarter of 1972 averaging 8.6 percent slightly exceeded the first quarter 1971 average of 8.4 percent.

Practically all of the employment loss reflected in the high yearly unemployment level for 1971 is attributed to losses of manufacturing jobs which is down 23,400 from 1970. With 1,049,300 manufacturing jobs in Michigan in 1971, this represents the lowest level since 1964. The durable goods sector in 1971 accounted for 80 percent of the State's manufacturing jobs, and nearly 70 percent of these factory-related jobs were concentrated within three industries, motor vehicles and equipment, metals, and nonelectrical machinery. A major structural change appears to be taking place within the durable good component of manufacturing employment. The automobile industries increasing standardization of parts and fewer and less extensive model changes are among major factors in reducing the industries own employment needs and its requirements from automobile-related industries. The nonelectrical machinery industry, especially the tool and die segment recorded the largest yearly decline in jobs totaling 27,200 reflecting this shift. Further reductions were experienced in the metals industries and in electrical machinery totaling 11,000 and 2,500 respectively.

In nondurable manufacturing industries all but miscellaneous goods recorded losses, although not as great as shown in durable goods. Food and kindred products, printing, publishing, and allied, and the chemicals petroleum and related industrial employers recorded significant losses totaling 6,000 jobs.

In the private nonmanufacturing employment sector, a total of 2,900 jobs were added as a result of mixed industry changes. Service employers responded to the growing population and increased demand as they added 3,500 new jobs to reach a new alltime high of 425,900 jobs. Retail trade rose 1,800 to 455,600 jobs, just 200 short of the record level set in 1969.

Finance, real estate, and insurance set a new employment record with the addition of 1,400 jobs bringing the total level of 120,000 across the State. Michigan construction employment was at 106,200 during 1971, 2,700 short of the 1970 level, however, during the last half of 1971, the monthly employment level was ahead of the year age level for corresponding months.

Government employment realized the greatest job increase during 1971. Local units added 10,200 employees to service the needs of the State's growing population. A drop of 2,300 Federal jobs during the year was partly offset by a 2,100 increase in State jobs. A total of 516,000 Government jobs are recorded for Michigan in 1971, compared with 506,000 in 1970.

With an anticipated increase in new car and truck production in 1972, coupled with a promising outlook for construction and probable rises in retail trade, services, and Government employment to meet the needs of Michigan's growing population, a moderate level of employment growth is slated for 1972. These increased job opportunities should reduce Michigan's unemployment as increased numbers of job-seekers enter the labor force in 1972. However, the real yardstick for measuring recovery in Michigan will in great part depend upon the broad based economic recovery on a national basis and the translation of this into a steady recovery in durable good employment in the State.

In Michigan a great effort is being placed in several manpower and related programs designed to reduce unemployment, expand job opportunities for everyone, and raise the income level of poor citizens.

During 1971 benefit payments under the regular State unemployment insurance program amounted to \$304,600,000, an increase of \$24,300,000 from 1970 and \$192 million above the 1969 benefit expenditures. Benefit payments under the State extended program amounted to \$74,500,000 in 1971. The extended program was initiated in October 1970 and payments during the first 3 months of its operation amounted to \$11.5 million.

Benefit exhaustions under the regular program during 1971 totaled 116,000. In addition, 103,000 exhaustions were reported under the benefits program. During January and February of 1972, exhaustions in the regular State program totaled 20,300 and under the extended program 14,500. The high benefit expenditure experience and a substantial number of benefit exhaustions experienced during 1971 have serious and continuing implications for other governmental income maintenance programs, particularly the State's social welfare services.

Despite the improving economic outlook for fiscal year 1973, the spillover of the substantial number of unemployed persons who have

exhausted their entitlement to unemployment insurance without securing gainful employment is almost certain to produce further pressures on the already heavily burdened welfare resources. In January 1972, the total welfare caseload for all types of programs was reported at 272,905, covering 686,509 persons receiving some type of public assistance. Compared with January 1971, the number of cases receiving assistance shows an increase of 54,288 or 24.8 percent. The number of persons receiving assistance increased by 127,229 or 22.7 percent.

It is significant that the failure to arrest the rising level of unemployment has a direct bearing on the ADC-U program (Aid to Dependent Children of Unemployed Parent) where expenditures for total assistance payments showed an increase from \$2,200,000 in January 1971 to \$4,051,000 in January 1972, a rise of nearly 84 percent. The labor market situation also had an impact on the rise of assistance payments under the ADC program from \$23.2 million in 1970 to \$34.4 million in January 1972, an increase of nearly 48 percent.

The dearth of job opportunities brought a rise in general assistance payments from a total of \$5.26 million in January 1971 to \$5.72 million in January 1972, an increase of nearly 9 percent.

In the overall, economics factors played a big role in boosting total public assistance payments in Michigan from \$35,026,000 in January 1971 to \$47,825,000 in January 1972, an increased expenditure of nearly \$12,800,000, or a rise of 36.5 percent.

UNEMPLOYMENT INSURANCE—PURPOSE

Unemployment insurance is an integral part of the overall manpower program. As more workers become unemployed, more money is drawn from the unemployment compensation fund, thus depleting its reserves in proportion to the severity of the unemployment picture. However, it should be kept in mind that unemployment insurance dollars are high velocity dollars in the economic stream and are used to pay the nondeferrable expenses of food, shelter, and clothing. The money paid to the workers in the form of unemployment benefits helps to maintain the buying power of large numbers of people and thus, assists in stabilizing existing economic conditions. With a more stable economy, we find the ranks of the unemployed decreasing. As more workers return to work, payroll taxes increase in amount, thus again building up the reserves of the unemployment compensation fund.

Organization

The unemployment insurance functions of the Michigan Employment Security Commission are administered by the Bureau of Unemployment Insurance, which is divided into two divisions. The central office division performs all functions relating to the eligibility of employers and the collection of payroll taxes. Coverage will increase because of the addition of nonprofit organizations and State institutions of higher learning, effective January 1, 1972. In addition, the central office furnishes staff service to the branch offices, which encompasses the preparation of procedures, policies, interpretations, conducting of evaluations to insure uniform applications of the law, procedures, and policies. The referees are also a part of the central office division.

The branch office division is responsible for the operation of 65 offices scattered throughout the State, as well as 38 itinerant points servicing on a weekly or biweekly basis. Claims for benefits are filed, computed, and paid at the branch office level. Any determination affecting benefit entitlement is furnished to both claimant and employer including the employer whose account may be affected, if other than the last employer for whom the claimant worked. Any of these interested parties may request a reinvestigation resulting in the issuance of a redetermination which may then be appealed to a referee, if either party is dissatisfied. An appeal removes the disputed matter to a referee who notifies all interested parties of the date and time of hearing.

From the referee, any interested party may file an appeal to the three-man appeal board appointed by the Governor; and from there, the matter may be carried into the courts.

Eligibility

To qualify for unemployment insurance, a worker must have earned wages of \$25.01 or more in at least 14 of the 52 consecutive calendar weeks immediately preceding the effective date of his claim. His weekly rate will depend upon the number of his dependents and his average weekly wage. The number of weeks he may draw is controlled by the number of weeks he worked during the base period. The minimum number of potential payments (based on 14 weeks of employment) is 10½ weeks, and the maximum entitlement is 26 weeks. The minimum weekly rate is \$16 and the maximum is \$92. The Michigan law provides for an extension of one-half of the number of weeks of benefits allowed on the initial claim up to a maximum of 13 weeks, during periods of high unemployment. This is known as the extended benefit program. In addition, there has been in effect in Michigan since January 30, 1972, a Federal temporary compensation program which allows a second extension of one-half the original entitlement. To be eligible for benefits for any week, the claimant must, during such week, have been able to work, available for full-time work, and seeking work.

The law provides a period of disqualification and reduction in entitlement if the claimant quit his job without good cause attributable to the employer, was discharged for misconduct, or refused suitable work.

A claimant may earn less than one-half his weekly rate and draw a fullweek payment. If he earns one-half but less than his full weekly benefit rate, he may draw one-half payment. He is not eligible for benefits for any week in which he earns (or had earnings available) equal to (or in excess of his weekly benefit rate.

Branch office operations

An unemployed individual is required to report in person to a branch office of the Michigan Employment Security Commission to file an application for benefits and to register for employment. He is given a return appointment at the time he files his initial application.

The application is processed immediately by: 1. Securing wage and separation information from the employer(s) for whom the individual worked during the 52 weeks before he filed his application, and 2. Securing information from the central office regarding the liability

of the employer(s) involved, the possibility of an existing claim, and information regarding any previous fraud or overpayment determination.

When the above information is received from the claimant, employer, and the central office, a determination of benefit entitlement is issued by the branch office. A copy of this determination is provided to the claimant and the chargeable employer(s).

On his first return appointment, the claimant's identification card is checked to see that he has registered for employment with the manpower section and his occupational code is entered on his claims records. His work registration, which identifies him as a claimant, remains active in the manpower section until the claimant returns to work or is no longer available for work. The manpower section notifies the claims section if a claimant is called in for possible referral to work, refusal of work when offered by an employer to whom he was referred, and/or if he returns to work. The claims section notifies the manpower section if a claimant reports that he has returned to work.

The claimant is also given a benefits rights interview which explains to him his rights and responsibilities while claiming benefits. He is required to report weekly thereafter or as directed to certify that with respect to each week for which he is claiming benefits, he was registered for work, able to work, available for full-time work, and that he did not refuse an offer of suitable work. He is also questioned regarding any work performed and the amount of his earnings, if any. A copy of each benefit check issued is sent to the chargeable employer.

In addition to his weekly certification that he meets all of the eligibility requirements, at periodic intervals an in-depth interview is conducted to make certain that both the claimant and the Commission are doing the things best calculated to return the claimant to employment and that the claimant is not placing any undue restrictions on his availability for employment.

We have an arrangement with the social services department which provides for a referral by that agency to the Michigan Employment Security Commission (MESC) of all employable welfare recipients. The Michigan Employment Security Commission (MESC) records, both manpower and claims, are annotated to identify the individual as a welfare recipient, and the social services department is then notified of any referral to a job or refusal of work offer.

Not a welfare program

The unemployment benefit program is not a welfare program. It is an insurance program financed by a tax on the worker's earnings paid by the employer. Entitlement is therefore based on rights established by meeting standards of eligibility and qualification prescribed by the law, rather than need.

The role of the Michigan Employment Security Commission (MESC), therefore, is to issue unemployment insurance payments promptly, as soon as entitlement is established in order to avoid the need for application for welfare.

A recent change in our program, resulting from a U.S. Supreme Court decision known as the *Java* decision, operates toward this end. Whereas the Michigan Employment Security Act formerly provided

that no payments be made on a contested claim until a final decision was reached, payments are now made as soon as a finding allowing benefits has been issued, irrespective of the appeal period or an actual protest.

It has been our experience that the Department of Social Services requires applicants with recent work histories to present evidence of determination of entitlement, or denial thereof, either when the applicant himself is the client or where the mother is claiming welfare based on nonsupport. In the latter instance, the Department of Social Services processes the inquiry to Michigan Employment Security Commission. We have and should continue to maintain effective lines of communication.

MANPOWER

The Michigan Employment Security Act required that all unemployment insurance claimants register for work with the Michigan Employment Security Commission branch offices.

Of these claimants, the referral of returning military servicemen to Michigan Employment Security Commission branch offices through Department of Defense and Department of Labor Regulations is a priority emphasis. Work preference to veterans is specified in the Wagner-Peyser Act.

The statewide Michigan Employment Security Commission Department of Social Services (DSS) Agreement of 1966, specifies that aid to dependent children (ADC) and ADC-Unemployed (ADC-U) parent recipients must also register for work with MESC branch offices. Work incentive program (WIN) procedures state that ADC and ADC-U recipients referred to WIN by DSS will be rendered vocational services by branch offices while awaiting WIN enrollment.

In addition to the WIN program, MESC has another program exclusively to serve welfare clients. Project 21 is a manpower program instituted in August 1971, as a result of Michigan Legislature's concern for rising welfare costs to the State. Local agreements between MESC and DSS staff specify procedures and processes whereby ADC, ADC-U, applicant, and general assistance recipients who are job ready will be provided extensive job development and placement services. It was originally intended that project 21 would fill gaps in the total thrust, as well as return short term welfare recipients to employment.

Other applicants may be disadvantaged, poor, near poor, job ready or not job ready, minority group members, youth, high school drop-outs, older workers, and handicapped. It should be noted that, in addition to applicants receiving services through regular branch office operations, MESC performs outreach via the mobile units listed below:

Inkster	River Rouge
Delray	Pontiac
Warren	Royal Oak Township
12th Street	Hazel Park
Hamtramck	Grand River-Oakman

The outreach function is utilized to seek out disadvantaged in need of MESC services.

Specially designated units also perform Manpower Services for Detroit's concentrated employment program (CEP). MESC units

are housed in the city's four major community action centers. Also, MESC sponsors northern Michigan CEP for target area, covering nine Upper Peninsula counties and 12 counties of the northern Lower Peninsula. Northern Michigan CEP has a goal of serving 1,900 disadvantaged persons in the form of employability development activities, supportive services, extensive followthrough and followup, and finally in culmination with successful and permanent employment.

In the screening and job referral mechanism all job applicants are provided a thorough registration interview, the purpose of which is to reflect on an application card all relevant vocational and other information of the job applicant. A complete job application card provides the means whereby branch office staff may accurately assess job readiness or need for additional employability development services.

Those applicants deemed job ready are referred to appropriate job openings via the job bank system. Job bank is a computerized method of centrally reflecting all job openings of a given geographical area.

All job openings and their pertinent data are shown on a microfilm or microfiche, which can be scanned in a job bank viewer by branch office staff. Job bank data and referral disposition is maintained currently and the job order listing is modified daily.

Employability development activities available to the nonplaced or nonplaceable applicant include extensive counseling. Full vocational assessment, including testing, gathering of applicant data from schools, et cetera. Counseling to relieve and resolve problems of job adjustment is also included. The applicant will also be counseled for purposes of vocational planning, setting of interim and final job goals. Included in vocational planning are steps to improve educational levels relative to a goal, resolution toward problem needs, such as child care, legal aid, family management and planning, et cetera.

The applicant may also be referred to employability development activities—Job Corps, Neighborhood Youth Corps, Manpower Development Training Act or On-the-Job training (OJT).

Manpower Development Training Act (MDTA) consists of individual and group-size institutional vocational training. In the selection of trainees, top priority is given to the disadvantaged. Again, to reflect the magnitude of this statewide program, the following statistics are offered:

Fifty-five percent was allotted for training allowances to participants, the remaining being expended for training costs. The budget allowed 9,444 persons to participate. Of the 9,444 persons authorized in the program, approximately 1,000 were direct referrals from the welfare rolls. One of the most promising career opportunities in the MDTA program is the licensed practical nurse. Wage rates range from \$7,000 to \$9,000 per year. Of the 1,233 graduates of the training program since 1963, all have been placed in jobs. The largest of the five MDTA licensed practical nurse programs in Michigan is located in Detroit. Of the 252 persons enrolled in the program during fiscal year 1971, 54 were from welfare. In the southwestern section of Detroit we have one of the largest skill centers in the country (McNamara Skill

Center). Training is conducted in 15 different occupations at this center. All 1,289 enrollees for fiscal 1971 were disadvantaged including 314 from welfare.

OJT training slots are through the Jobs Opportunities in the Business Sector (JOBS) and the Optional Program (JOP).

Special units in the branch offices are also available to applicants. These include a handicap specialist, parole specialist, and veterans employment representative.

Special tools have been made available to the branch office to aid in serving clients. Executive Order No. 11598 mandates listing certain job vacancies with the MESC. Obligated employers specified under the order include certain firms holding Federal contracts or subcontracts for \$10,000 or more that will generate more than 400 man-days of employment. Veterans are preferred.

MESC also has available a special bonding program whereby new hires whose employers will not or cannot guarantee bonding will be availed of up to \$10,000 in guaranteed bonding.

The Defense Manpower Policy No. 4 (DMP-4) attempts to attract and encourage American business to provide more job opportunities for the disadvantaged. The policy provides bid preference on certain Federal procurement contracts to firms that either are located in labor surplus areas or firms who will hire a certain proportion of disadvantaged people, or both.

MESC is active in carrying out DMP-4 in that an employer's preference under the policy in the Federal procurement process must be attested to by the nearest branch office. Additionally, if a firm is awarded a contract, which contains DMP-4 provisions, the nearest branch office is responsible for certification of disadvantaged and referral for hire.

Through the use of the Job Bank system, all types of job openings and major occupations of any given area in the State are covered. For example, as of April 24, 1972, for the Detroit metropolitan area, Job Bank's listings totaled 1,688 job orders for a total of 3,155 openings. Additionally, as of that date, 783 orders for approximately 1,500 openings were in "hold" status awaiting referral disposition.

The Job Bank activity in the Detroit area for that date represents approximately 50 percent of the statewide Job Bank activity.

There are three types of job openings for which the MESC does not refer; those which pay below minimum wages as stipulated by law; those of most private for profit employment agencies; those which would be unacceptable as jobs; or that would be discriminatory in regard to religion, race, color, national origin, age, or sex.

I would suggest two changes that would enhance the movement of persons from welfare to employment. The first would be to extend the training time and the skill level built into current programs. Presently, restrictions on length of training necessitate utilizing those occupations that deal with lesser skills and subsequent narrowing of job opportunities.

The second suggestion would be to extend the tax credit incentive to private employers now restricted to WIN enrollees, to include all

persons on welfare. This incentive is a realistic approach to increased participation by the private job sector in utilizing marginal skilled persons.

THE WAY THE WORK INCENTIVE PROGRAM WORKS

The work incentive program (WIN), by law, is set up to provide the total range of manpower services (counseling, training, work experience, placement, and followup) to recipients of aid to dependent children (ADC) and aid to dependent children-unemployment (ADC-U) benefits. The local welfare agency works in conjunction with the employment security (ES) agency and has responsibility for the following activities: referral of appropriate clients to WIN, child care services, medical and necessary family supportive services.

Referral to WIN is made by the welfare agency caseworker after a determination as to appropriateness, which includes the following categories: ADC-U fathers, ADC-U stepfathers, youth 16-21, volunteer and nonvolunteer mothers with and without preschoolage children.

Enrollments are made as vacancies occur in the allocated caseload commitments for the WIN program. Screening factors considered in the enrollment process are availability, physical condition, child-care arrangements, desire to participate, and projected ability to benefit from the program.

After enrollment, an assessment is made by the WIN team as to the necessary manpower services to assist the client in becoming employable.

(The WIN team is usually composed of five members, each with a specific area of expertise and each charged with a specific area of responsibility for services to the client. They are as follows: (1) counselor—assessment, testing, development of employability plan; (2) work training specialist—develop training site, write training contract, monitor training site; (3) coach—follow-up on client, home visits, liaison between team and client; (4) manpower specialist—job development, placement, write OJT contracts, and (5) welfare caseworker—provide child care, medical services and family services.)

After assessment, an employability plan is developed, outlining which team members are to do what, when it is to be done, how long it will take, what steps are necessary, and what services are to be provided. Program services included in this plan could be: employability orientation, basic education, work experience, on job training (OJT), institutional vocational training, work internship, and work samples. A typical employability plan would include the following: (1) Assessment, (2) orientation (to world of work and the WIN program), (3) basic education and/or general educational development (GED) preparation, (4) vocational training and (5) placement services. Plans are initiated with the goal of completion of 1 year's time to employment.

Assessment would be provided by the counselor and would include: aptitude testing, achievement testing, interest exploration, work samples and counseling.

Orientation would involve a 2- to 4-week group session of new enrollees covering the world of work, employer expectations, labor

market information, the WIN program, and work attitudes and job-seeking techniques.

Basic education and/or GED preparation would provide an institutional setting to enable the enrollee to obtain the necessary educational tools to enhance his employability.

Vocational training would provide the necessary vocational skills to equip the enrollee to become competitive in the labor market. Choice of training would be based on the enrollee's personal attributes and interest, in conjunction with the availability of jobs in that vocational area.

OJT would be used in conjunction with or in place of institutional vocational training. It is valuable when the client learns best in an actual job situation, and when an employer wishes to train his own people and can defray some of the training cost.

Work experience is useful for those enrollees who have completed training and need a job experience, those who want to refresh their skills, those who have not yet started training and need to explore the occupation further, and those who need development of work habits and attitude.

Placement activities for WIN enrollees may encompass all of the following techniques: (1) Use of the placement services of the training institution, (2) E.S. job bank, (3) job development, (4) other E.S. manpower programs, (5) civil service, and (6) labor union resources.

In placing a WIN enrollee, the following is used as a guideline: (1) Must pay above minimum wage, (2) should not be paid on a strict commission basis, (3) should be permanent rather than temporary employment, (4) should be with a reputable company, and (5) should be in line with the client's employability plan.

Congress has taken the initiative to correct the deficiencies that prevented the work incentive program from utilizing all the resources available by enacting the Talmadge amendments.

Such factors as tax credit incentive, 10-percent matching of Federal funds rather than 20 percent, and public service employment are imaginative and necessary in order to seriously take steps to remove persons from welfare to employment.

(The following was submitted by Mr. Taylor:)

MICHIGAN WORK INCENTIVE PROGRAM (WIN) STATISTICS

I. *Statistical Relationships*

A. Job placed to suitables: (797) (2503)=32%.

B. Training placed to suitables: (98) (2503)=4%.

C. Job and training placed to suitables: 797+98 (895) (2503)=36%.

II. *General Observations*

A. In the past, it generally has been assumed that more employer visits would result in more openings and hires. This may still hold true for many areas such as Saginaw, Gratiot and Huron, where visits and hires are low. However, it is interesting to note that places like Pontiac and Midland have respectable hire figures with no employer visits. And the highest job placement producer, Berrien, made only 38 employer visits to produce 114 hires, a ratio of about 1 to 3. Berrien produced the bulk of its hires via 346 telephone contacts. Conversely, the highest employer contact area, Mecosta with 102, produced 37 hires, a reverse ratio of about 3 to 1.

It seems that the push for more visits should be dependent on many local area factors, i.e., time available, general economic and employment conditions, place-

ment effectiveness by phone in lieu of personal contacts, degree of familiarity with employer group, etc.

B. Regarding welfare categories of referrals, it seems questionable that in some WIN areas such as Berrien, Jackson, Bay, Kalamazoo, Macomb, Midland, Monroe, Muskegon and Oakland, and predominance of referrals came from the ranks of ADC and ADC-U (Aid to Dependent Children and Aid to Dependent Children-Unemployed). Originally the intent of Project 21 was to concentrate services for those DSS (Department of Social Services) clients, who were not long-time, established recipients, from the ranks of the category, applicant.

C. AS TO MAIL-OUTS THE FOLLOWING REPRESENTATIVE CHART REFLECTS SCANT SUCCESS

County	Number of mail-out pieces	Responses received	Number of JOB or OJT possibilities
Saginaw.....	2,800	110	13
Flint.....	4,812	20	-----
Lansing.....	3,800	125	3
Gratiot.....	105	1	-----

D. As to the intended controlled caseload approach, many of the local projects are maintaining workable loads and intensifying their services for small numbers of people. As placements occur new referrals are then accepted. These projects include Genesee, Ottawa, Jackson, Calhoun, Bay, Washtenaw, Gratiot, Huron, Kalamazoo, Macomb, Monroe, Muskegon and Saginaw.

Others carry caseloads that appear to be unwieldy. For example, one project so far has placed 40 people in jobs or training; however, 134 people remain in the caseload. It would seem this project might operate more efficiently by temporarily stopping referrals.

PROJECT 21

[6-month compilation for August 1971 through January 1972; total referrals—3,099; of whom 81 percent were suitable]

County	DSS referrals				Suitable	Unsuitable	Jobs	Training	Promotion		Training contracts	8 months placements total
	ADC	ADC-U	General assistance	Applicant					Television	Visits		
Allegan.....	15	69	10	38	112	20	22	7	40	32	33	29
Bay.....	22	46	1	13	44	38	26	4	60	54	56	31
Berrien.....	224	71	30	100	396	29	114	8	346	38	11	166
Calhoun.....	32	40	81	18	142	29	96	4	114	54	3	156
Genesee.....	1	0	0	62	60	3	29	0	114	8	7	39
Gratiot.....	0	45	0	0	43	2	10	3	18	8	20	16
Huron.....	5	45	1	0	43	8	13	5	33	7	10	16
Ingham.....	21	118	120	38	276	21	31	2	164	41	166	76
Jackson.....	15	56	1	0	71	1	41	1	166	52	92	53
Kalamazoo.....	25	6	2	12	37	8	14	0	118	65	32	14
Kent.....	35	24	185	160	276	128	55	3	45	9	8	72
Macomb.....	8	142	1	2	94	59	51	2	38	22	0	72
Mecosta.....	17	68	18	61	138	26	37	9	243	102	55	50
Midland.....	37	106	28	12	131	52	55	3	25	0	4	67
Monroe.....	23	23	9	0	41	14	5	18	98	79	97	9
Muskegon.....	61	20	10	9	85	15	36	4	119	68	8	48
Oakland-Pontiac.....	51	71	33	4	124	35	53	9	59	0	1	80
Oakland-Royal Oak.....	26	54	46	0	82	44	11	1	13	0	2	20
Ottawa.....	17	21	3	2	39	4	17	1	99	58	27	31
Saginaw.....	2	5	0	55	45	17	16	5	30	10	29	24
St. Clair.....	4	111	55	23	173	20	34	6	37	1	3	41
Washtenaw.....	34	39	0	1	51	23	31	3	63	1	2	36
Total.....	675	1,180	634	610	2,503	596	797	98	2,042	709	666	1,146
Percent of total referrals.....	(22)	(38)	(20)	(20)			(26)	(3)				

AMENDMENTS TO SOCIAL SECURITY ACT, H.R. 10604 (TALMADGE AMENDMENT)

Commencing July 1, 1972, the Michigan Employment Security Commission will enter into a contract with the Department of Labor to implement the 1971 Amendments to the Social Security Act (H.R. 10604).

H.R. 10604 is an entirely new and challenging approach to welfare reform. It is radically different than the work incentive program (WIN) of the last 3 years. It allows more flexibility and offers more opportunity for employability development. Our Agency looks upon it as a real opportunity and challenge to remove persons from welfare to productive employment.

We received the guidelines governing the program Thursday, April 20, 1972 and our staff is busy preparing implementing procedures.

The Congress has also passed an amendment to the Internal Revenue Act that allows a 20-percent tax credit to employers who employ Work Incentive registrants. This provides an additional incentive to employers in the private sector to employ our Work Incentive referrals, and we believe will be beneficial to employment in private sector.

Chairman GRIFFITHS. Thank you, Mr. Taylor.

What are the number of unemployment insurance beneficiaries and expenditures on UI in Michigan for the most recent month for which you have statistics?

Mr. TAYLOR. For the most recent month, for the month of March, we paid out \$35,655,344.

Chairman GRIFFITHS. How many people did that involve?

Mr. TAYLOR. I do not have figures on the number.

Chairman GRIFFITHS. When you get the record to correct, will you supply that number, please?

Mr. TAYLOR. Yes, ma'am.

(The material to be supplied follows:)

The insured unemployed in Michigan in March averaged 110,638. This means that approximately that number of claimants received unemployment benefits during March.

Chairman GRIFFITHS. About how many people are employed throughout the State in dealing with UI claims?

Mr. TAYLOR. How many people does MESC employ?

Chairman GRIFFITHS. Yes.

Mr. TAYLOR. Probably in the neighborhood of 1,500 I would think.

Chairman GRIFFITHS. 1,500. Does that figure include any manpower service or counseling personnel?

Mr. TAYLOR. No. I am really guessing on that, estimating, from our overall employment in the agency. I think if you included the central office staff, plus 64 branch offices, it would come out to somewhere in that neighborhood, but that does not include the manpower side.

Chairman GRIFFITHS. How many additional are employed there?

Mr. TAYLOR. Our total employment is about 4,000 employees. It fluctuates a great deal. We have a number of what is referred to as permanent intermittent personnel, which would fluctuate according to claim loads.

Chairman GRIFFITHS. Do you feel that benefits in Michigan bear a reasonable relationship to prior wages?

Mr. TAYLOR. Well, the maximum benefit that one can receive in Michigan is \$92 a week. For a man who has been employed for an extended period of time, is married, has 4 children, a mortgage, car payments, certainly \$92 would not be sufficient. I think the theory is that this is to only tide him over for a very short, temporary unemployment situation. Of course, we all know that that temporary unemployment

has, in many cases, become quite sustained, but the theory behind it is short-time unemployment.

Chairman GRIFFITHS. As of this week, do I understand that these claims have dropped about 30 percent because of the number of people who have exhausted all unemployment insurance?

Mr. TAYLOR. I am not certain about that percentage, Chairman Griffiths. I don't know exactly what it is, but the claims are falling off now. Exhaustions are increasing.

Chairman GRIFFITHS. Because of exhaustions?

Mr. TAYLOR. Yes.

Chairman GRIFFITHS. Now, will you refresh my memory? How do you count the unemployed and how will you count the unemployed in Michigan?

Mr. TAYLOR. That is a pretty complicated process.

Chairman GRIFFITHS. Yes, I realize.

Mr. TAYLOR. I don't say that I can really explain it, except that it is based on our claim load throughout the State. There are some mathematical procedures that are gone through to compute, you know, in addition to those claims that we have, what the overall unemployment rate is.

Chairman GRIFFITHS. The truth is, it is a very inadequate guess in my judgment as to what that unemployment rate is.

Mr. TAYLOR. Well, again, I am not a statistician. It certainly is an estimate.

Chairman GRIFFITHS. Yes.

Mr. TAYLOR. It is certainly not a factual nose count.

Chairman GRIFFITHS. We have had fights through the Joint Economic Committee with the Bureau of Labor Statistics for a long time on this, that it is a very inadequate accounting procedure.

As I understand the way UI works in Michigan, the full benefit is paid as long as the beneficiary's earnings are less than half the amount of the benefit, but if earnings should go \$1 above that level, the person loses half his benefit. He can then earn up to less than his full benefit amount and still receive half his benefit. But if he earns \$1 more—that is, if he earns the amount of his benefit—he loses all his benefit, is that correct?

Mr. TAYLOR. That is correct.

Chairman GRIFFITHS. Do you think that this gives people a reasonable incentive to seek full-time work?

Mr. TAYLOR. Well, the principle of unemployment insurance is based on the theory that you are only entitled to it if you are, in fact, unemployed. So if you are laid off from a job and make a claim for unemployment compensation, and you qualify, you can only draw benefits for as long as you remain unemployed. If a suitable job is found for you, then the unemployment compensation ceases completely because it is strictly intended to tide one over between jobs. That is the theory, as opposed to really being sufficient to maintain a normal style of life.

Chairman GRIFFITHS. Now, the person does not pay taxes on unemployment compensation benefits?

Mr. TAYLOR. No; I don't believe so.

Chairman GRIFFITHS. No income tax?

Mr. TAYLOR. I don't believe so; no.

Chairman GRIFFITHS. No social security tax?

Mr. TAYLOR. I don't believe so; no.

Chairman GRIFFITHS. No. And in addition to unemployment insurance, he might still be eligible for other programs; that is, it is possible he could get food stamps; is that not right?

Mr. TAYLOR. That is correct.

Chairman GRIFFITHS. Possible he could get medicaid—

Mr. TAYLOR. I'm not certain.

Chairman GRIFFITHS (continuing). Right?

Mr. TAYLOR. I would think so; yes.

Chairman GRIFFITHS. Possibly he might qualify for some type of subsidy in housing, right?

Mr. TAYLOR. I would think so; yes, ma'am.

Chairman GRIFFITHS. So that when you add all of these things together, plus the fact that he is not paying various taxes, it is not impossible that a person drawing unemployment insurance, plus all other subsidies, might actually be drawing more money than when he is working.

Mr. TAYLOR. I would think it would be very, very doubtful. You are bringing into play some things I am not very familiar with in terms of what the cost of those things would be, in terms of subsidized housing and that sort of thing.

One's unemployment compensation is based upon past earnings and the number of dependents. The computation is a rather complicated procedure. The maximum, as I said, is \$92, which requires five dependents to reach that amount. So I suppose it may be possible, if you cranked in the other programs, if you considered the other programs and their costs, but I would think in the vast majority of cases it would be unlikely that he would make more money on unemployment compensation than otherwise.

Chairman GRIFFITHS. I don't think in the vast majority of cases, but it is possible.

Mr. TAYLOR. It may be.

Chairman GRIFFITHS. Now, we checked out a family of four making \$5,000 in Michigan. You would pay \$260 social security tax on it, \$181 Federal tax, no Michigan income tax, and \$52 in Detroit income tax, for a total of \$493 in taxes on the \$5,000.

What would he get in unemployment if his salary had been \$5,000?

Mr. TAYLOR. I'm sorry, Chairman Griffiths; I really couldn't tell you now.

Chairman GRIFFITHS. Would you like to supply it when we send the record, just supply that information?

Mr. TAYLOR. Certainly.

(The information requested follows:)

The total salary (\$5,000) of a claimant is not the deciding criterion on the basis of which a determination is made of his eligibility for benefits or the rate at which benefits will be paid to him weekly.

To be eligible for unemployment compensation, a claimant must earn at least \$25.01 in each of 14 separate calendar weeks during his base period. This is the 52 consecutive calendar week period immediately preceding his benefit year. If the earnings were obtained in fewer than 14 weeks, regardless of the amount, the individual would not be eligible for unemployment compensation.

The rate at which benefits are paid is dependent on the claimant's average weekly earnings and his family class. And the family class to which a claimant

is assigned depends on the number of his dependents, up to a maximum of five dependents.

It can be seen from the foregoing comments that several elements are taken into account in determining the claimant's benefit entitlement. There is no one pre-determined amount of unemployment compensation that is paid to all claimants with a salary of \$5,000.

Chairman GRIFFITHS. And then whether or not he would be eligible at that level—for food stamps or general assistance or medicaid or any of these other programs.

Mr. TAYLOR. Yes, we will supply that information.

(The following information was supplied:)

The person can receive food stamps, general assistance or medicaid from the Department of Social Services if he meets the needs test.

Chairman GRIFFITHS. If you add to unemployment compensation and any other programs for which he could be made eligible, the possibility that he might work 2 or 3 days for less than half of his unemployment income, he certainly could have a more substantial income than he would have working full time.

Mr. TAYLOR. As I understand you, Chairman Griffiths, I would think that that would be possible.

Chairman GRIFFITHS. If he works just enough to make \$1 over the unemployment—of course, we have really put upon him a tremendous tax, over a 100-percent tax rate for \$1, so that you have built into it really disincentives for going back to work.

Do you have any evidence that people are aware of these rules and tailor their work so as not to have their benefits reduced?

Mr. TAYLOR. I don't have any facts on that. Again, I guess I would have to say that in the vast majority of cases, the amount of money that one would be eligible for under unemployment compensation would be so small in comparison to any job that they might have, even receiving a minimum wage, that it would not be advantageous to refuse full time work.

Chairman GRIFFITHS. Do you have any information you can furnish us on the current earnings of people who are now drawing UI benefits?

Mr. TAYLOR. Yes; I think we could get that information for you.

Chairman GRIFFITHS. Thank you. Would you put that in the record also?

Mr. TAYLOR. Yes.

(The following information was supplied:)

I find that this information is not available. However, it might be noted that the previous earnings of Michigan claimants are sufficiently high so that traditionally a majority qualify for maximum benefits for their family class.

Chairman GRIFFITHS. I am asking this question on incentive because we pay out substantial sums of money for UI. In October 1971, for example, benefits of about \$30 million were paid for UI in Michigan, equaling the \$30 million spent on AFDC, including the AFDC unemployed father program in Michigan in that month. That is a great deal of money, and I think we should be as concerned about the work incentive structure of one program as we are with the other.

It was interesting to me to see the results of a study done by Professor Munts, of the University of Wisconsin. Wisconsin has a UI benefit structure which is very similar to Michigan's. That is, you can

earn up to half your UI weekly benefit amount and still receive the full UI benefits. Above that amount of earnings, your UI benefit is cut in half. So if your weekly benefit is \$60, you could earn \$29 and have a total income of \$89. But if you earn \$30, your benefit is cut in half and your total income is \$60. You have earned more but your income is less.

What Professor Munts' study showed was that people in Wisconsin were smart enough to figure this out and most of them tried to work enough to maximize their income, but not too much so as to have their benefits and total income reduced.

To your knowledge, has anyone in Michigan done a careful determination of whether the structure of our State's unemployment insurance plan affects people's work?

Mr. TAYLOR. Not to my knowledge, Chairman Griffiths, though I would have to point out the fact that I have only been director of MESC since January of this year, so that it is possible that there is such a report that hasn't been brought to my attention.

Chairman GRIFFITHS. If in the meantime you find that there is, would you also refer to it?

Mr. TAYLOR. I certainly will.

(The following information was supplied:)

Upon further review I find that such a study has not been made in Michigan.

Chairman GRIFFITHS. Thank you.

Are any audit or quality control studies done on a routine basis to determine whether UI benefits are being paid in the correct amounts and to eligible persons?

Mr. TAYLOR. Well, we have a continuous program of checking improper payments. We also have our own internal auditing system. We have the auditor general's office in the State of Michigan also auditing our books.

Chairman GRIFFITHS. How do you do your own auditing?

Mr. TAYLOR. In the normal fashion of auditing the books of the branch offices.

Chairman GRIFFITHS. Do you call the persons in?

Mr. TAYLOR. No, it is done at the various branch offices.

Chairman GRIFFITHS. You mean each week when they come in for their check.

Mr. TAYLOR. Then we also have a process to determine whether payments are being paid to someone who is, in fact, employed, by checking through on the social security numbers and the withholding tax records.

In other words, if a person is unemployed and he is drawing unemployment compensation and then he secures a job and fraudulently continues to claim benefits, that employer that he is working with is, of course, filing withholding tax and the social security tax and that sort of thing. We get those records out of Baltimore, I believe, and we reconcile them with the social security numbers. If we have a social security number where we are paying unemployment compensation and there is also an employer someplace paying withholding tax on that number, obviously there presumably has been fraud.

Chairman GRIFFITHS. Miss Townsend has just handed me a little note. I had asked her this question on the \$5,000 a little before we left Washington, and our figures show that a man who has worked at

\$5,000 a year gross but who was now partially unemployed could get in Michigan the following: \$2,704 earnings parttime, \$1,378 in UI partial benefits, \$648 in general assistance, \$108 in food stamps, for a total of \$4,838. He reduces it by taxes of \$147 for a net of \$4,691, but he gets \$506 in medicaid. So that actually he comes out a little better on a part-time job with unemployment insurance than he does working full time.

During a recent audit of the Michigan Employment Security Commission by Michigan's auditor general, auditors examined about 3,000 claimant files and found that for about 226 items within these files, the claimant had not been adequately identified.

What procedure does the Commission use in identifying claimants?

Mr. TAYLOR. We are now conducting an experiment at two branch offices, I believe it is two, with an identification card similar to a credit card, so that when a claim is filed a picture is taken, a plastic card is made up which shows the picture and the social security number. I have an example of it here—

Chairman GRIFFITHS. Good.

Mr. TAYLOR (continuing). That I can give to you.

Chairman GRIFFITHS. Thank you.

Mr. TAYLOR. We do have a problem with identification, and we hope that this will remedy that problem.

Chairman GRIFFITHS. One of the big problems, of course, is that the Social Security office entraps us all by passing out one social security number after another.

I remember one morning when the Commissioner of Social Security was before the Ways and Means Committee. The staff of the Ways and Means Committee had set up a false name and a false address and had written for a social security number and they got it in 3 days.

Mr. TAYLOR. Yes.

Chairman GRIFFITHS. And when this was brought to the attention of Mr. Ball, he said, "Well, that's pretty speedy service."

Now, it may be funny for the moment, but in the long run it isn't funny.

I think those social security numbers should really identify. You should have one and only one social security number. You should be given that number at birth. It should have your thumb print on it and that is going to be you from there on.

Wouldn't that help you, if you had an absolute identification?

Mr. TAYLOR. I think so. Most of us involved in the administration of programs that are large as MESC's certainly have a great many problems in terms of fraud, identification and that sort of thing. If there was one common identification for all purposes, I am sure that would be beneficial to us.

Chairman GRIFFITHS. The auditor general reported that as of December 31, 1970, about \$2¼ million in improperly paid unemployment benefits was outstanding. What are the causes of improper payment?

Mr. TAYLOR. Well, the very thing that we have been talking about, the business of identification, actual fraud.

Frequently, though, it is just a good-faith mistake in our claims office—just maybe a mistake has been made, eligibility determined and subsequently it was found out that the person wasn't, in fact,

eligible under the statute. We had a recent U.S. Supreme Court case which, in effect, says that once payment commences it has to be maintained until there is a final disposition of the matter, which means that it may have to go through our referee section, to our appeal board and to the court. This of course, has the effect of raising our restitution amounts because if the error is made at the first instance and payment continues throughout until there is a final disposition the amount improperly paid can grow to a very high figure. Restitution, of course, is very, very difficult to achieve.

Chairman GRIFFITHS. How do you go about seeking restitution?

Mr. TAYLOR. Well, it depends a great deal on just how this mistaken payment was made. If it is through fraud, we will turn it over to the Prosecutor's office. We have the assistance of course, of the State attorney general's office. If we have a sufficient case in their opinion, it is turned over to the local prosecutor, who then takes that individual into criminal court.

Quite frequently I am told that the judge will place the person on probation on the basis that he made restitution to MESC. In other cases, it is the normal sort of collection route, which is very, very difficult.

Chairman GRIFFITHS. What percentage of the benefits improperly paid out are recovered, would you say?

Mr. TAYLOR. I don't think I could give you a fair estimate.

Chairman GRIFFITHS. If you find that information, will you supply it to us?

Mr. TAYLOR. Yes; it would be very difficult because it is such a continuous operation.

Chairman GRIFFITHS. I see.

Mr. TAYLOR. If we can, I will get that information for you.

(The following information was supplied:)

The amount of improperly paid benefits for which restitution was outstanding at the end of December 1971 represented less than one-tenth of 1 percent of the over \$3.2 billion paid in benefits since July 1938.

Chairman GRIFFITHS. Now, the Auditor General recommended that more detailed records of the causes of improper payment be kept so that adequate preventive measures could be taken. Has this recommendation been followed?

Mr. TAYLOR. The recommendations of the Auditor General are in the process of being implemented—some of them have been completely accepted and we are implementing the recommendations. I have to admit that I don't know exactly what we are doing in this area right now. I don't know whether we are taking any corrective steps now or not.

Chairman GRIFFITHS. The Auditor General also pointed out that at one time in Oakland County, WIN contracts were being written for the completion of college degrees. Is this still being done?

Mr. TAYLOR. Not to my knowledge, no.

Chairman GRIFFITHS. Do regulations permit the use of WIN to obtain college degrees?

Mr. TAYLOR. To my knowledge, they do not.

Chairman GRIFFITHS. Well, if you find that it does, just supply that answer. I don't know why people shouldn't be thoroughly trained.

(The following information was supplied:)

We requested an answer on this from our regional office. Their response was that college training within the limits prescribed did not appear to be in conflict with the goals of the program.

Chairman GRIFFITHS. How many cities in Michigan have computerized job banks?

Mr. TAYLOR. I couldn't give you the number of cities, but I can tell you that within 3 months we hope to have the entire State covered by job banks.

Chairman GRIFFITHS. How long have the job banks been in operation?

Mr. TAYLOR. To my knowledge, I think it's been underway for a couple of years.

Chairman GRIFFITHS. How would you evaluate their contribution? Is it a big help to you or not?

Mr. TAYLOR. Oh, I think it is. It certainly had its bugs. It's a very complicated process, particularly updating, which, of course, is crucial. It has no validity unless it is kept up to date on a daily basis. To refer people to jobs that have already been closed, of course, would cause a lot of problems.

I think it is basically a good system. We still have some things to do in this area. The Federal law now requiring any company that contracts with the Federal Government on an annual basis in excess of \$10,000 to list all job openings with us is a tremendous help and it makes the job bank a much more viable instrument.

Chairman GRIFFITHS. We have heard it suggested that because you have so many new people who are registered with you who have low skills, who are required to be registered, that employers are not using your offices as frequently as they were. Do you feel this is true statewide?

Mr. TAYLOR. Yes, ma'am, I think that it is true. Unfortunately, there are some employers, who, since they know that we are under congressional mandate to give certain priorities to certain people, and that if they ask for referrals from our office are very likely to get disadvantaged and minorities, would therefore prefer to go through a private employment service.

Chairman GRIFFITHS. Thank you very much.

Now, I understand you have a statement from Mr. Houston, Dr. Hall, and other supportive material which we will place in the record at this point.

(The following material was received for the record:)

PREPARED STATEMENT OF R. BERNARD HOUSTON, DIRECTOR, MICHIGAN DEPARTMENT OF SOCIAL SERVICES

The historical trend of social welfare legislation is that higher levels of government are assuming increasingly greater control and responsibility. In the United States, the first major step in federal responsibility was the enactment in 1935 of the Social Security Act. Amendments over the years have continued to increase federal control of welfare programs. Along with the growth of the federal categorical assistance programs came increasing federal control without increasing federal dollars. This has reached the point where Michigan today pays 50% of the cost of the programs but has only minimal control of their administration.

The federal programs are, of course, optional with the states. However, with at least 8% of this state's population receiving welfare assistance, the exercise of this option is not politically feasible. Thus, the option not to participate is unrealistic.

Imposition of program requirements by the federal government on the states, which have resulted in increased caseloads and costs, can be divided into three areas: (1) United States Supreme Court decisions; (2) federal legislation; and (3) regulations issued by the Department of Health, Education and Welfare. Michigan has no choice but to comply with these program requirements if it is to continue to receive federal matching funds. The following are intended as examples to illustrate the impact that federal promulgations have had upon departmental programs. These examples in each of the above-stated areas are not comprehensive but serve only to indicate the far-reaching influence that a single decision, law or rule can have, and the impotent position of the state.

U.S. Supreme Court decisions—have far-reaching impact on the administration of the programs, both as a direct result of the decisions themselves and indirectly from lower court decisions that borrow upon their reasoning. Federal regulations are often changed in light of the new requirements, and may go beyond the stated decision.

Three recent decisions have had tremendous impact on the department, both administratively and fiscally. Briefly summarized, they follow:

King v. Smith, 392 U.S. 309, 20 L.Ed. 2d 1118, 88 S. Ct. 2128 (1968). The Court held that the Alabama denial of federally funded assistance to a mother who cohabits with a man who is not legally responsible for the support of her children was in violation of the Social Security Act.

The federal regulation which implemented the decision of the United States Supreme Court in *King v. Smith* provided that eligibility determinations relating to deprivation of parental support may be made only in relation to the child's natural parent. In the case of adoptive parents or stepparents, a legal obligation to support the child must exist under a state law of general applicability.

As a further result of this decision, the premise that children shall not be punished for the sins of their mothers has resulted in a series of corollary court decisions based upon the *King* reasoning.

Doc v. Shapiro, 396 U.S. 488, 24 L.Ed. 2d 677, 90 S. Ct. 641 (1970). A mother's refusal to name the father of her illegitimate child was adjudged not to disqualify the child from receiving ADC payments.

As a result of this decision and subsequent interpretations, the state was not only prevented from requiring the mother of an illegitimate child to seek support from the natural father, but was also similarly prohibited from applying this policy to separated and divorced women. Support income, as a result, was curtailed to that voluntarily given or forced as a result of court intervention.

Goldberg v. Kelly, 397 U.S. 254, 25 L.Ed. 2d 287, 90 S.Ct. 1011 (1970). The New York practice of terminating public assistance without a prior evidentiary hearing was held to be violative of due process.

As a result of this decision, the state has been forced to suspend all negative actions for an initial 14-day period. If the client requests a hearing within this period, the grant is usually held open pending the final decision.

During the period from February, 1970 (the month before this decision) through March, 1972, there was an 80% caseload increase in Michigan, but a 245% increase in the number of requests for hearings. During the latest three-month period for which figures are available, 212 decisions were rendered but only 8% of those decisions overruled the original determination of the county department. Therefore, to the increased administrative costs of holding the hearings must be added costs of public assistance granted in the interim, to which assistance the clients were not legally entitled.

Federal legislation—from which the authority to operate these programs is derived, obviously has the potential for tremendous impact on policies and procedures. While some legislation has a positive effect on operations, other legislation is obstructionistic. Regardless, the political fact is that Michigan has little opportunity to affect federal decisions. The following examples serve to illustrate, to a limited extent, the impact of such laws:

1967 SOCIAL SECURITY AMENDMENTS

A major objective of the 1967 Social Security Amendments was to assure, to the maximum extent possible, that individuals receiving AFDC " * * * will enter the labor force and accept employment so that they will become self-sufficient."

Among the several provisions of the 1967 Amendments, two in particular were designed to increase employment among AFDC recipients. The first established the WIN program for training and job placement of recipients, which has not been particularly successful either here or in other states. The second provided

for a financial employment incentive in the form of an earnings exemption. This earnings exemption became known as the "income disregard" because of the manner in which it allowed a portion of earned income to be disregarded in the computation of the AFDC payment. This procedure differs considerably from the pre-disregard policy under which expenses of employment alone were deducted from gross earnings to obtain net earnings. Since the disregard acts to reduce net earnings, for a given gross wage the AFDC grant is larger than it would have been under pre-disregard policy.

Application of the disregard resulted in a significant reduction in the amount of net earnings budgeted in the calculation of the AFDC grant. In June, 1969, the month before the disregard was implemented, gross earnings were about \$1.05 million. Since the disregard was not applied, total AFDC payments for the month were reduced by \$750,000. However, in July, 1969, with similar gross earnings and employment expenses, AFDC payments were reduced by only \$257,000 due to the disregard of slightly more than \$500,000. The annual gross cost of the disregard for fiscal year 1971 was about \$14 million. The estimated cost for fiscal year 1972 is about \$21 million.

Also, as part of the 1967 Amendments, Congress required the states to update "the amounts used by the State to determine the needs of individuals * * * to reflect fully change in living costs since such amounts were established." Because of a lack of funds, it took Michigan a full year to comply with this requirement. The Supreme Court of the United States became involved in the interpretation of this requirement in two instances which had significant implications for the development of federal administrative rules.

THE BROOKE AMENDMENT (PUBLIC LAW 92-213)

This federal law more tightly governs the public housing rental rate. The new regulation stipulates that public housing rates *cannot* exceed 25% of a family's income. Adjustments which lower the rent to within this 25% limit also *cannot* result in a reduction of the shelter allowance in a client's grant. Public Housing Authorities have been directed to reassess the budgets of their tenants and to make the necessary adjustments retroactively to December 22, 1971.

While the effect of this law will not be devastating to Michigan because few recipients reside in public housing, it is a good example of a type of legislation emanating from Washington in which the federal Public Assistance regulations are ignored and the resulting inequity to clients is blithely disregarded.

FOOD STAMP AMENDMENTS (PUBLIC LAW 91-671)

Recent food stamp legislation and regulations are entirely incompatible with program guidelines and program regulations for all other forms of public assistance.

Gains made through approved changes in HEW program guidelines (such as use of simplified application procedures) have been totally eliminated by USDA regulations that require even more documentation and verification than previous conventional application procedures. One single feature of this law is that, based on current workload standards, the new food stamp regulations require the equivalent of 200 additional line workers as well as additional supporting staff.

Federal regulations issued pursuant to the governing law set forth the requirements with which states must comply in order to receive federal matching funds. This is the area where the state has the most dissension in day-to-day contact and where the power of the federal purse is wielded as a club to force compliance of the state.

As examples of this continuing controversy in which the state seeks some control over its own operations, the following will illustrate the point:

UNRESTRICTED MONEY PAYMENT

45 CFR 243.11 states in part that "money payments . . . are made to the grantee or his legal representative with no restrictions imposed by the agency on the use of funds by the individual." The only exception to this provision is the protective payee option which may be implemented when a client has demonstrated inability to manage his money.

This department, the Governor's Office, the Legislature, the providers of professional service and the taxpayers are becoming increasingly concerned with the result of the unrestricted money payment principle when applied to special need

items. To be specific: There is now substantial evidence that many recipients, upon receiving the money authorized, do not avail themselves of the service, and if they do the provider of the service does not get paid.

The situation has reached a degree of seriousness so that we can no longer continue our historical defensive explanations that the unrestricted money payment is due to federal mandates and that we have no choice of alternatives to resolve the dilemma if we are to continue to receive federal financial participation in these payments.

Further, we have seen increasing federal digression from the unrestricted money payment principle, notably in protective payments and also in vendor payments for emergency assistance, home repairs, and formerly, intermediate care. The most obvious paradox is that if Michigan's dental and optometric services programs were under the Title XIX program, payment would be made as a vendor payment.

The State of Michigan consequently has begun to require a cosignature by the provider of service for corrective appliances, as a start in correcting these abuses. We are currently in correspondence with HEW on our non-conformity with the unrestricted money payment requirement. We have been advised that HEW does not intend to provide federal matching funds for these expenditures.

RESTRICTION OF AFDC-U TO THOSE WORKING LESS THAN 100 HOURS PER MONTH

In spite of the strong written protest of this state, a federal regulation was promulgated October 1, 1971 which reduced the maximum number of hours a man may work and be considered unemployed to 100 hours per month. (The regulation had previously defined unemployed fathers as those working less than 30 hours in any weekly period.) This is definitely a federal policy of expediency to reduce federal costs and shift additional welfare costs to state and local governments in the face of, and inconsistent with, the administration's claim that the federal government should assume a greater share of the welfare burden and provide more assistance to states.

We realize there is no federal law or regulation requiring maintenance of *federal* effort in the public assistance programs. However, we believe that the federal government does have an obligation to the states, and to the PA recipients, not to arbitrarily cut back federal funding of income maintenance programs with resultant serious losses to states and recipients.

We believe that this type of policy may, in the long run, result in higher assistance costs not only to the state but also to the federal government, since it effectively provides a dis-incentive to seek employment. It shifts the cost for supplementation of income of the marginally employed father back to the local and state governments.

WORK RELIEF PROGRAMS

Federal regulations deny the opportunities available through work relief programs to categorical recipients. Social and Rehabilitation Program Regulation 20-1, dated January 1, 1969, Part 233.140, Coverage and Condition of Eligibility in Financial Assistance Programs, states in part that federal financial participation is not available in expenditures made in the form of payments for work performed in any month after June of 1968, except under the Work Incentive Program.

The following is a chronology of correspondence between the State of Michigan and the Department of Health, Education and Welfare concerning community work experience programs:

1. HEW Regional Office in Chicago was contacted on September 20, 1970 to determine whether county welfare departments in Michigan could be permitted to serve as training sites for ADC recipients.
2. The then Acting Regional Commissioner responded November 12, 1970, stating such training outlets were possible only if work experience was an integral part of an educational program run by educational institutions.
3. On May 21, 1971, Michigan requested the HEW Regional Office to waive Regulation 20-1, Part 233.140. This regulation prevents federal financial participation in payments to recipients for work performed except under the Work Incentive Program. Presumably the prohibition exists even if no work or training opportunities are available under the WIN program.
4. A response was received from the HEW Regional Commissioner on June 10, 1971 which stated that there was no provision for waiving Regulation 20-1.

5. On June 23, 1971 Michigan forwarded a request to Social and Rehabilitation Services Administrator Joseph Meyers seeking an HEW waiver to permit Michigan the opportunity to participate in community work and training programs.

6. A reply has not yet been received to the June 23 letter.

7. On August 27, 1971 Commissioner of SRS John Twiname was contacted and requested to consider Michigan, along with the States of California, Illinois and New York, for experimental programs in work relief projects.

8. The request was denied on October 5, 1971, as the work experiments were to be limited to three states. Also, the HEW position was restated that no federal participation is available for payments to individuals required to participate in work relief programs.

As of June 1, 1971, Michigan had 25,701 recipients eligible for employment and training. Of this number, 19,120 were without manpower services. Michigan law permits work relief programs for those on general assistance, and 33 counties are currently operating such programs. While general relief recipients are renovating housing, constructing park furniture, repairing county buildings, and working in medical care hospitals, ADC recipients are prohibited by federal regulations from participating in such constructive activity. This is a shocking state of affairs.

In summary, the state is, for all practical purposes, effectively removed from any comprehensive or meaningful decision making with respect to the programs it must administer and which consume over one-quarter of its total state revenues. Michigan's concern in this area has not gone unvoiced, but it has gone unheeded.

PREPARED STATEMENT OF DR. LELAND HALL, DEPUTY DIRECTOR, RESEARCH AND PROGRAM ANALYSIS, MICHIGAN DEPARTMENT OF SOCIAL SERVICES

MICHIGAN QUALITY CONTROL PROGRAM

The quality control program in Michigan consists of three distinct elements: the normal field investigation mandated by the federal government, the special lot review, and the client error review. Each of these elements have the objective of assuring the integrity of Michigan's welfare programs by improving overall administration.

I would like to take a few moments of the Subcommittee's time to outline the salient features of each element of the quality control program and to inform the Subcommittee of the actions we have already taken as a result of quality control findings to make welfare administration in Michigan more effective. First, the description of the dimensions of the quality control program :

1. Normal field investigation (Federal eligibility audit)

A. The field investigation consists of sampling a total of 350 AFDC cases, 150 adult (OAA, APTD, AD) cases, and 50 MA only cases each month from the state caseload. The sample is randomly selected by region so as to eliminate the possibility of systematic error.

B. The intensive case record review of the cases sampled each month consists of: (1) Examination of budget computation sheets, and (2) All other supporting eligibility documentation (i.e., all of the elements of the application form).

C. Regardless of the findings, a home call for each case is made. Employers are contacted where employment is reported; credit bureaus, banks and other community fiduciary facilities are contacted to determine if the client is lawfully representing his circumstances. In short, a complete verification of all sampled cases is made to assure that all eligibility criteria have been accurately reported.

2. The special lot review

A. The objective of the Special Lot Review is to detect and remedy agency errors. This element of the system is dependent upon the Federal Eligibility Audit because it gives quality control staff the ability to investigate where agency errors have reached intolerable high proportions (above 5 percent). Special Lot Reviews not only enable the Department to select specific counties for intensive investigations of their administrative process but also permits the selection of specific administrative processes for investigation. For example, in Lansing a recent Special Lot Review was conducted of just the intake functions of the County Department.

B. The Special Lot Review process consists of an intensive review of the case records which are in clients files and which are prepared by caseworkers. The investigator does not generally leave the county office but makes phone calls to collateral sources to determine whether workers have correctly determined eligibility, the amount of assistance is accurate, etc.

C. Even in the Special Lot Review process, which theoretically should not be able to detect client misrepresentation, we have found that it is relatively easy to detect possible fraud.

The Appropriation Act for this year (Public Act 230), which was finally passed by the Legislature and approved by the Governor on January 3, 1972, provides the funds and mandates us to add 47 positions to carry out functions related to the detection of client misrepresentation. Pursuant to this mandate, the Office of Welfare Inspector General was established in March, 1972. The function of this office will be to carry out special investigations, prepare cases for adjudication when the Department has a justiciable cause, and supervise the administration of the support from absent parents program. The special investigations process, which we call the Client Error Review, may be summarized as follows:

3. Client error review (special investigations)

A. Like the other elements of the quality control program, the Client Error Review is selected from the Federal Eligibility Audit.

B. Cases containing a "high risk" of error are selected so that special investigations are a subsample of the normal field investigation. A "high risk" case is one which has characteristics associated with a high incidence of fraud based upon past experience with (a) the county, and (b) the type of case.

For example, we have found in Oakland County that ADC-Incapacity cases have the most frequent incidence of unreported income. In such cases, the special investigation will consist of an investigation of collateral sources in the community to determine if clients are working and failing to report income or otherwise falsifying eligibility information.

C. In the event, that the investigation reveals that a person is fraudulently receiving public assistance the case is immediately referred to the Welfare Inspector General's legal staff which will then provide technical assistance to county prosecuting authorities for appropriate action.

This then, constitutes the quality control process and how it will operate to provide the public with assurance that the Department is taking the action to prevent sloppy administration and prosecute clients who have misrepresented their circumstances. We do not anticipate that the process will be as clear cut as we have outlined it because the implementation of any system must be accomplished by people. Nevertheless, there is reason to believe that through quality control, the client information system, and other processes the Department and the state will be in much stronger position to administer public welfare. Let me just take a few more moments to suggest what the Department has done as a direct outgrowth of the quality control program.

In October, 1971, analysis of quality control findings for the previous 9 month period indicated a number of problems with simplified eligibility determination techniques. For example, in the counties where simplified methods were being utilized the error rate in computing budgets and other eligibility factors exceeded 21 percent of the cases. The new simplified system had been mandated on the Department by HEW on an experimental basis and we had been using the techniques in three counties. Our findings clearly indicated that our own county departments were having difficulty in using simplified method and that clients were taking advantage of the system. We came to this conclusion as a result of the fact that while the error rate in simplified counties exceeded 21 percent the error rate in counties using the traditional methods of eligibility determination were less than 10 percent. As a result of these findings, we instituted the following changes:

1. We now refuse to accept any applications for assistance which are not presented to the county department by the person (or his representative) requesting assistance. That is, we no longer accept applications by mail or by phone.

2. In analyzing quality control findings, we found that one of the most troublesome areas was a proper determination of shelter allowances. Specifically, quality control found that workers were taking applicants' word for the amount of rent they were paying whereas follow-up showed that payments for shelter and utilities were frequently in excess of recipients' needs. As a result, departmental policies were amended so that we now require 100 percent verification of rent,

utilities, and income (where reported). In the case of rent we routinely require a rental receipt from landlords.

3. The application form now contains a warning to clients that failure to report changes in circumstances is sufficient grounds for prosecution. This change is a direct outgrowth of quality control findings that clients were falsifying information in one of the simplified counties.

4. Intensive training sessions were instituted to assure that workers knew departmental policies with respect to budgeting and the determination of eligibility.

5. Finally, through the quality control findings, we have found that ADC-U recipients are not maintaining current registrations with the Michigan Employment Security Commission (MESC) for work or training as required by the Social Security Act. Consequently, we are planning to require such recipients to report to county offices and present evidence of a current registration before welfare warrants will be released to them.

This review of our quality control system and the use we have already made of it signifies that the Michigan Department of Social Services is serious about increasing public confidence in the administration of welfare programs. I do not believe that our sister states, or even the federal Department of Health, Education, and Welfare are as advanced as Michigan in using quality control as a management tool. Indeed, regional administrators from HEW have come to Michigan on several occasions to learn how to analyze quality control data. Despite our acknowledged leadership in this field of welfare administration, we continually read that federal officials want to take over the quality control functions. It seems to us that such statements and all of the attending promises are another instance of the federal government pledging more than can reasonably be delivered.

Thank you for the opportunity to indicate to the subcommittee, the dimensions of Michigan's quality control program and how we have used it to date.

PREPARED STATEMENT OF STUART PATERSON, DEPUTY DIRECTOR FOR MEDICAID AND MANAGEMENT INFORMATION SYSTEMS, MICHIGAN DEPARTMENT OF SOCIAL SERVICES

MICHIGAN'S MEDICAID PROGRAM

By the fall of 1969, three years after the implementation of the Michigan Medicaid program, it had become increasingly apparent that serious management problems existed. These problems were: (1) a lack of accurate and adequate information; and (2) a lack of control over important processes.

For example, it is not known how outpatient hospital clinics are utilized by Medicaid recipients. If it were, it is likely that policies could be established to encourage the use of the physician's office as a less expensive alternative.

A manifestation of the lack of control has been the inability of the Department to secure information from its fiscal agent as to the exact means used in determining amounts paid to providers.

We determined that in order to resolve these problems, it would be necessary to develop new management approaches and tools.

Consequently, the state created a Medicaid Systems Development Project, which was directed by the Governor and the Legislature to develop, implement and operate ". . . a system for the administration of the Medicaid and public assistance programs, to create effective utilization and fiscal controls and supporting systems including claims processing, financial audit, medical surveillance, information reports, program planning and evaluation and the selection of a fiscal agent or agents . . ."

The first concern of the project was the detailed identification of problems and an evaluation of the resources available to address them.

The Medicaid program was documented and analyzed during the winter months of 1969-70.

By April, 1970 a system had been defined as the basis for implementing a new Medicaid program. A three-volume, seven-hundred-page document, "Medicaid Systems Design Requirements" separated Medicaid into eight subsystems:

Recipient eligibility.—The process by which recipient eligibility is determined, changed, terminated, corrected and recorded on a file of eligible recipients.

Provider enrollment.—The process by which provider eligibility is determined, changed, terminated, corrected and recorded on a file of enrolled providers.

Invoice processing.—The process by which provider invoices are received, edited, corrected, recorded, and paid.

Performance, surveillance, and utilization review reporting.—The process by which management information, provider profile and recipient profile data are accumulated, reported and used.

Federal Government reporting.—The process by which data are collected and reported to the Federal Government.

Cost settlement and auditing.—The process by which cost settlement and auditing functions are conducted.

Medicare premium processing.—The process by which the Medicare (Title XVIII) premium is determined, recorded, and paid for certain Medicaid recipients.

Program inquiry and advisory services.—The process by which providers and recipients are trained, educated and informed about Medicaid policies and decisions.

Each problem which had been identified was addressed and resolved in one or more of the eight subsystems.

Key items addressed were the manner in which invoices were to be processed, mechanisms to ensure State control over policy and administrative decisions and a means to permit an understanding of the way in which health care services were delivered.

The next task was to develop the organization and capabilities required to implement the new Medicaid requirements.

As an indication of the Department's commitment to the effort, the project team reported to the Director of the Department. Further, key staff personnel from the existing organization were assigned to, and physically located with, the project. This included representatives of the Crippled Children's program of Public Health, since they had agreed to join with Social Services in the effort.

While the detailed systems design, computer programming, forms layout and related activities were progressing, another effort was begun by the project management. This was the selection of the fiscal agent.

A request for proposal was issued December, 1971 and proposals received in February. During this period the State was preparing an estimate. A management team was created to determine and evaluate all available fiscal agent alternatives, both within state government and in the commercial marketplace. After thorough analysis and review, the decision was made to assign the fiscal agent responsibilities to the Department administering the program.

This decision was based on the following principal considerations: (1) The best proposals from outside agencies represented an annual cost of some \$1.0 million over that of the State; and (2) The decision was consistent with sound management principles: the integration of similar responsibilities into one organization thus reducing communications problems and the elimination of duplication of effort.

We are currently in the process of transferring fiscal agent responsibilities to the Department. As part of the implementation, we have taken great care in defining and creating an organization capable of carrying out the management responsibilities of the program.

It should be noted that the greatest single problem associated with Medicaid has been that of the administrative processes associated with recipient eligibility. This subject, however, is covered in our discussion of the Client Information System.

In summary, our efforts can be viewed as: First, becoming aware of the problem; Second, defining its exact nature; Third, defining the solution; Fourth, securing the resources required to achieve the solution; Fifth, planning how the resources are to be used; and Sixth, managing the plan to ensure that the end product is achieved.

As is obvious, we are now only at the stage of improving the administration and operation of Medicaid and of acquiring accurate information. Until this is completely accomplished, primary attention is necessarily given to the many day-to-day crises brought on by the inability of the old Medicaid system to deal with a massive program.

Once full implementation is realized, however, we look forward to addressing the truly meaningful issues in the delivery of health care to the poor.

CLIENT INFORMATION SYSTEM

The most serious Medicaid problem has been the administrative processes associated with recipient eligibility. A period of nine to thirteen weeks is commonly required for information to flow from the county to the state to the fiscal

agents. The implications are obvious. Numerically, some 13,000 claims per week have been rejected by the fiscal agents due to recipient non-eligibility. Subsequent follow-up, determines that more than 95% of these are in fact eligible.

Thus, one of the primary objectives of the new Medicaid management approach was the correction of this situation.

The "Medicaid Systems Design Requirements" published in April 1970 contained processes and procedures which assured accurate and timely eligibility information after a decision was reached at the local county office, but it left unaddressed the processes which occurred from initial contact through the eligibility decision.

Because public assistance eligibility establishes medical assistance eligibility, it was clear that that process should be considered as well. Careful analysis finally indicated that all "eligibility" programs should be included in a centralized data base.

The resulting system, known as the Client Information System, is described in the attachment, but several key features deserve, special emphasis:

1. Individual recipients are uniquely identified.
2. The various programs of the department which are being utilized by each client can be readily determined.
3. Computer edits require accurate information to be input by county personnel.
4. Central files are updated in minutes.
5. Any inquiry is asked of a statewide data base.
6. County and worker activity is monitored.
7. Files used to determine recipient eligibility for Medicaid invoice processing are accurate and timely.

In summary, the Client Information System assures the integrity of recipient files and will permit the Department to better manage existing programs. But more importantly, it provides the basis for sound decisions regarding program overlaps, worker capabilities and practices, county office performance and program planning.

DESCRIPTION OF THE CLIENT INFORMATION SYSTEM—STATE OF MICHIGAN, DEPARTMENT OF SOCIAL SERVICES: MAY 1972

WHAT IS CIS?

The Michigan Department of Social Services' Client Information System (CIS) is an automated data network containing information on all Michigan residents currently receiving medical assistance (Medicaid & Crippled Children Program)—public assistance—general assistance—or other types of state social services, e.g. Food Stamps. CIS also contains historical data on persons who have had any of these types of assistance in the past two years though they may not be currently active. There are approximately 750,000 active persons in the system and 450,000 inactive, for a total of 1,200,000 persons in the CIS data bank. CIS contains a great deal of information on every person in the system and his relationship, if any, to other people in the system. For each person in CIS, there are about 70 data elements representing about 600 alphabetic or numeric characters of information. Since there are usually several persons in each case, there are several thousand characters of information on each case in the CIS data bank.

CIS was designed, developed and installed by the Department of Social Services and a consulting firm as a social services management information system, over a period of about thirty months (1970-1972). It was one of eight subsystems comprising an overall project originally constituted to improve management of the Medicaid Program in Michigan. This Medicaid improvement program was approved for financing and implementation in the Department of Social Services by the state legislature in 1969.

EVOLUTION

As indicated, CIS was only one of eight interrelated systems developed for improvement of Medicaid. These eight systems are: Client information system (recipient eligibility), provider enrollment, invoice processing, performance and utilization, Federal Government reporting, cost settlement and auditing, medicare premium processing, and inquiry and advisory services.

As CIS developed in the medical assistance area, it became readily apparent that client information requirements with respect to medical assistance could not be divorced from client information required for state public assistance or county general assistance programs.

Similarly, the Michigan Department of Public Health recognized the need for an improved client information system for the Crippled Children Program and joined the development effort for CIS and other Medicaid subsystems.

In essence, CIS became the focal point of the Medicaid improvement program and all other efforts for programs administered by the Department of Social Services.

OBJECTIVES

The objectives of CIS are to :

Identify and enroll people into administered programs.

Issue authorization cards for Medicaid.

Provide county and state personnel with responsive statewide file inquiry capability.

Permit centralized maintenance of medical and public assistance information.

Provide reports to assist county case management.

Give Medicaid providers necessary eligibility information.

Insure that the above is done in a timely, economic and efficient manner.

SYSTEMS DEVELOPMENT

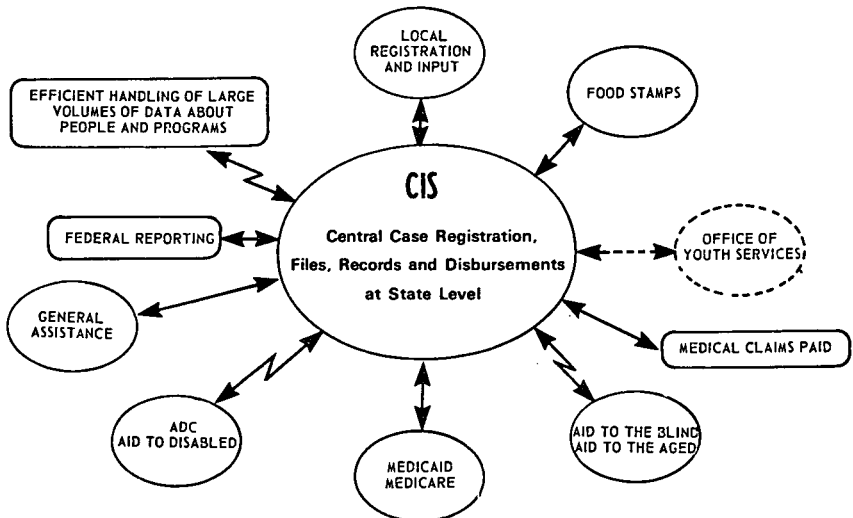
In carrying out the above objectives, the first major task was to solicit the cooperation of the 83 county offices to work with State Office in centralizing and purifying all locally maintained client information into a central data bank in the Social Services Data Center in Lansing. This effort was greatly facilitated because of the legislative actions taken in 1966 which placed the county social service offices under state jurisdiction and local employees on state payrolls.

Concurrent with state administrative efforts with the counties, systems design and development proceeded in concert with the management consultant firm to achieve a centrally controlled, but locally accessible, state-wide management information system. The keystone to the design aspect of the system was to identify information requirements of all users of the various assistance programs down to the data element level. In other words, the system was built down from the bottom up, taking into consideration as far as practicable the needs of all users, from the recipient of services to those of Federal and State administrators. Other vital aspects of the design were to: establish standard forms and publications, arrange extensive training, insure rapid updating of the data in the system, provide easy access for all authorized users, and assure confidentiality of information.

SYSTEM CHARACTERISTICS

The support characteristics of CIS from a program perspective are illustrated below.

PROGRAM SUPPORT CHARACTERISTICS



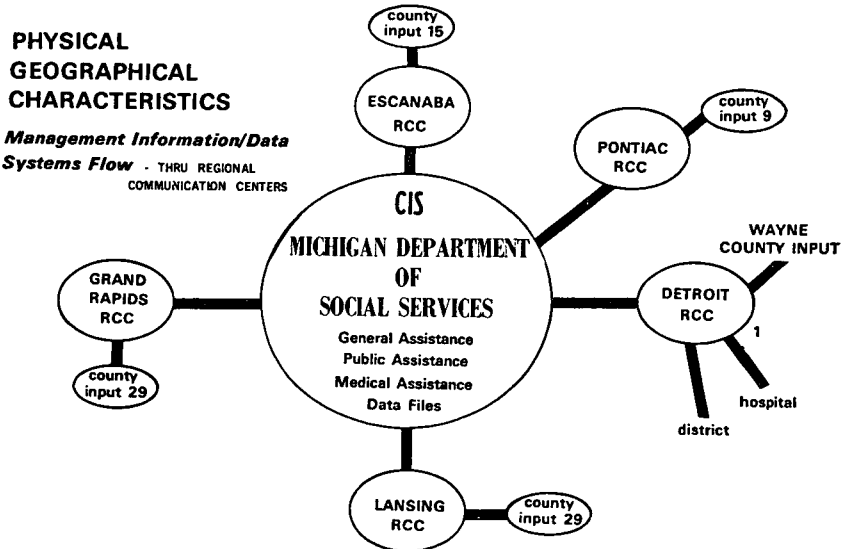
The hardware network for accumulating, transmitting, storing, manipulating and displaying the data in the Client Information System is illustrated on the following pages.

These illustrations portray the Department of Social Services Data Center in Lansing, connected by dedicated leased voice grade telephone lines to five Regional Communications Centers and to individual Video Data Terminals (VDTs) located in selected county offices, state offices and medical institutions. VDTs are TV-like terminals with a keyboard that are used to enter and receive data from the Data Center.

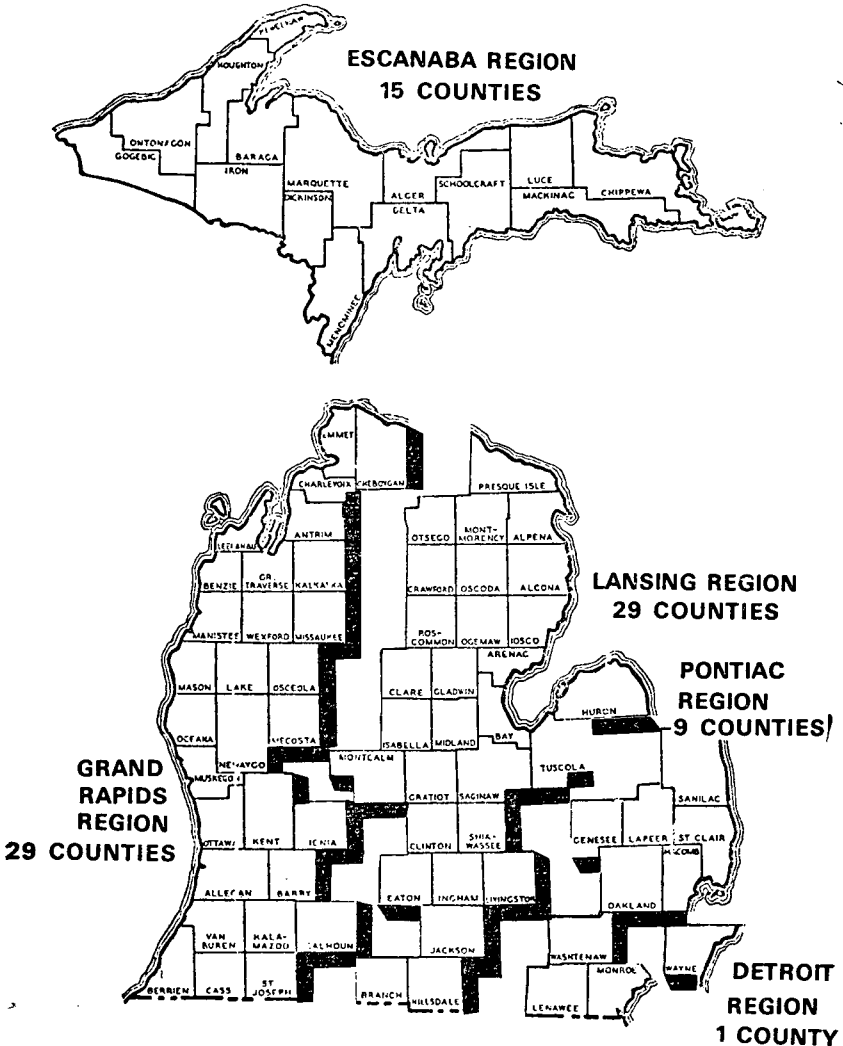
The five regional centers in Detroit, Pontiac, Grand Rapids, Lansing and Escanaba are manned by employees of the Department of Social Services. Each county is assigned to one of these centers for purposes of assessing the CIS data bank. (For example, there are 29 counties in western Michigan assigned to the Regional Communication Center at Grand Rapids.) Authorized county personnel contact the assigned center VDT operators by phone when they wish to make an inquiry or to update data in the system. Telephonic security checks and electronic edits are used to insure confidentiality of data and to maintain integrity of the data bank. The system is designed, but not limited, to handling 15,000-20,000 transactions per day.

Under the CIS approach to data management, information is updated correctly in minutes instead of the previous experience of 9-12 weeks. Also, at night, after the regional system is closed down, hard copy images of the day's transactions are transmitted from the Social Services data center in Lansing by mail to each county and state office, for validation, filing in case files and for related local and state management controls.

In addition to the updating capability, only authorized through the regional centers, large volume offices (county, state and medical providers) are selectively authorized to have their own VDTs for making inquiries and receiving responses from the Lansing center concerning client and case eligibility matters. Here again there are extensive confidentiality constraints.



LOCATION OF REGIONAL COMMUNICATION CENTERS AND USER COUNTIES



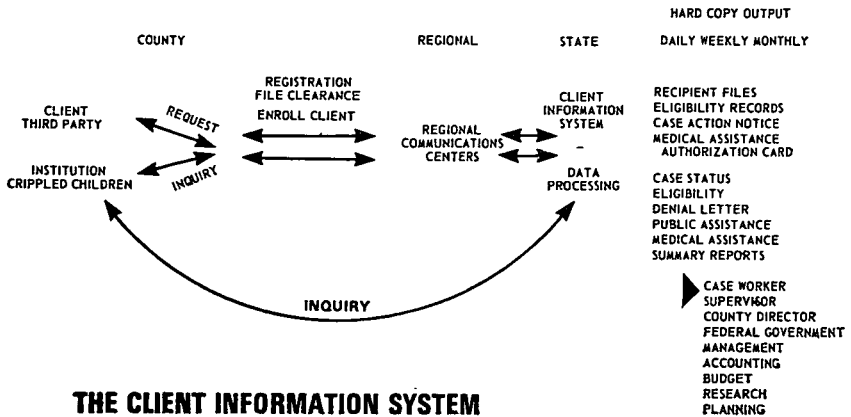
SYSTEM IMPLEMENTATION

Since June, 1971, CIS has provided the state and all counties direct access, through inquiry and response features of the system, to the social services data bank. However, the most critical aspect of CIS management technique, the ability to update client eligibility data by telephone to operators of Video Data Terminals in the regional center network, did not begin until February, 1972. The update phase of CIS is being incrementally implemented across the state by county over a period of eight months. (This approach is being taken because of the size and complexity of the system.) Therefore, all counties will not have the ability to update the central data bank through regional centers until November 1, 1972.

(Those not communicating through data centers continue to submit hard copy client data to Lansing by mail.) Accordingly, on this date our central data bank will achieve the peak of currency, and most of the potential for client data input errors for Public Assistance and Medical Assistance will be obviated because of stringent communication edit techniques.

INFORMATION FLOW

The following chart further illustrates in a simplified form the flow of management information through the system.



The file structure of CIS is of necessity complex because of the myriad of variables involved in social services systems, procedures and decision rules. Nevertheless, several simple techniques available for use only through automation, have produced significant control mechanisms and related management benefits. For example, CIS uses three basic files to control data with respect to the recipient population served. They are: an alphabetic file, a case number file, and a unique recipient identification file. This latter file insures that every child or adult in the system has a unique numerical identifier. The older systems did not have this identifier, with resultant data redundancy and inaccuracy. Now with various combinations of data elements, e.g. date of birth, county of residence, name, etc., and the recipient identifier, the true identity and case history of an individual can be monitored.

BENEFITS

The following benefits of the system are readily apparent, are real, and effect all levels of users and management: Information is current and accessible. Procedures are simplified and standardized. The machine assists evaluation of programs. There is improved response to client needs. Medical claims are promptly paid for eligible clients. Client information is more accurate. Fraud and duplication are minimized. Budget planning and research data are improved. Timely reporting is possible. Systems audit is facilitated. Administrative and payment costs are reduced.

There is positive management control of these important administrative processes: Registration, pending applications, transaction entry, redetermination, MA eligibility periods, PA grant amounts, and GA eligibility periods.

Further advantages cannot be appreciated until the system is fully operational and has had the opportunity to mature. However, the initial objective of a more meaningful, accurate and accessible information system for management of medical and public assistance has already been achieved by the client information system.

CIS has been successful for many reasons, not the least of which is the dedicated support of top level officials in the legislative and executive branches of State government.

PREPARED STATEMENT OF JOSEPH J. LA ROSA, ASSISTANT DEPUTY DIRECTOR,
INCOME MAINTENANCE AND COMMUNITY SOCIAL SERVICES, MICHIGAN DEPARTMENT OF SOCIAL SERVICES

FOOD STAMP PROGRAM ADMINISTRATION

General

Stated goal of the new food stamp regulations was to provide national eligibility standards for eligibility, for levels of participation, and for procedural operation.

In practice, the food stamp regulations do not synchronize with the major federal and local public assistance (PA) programs. Federal programs provide for financial assistance for the aged, the blind, the disabled, and dependent children. Local programs provide for financial assistance for economically needy families and adults who do not qualify for the categorical programs (OAA, AB, AD, ADC).

Application and certification procedures for federal PA programs have been simplified to reduce documentation and verification of eligibility factors. Budgeting procedures have been standardized into packages to reduce errors in budgeting, achieve equity in payments and simplify the administrative processes. Local general assistance has adjusted to these procedures for compatibility and to achieve the same goals of error reduction, equitable payment procedure and simplification.

The new food stamp regulations require even more documentation, accounting and administrative procedures than those eliminated through simplification of federal and local programs. Virtually all gains made in speeding up the determination process and standardizing procedures are being lost by implementing the required procedures for food stamps.

1. *Incompatible procedures.*—HEW approved application procedures now being used in Michigan permit a client to provide detailed written information which, if complete and consistent with other known information, will allow a determination of eligibility to be made, and enrollment of approved applications within hours of the original request. In practice, the time average is seven to ten working days, taking into account mail-in applications, and mailing time from local office to state office.¹

The same applicant who desires to buy food stamps must now complete an affidavit requiring thirteen to fifteen additional items of information, must supply verification of resources and property from collateral sources, and must have a separate and different budget set up by the worker before the client will get his stamps. We can approve his public assistance at intake but must delay his food stamp certification until all documents is complete.

2. *Basis of issuance.*—In achieving national standards of issuance, the USDA regulations have shifted from a household basis of issuance for PA recipients, to an income basis of issuance. Thus food stamp participation is based on the income level of households for both public assistance and nonpublic assistance clients. In so doing, the assistance grant, as well as all other available income, must be considered to determine the participation level. Under the "household" method, the value of the food allowance in a client's budget, times the number of people in the eligible household, was the basis of issuance. The result tends to work a hardship on participating households, especially those with fixed outside income, such as social security benefits, pensions, or annuities.

For example, an aged couple receiving \$250 a month in combined OAA and social security income, under the household method, would buy stamps based on the food allowance for two, or \$50. Their cash requirement would be \$40, bonus value \$20, total food stamp value \$60. Using the income methods, with \$250 of income, the couple would have to pay \$69 bonus value \$11, total allotment of stamps, \$80. (These are all monthly amounts).

Similarly, in large family households, the level of cash participation tends to be raised for PA clients when total family income is the basis of issuance.

3. *Budgeting procedures.*—The single most troublesome area for food stamp administration is the budgeting requirements. While many other features of the

¹ A fully automated Client Information System is being phased in now. When "on the air," all inputs will be by telecommunications using on-line operations, so enrollment will be virtually immediate.

food stamp procedures have at least some similarity to other PA programs, the budgeting requirements are entirely unique and separate.

Family income disregards required by HEW are prohibited from consideration by USDA, or vary in their application or amount.

The first example of this phenomenon is an interesting paradox. An applicant for ADC must have all available earned income considered to determine financial eligibility. Once determined, a disregard of the first thirty dollars, plus one-third of the remainder of earned income can be allowed to determine his grant level.

For food stamps, however, the procedure is reversed. We can disregard the thirty and one-third of earned income to determine eligibility, but cannot disregard this income in setting the participation level. As we said, an interesting paradox.

Expenses of employment formulas are totally different. For families, in ADC we can allow mandatory payroll tax deductions, plus \$40 for each employed household member. For food stamps, the employment expense factor is 10 percent of the household income up to a maximum of \$30 for the household.

These differences require:

- a. Dual budgeting standards.
- b. Dual budgets for each public assistance household on food stamps.
- c. Dual sets of manual instructions.
- d. Double, at least, the time necessary to set up and maintain clients' budgets.
- e. Different inputs to make changes as they occur in a client situation.

These differences require each eligibility worker, and supervisor, to know and understand two different budget procedures to apply to the same household. They require additional staff in the planning units and accounting units to administer and monitor food stamp operations.

4. *Forms and forms management.*—In order to meet program requirements and to achieve the understandably high level of fiscal accountability, an entirely separate system of forms and instruments are required. This results from at least two major sources.

Food stamps in a USDA program and requires reports to be compiled within USDA reporting systems. Thus, we are limited in utilizing existing reporting systems developed to meet HEW requirements.

The need to establish fiscal accountability requires an elaborate system of fiscal reporting at all levels of administration and to USDA. Auditing and review procedures differ between the two federal agencies. Daily inventory of food stamps, cash sales, and deposits set up a demand on line staff similar to bank tellers and cashiers rather than to public assistance and social service workers.

Some relief from these pressures can be achieved by contracting with issuance agents who have such expertise, and USDA provides for flexible options in utilizing these sources. However, cost of purchase of such service is a local administrative expense, not matchable by USDA.

Although we are confident that further streamlining of reports procedures can be achieved, at present we have had to develop 21 separate forms to convert to the new food stamp regulations. These include separate applications for PA and non-PA clients, budget sheets, resource statements, tax dependency forms, etc.. There are an equal number of USDA forms, provided by that agency, that are used in daily operation.

The job of forms management is greatly compounded in meeting food stamp program requirements and in keeping 74 operating counties supplied with forms.

5. *Cost allocation procedures.*—We are currently revising the cost allocation (CA) formula in an attempt to achieve a more equitable balance of matching for food stamp administrative costs. The current program provides for matching at 50 percent only for time spent in certifying non-PA food stamp clients.

The matching formula is restricted to certifying worker time, at 50 percent, plus 12½ percent for supporting supervisory and clerical time, or 62½ percent of time spent in non-PA certifications. As indicated in the Forms Management Section, at least an equal time demand for accounting, auditing, and administration staff is required. There is no match of state and local cost.

6. *Special program features.*—Most public assistance programs are designed to serve the needs of populations with similar characteristics and in relatively static situations. There are groups of aged, of disabled, of blind, of dependent children, of low-income families, and they generally reside in a community with

some permanence. Food stamps, as well as other forms of assistance, intend to serve these populations.

We have another population that depends heavily on food stamps. These are the migrants.

Michigan ranks third in the nation for its migrant population during the growing and harvesting season. This year, as in the past, about 45,000 migrant families will come here seeking work. There are fewer jobs each year. More of this population requires community aid to support them while here.

The food stamp program with its heavy emphasis on evidentiary proofs of eligibility, on accountability and records keeping and on certification of purchase levels based on income, simply does not permit administrative control. Migrants by definition are not a stable population. They move from job to job, employer to employer, and place to place. A family certified in one county today for food stamps is in another county tomorrow, on a different job or without one. In a camp or parked by the roadside without an address, as normally defined.

He does not keep records, most often gets paid in cash, by different rates that vary from an hourly amount to so much a "lug."

Trying to fit this needy population into a set of rigid rules and regulations and to achieve an acceptable level of program responsibility defies the efforts of the best of us. Yet, there is little room for variance from the program regulations.

USDA has attempted to address this problem through the extended eligibility provisions, which permit continuing eligibility for certified recipients while moving from one location to another. However, this is a minimum effort against the much larger problem of trying to administer a state based program for a very large transient population.

Summary

The major difficulty arises from a single state agency having responsibility to administer programs coming from separate federal departments, each with different philosophies, different purposes and goals, and different institutionalized procedures.

In Michigan, two years ago, there were only 18 counties in the food stamp program. Proportionate client participation was low compared to other work loads and could be more easily incorporated into existing activities of staff.

Today, 74 of 83 Michigan counties are in the program. Participation levels are much higher. Approximately 35 percent of the state's public assistance caseload uses stamps. In addition, there are over 65,000 nonassistance households (approximately 260,000 individuals) using stamps. In Wayne county alone, the county handles up to 125,000 food stamp transactions *per month*.

From less than 3 percent of the total state caseload two years ago, food stamps now ranks second only to ADC as the largest single direct assistance program in Michigan.

APPENDIX A

1. *Dual budgeting.* Certification worker must compute net income for PA purposes using HEW standards and for FSP purposes using USDA standards.

2. *Verification and documentation.* None formerly required for PA cases. Now all eligibility factors except resources are covered.

3. *Work Registration.* FNS requires that an FNS-284 form be sent to MESC for all employable members of PA households even if they are already referred for PA purposes.

4. *Affidavits.* The use of PA affidavits (supplementary applications) combined with 1, 2, and 3 above, places an increased burden upon limited staff.

5. *Staffing.* Authorization of adequate number of additional staff members is limited by availability of appropriations.

6. *Applications.* (Nonassistance) A seven page application replaces a 2 page application form. Considerable staff time will be required to assist in completing this document.

7. *Forms and Publications.* Necessary to develop 14 new DSS forms and to revise 9 existing forms. Seven new FNS forms to contend with.

8. *Quality Control.* Increase in number of eligibility reviewers. Development of non-FNS forms. Temporary sampling method with ramifications for additional staff at county level.

9. *Public Assistance withholding.* Staffing, data processing and accounting factors.

I would like to ask whichever one of you is prepared to answer—and if you are not prepared to answer, to please supply the answer for the record.

What is the cost of the suspense file in the social services department?

Dr. HALL. Mrs. Ellis, do you know, have any idea? The suspense file?

Chairman GRIFFITHS. Statewide.

Mrs. ELLIS. I don't believe that we will ever be able to supply you with an exact figure, but we have, in preparation for the hearing today, completed a short study of the number of negative action hearings that we have had and the average length of time—

Chairman GRIFFITHS. Good. How many?

Mrs. ELLIS (continuing). That the cases were kept open.

During calendar 1971, there were 739 such hearings, and we estimate that the cost of these, in terms of the money grants received because of the suspense, is about \$450,000.

Chairman GRIFFITHS. Why do you feel that where the woman has notified you that her husband has returned or that she has a job or something and she no longer wants the check, why is that kept in suspense? Do you feel that the court decision affected that?

Mr. LA ROSA. I would like to answer that.

Chairman GRIFFITHS. Yes.

Mr. LA ROSA. Yes, this is a requirement—

Chairman GRIFFITHS. Well, now it is a requirement for you to notify her if you decide to terminate it, but if she notifies you to terminate it, why is it a requirement?

Mr. LA ROSA. You are still required by the wording of the regulation, HEW regulation PR 20-11, as I recall, to provide the 15-day prior notice before taking adverse action, even though the action was called to the attention of the department by the recipient himself.

Chairman GRIFFITHS. Well, it doesn't make sense. You know, HEW is quite frequently wrong and this doesn't make sense.

Mr. LA ROSA. I wouldn't argue with you on that.

Chairman GRIFFITHS. Now, I understand some of these people send back the checks.

Mr. LA ROSA. That is right, that is right, and in the case—the example you used, if the recipient truly needs help no longer and calls and says, "Close my grant," our experience has shown—well, in the first place, we can control against that warrant leaving even though we suspend the action, we can control against the warrant leaving, being mailed, but the majority of those have all been returned.

Chairman GRIFFITHS. Well, I would think that the recipient would feel that this is one additional evidence that those people don't know what they are doing down there. Wouldn't you think so? I would. If I called them up and said, "Take my name off, I have whatever I am supposed to have," and the next week I got a check and 2 weeks later I got another one, I would think there is something the matter with the place. Particularly if I had sent back the first check.

I have information from HEW that Michigan has fully implemented the required quality control system and has, in fact, gone beyond the requirement in some respects.

Will you tell us exactly how you do it?

Dr. HALL. Madam Chairman, this information is supplied in my written statement to you—

Chairman GRIFFITHS. Yes, this—

Dr. HALL (continuing). And I would be delighted to go through some of the salient features of the written statement.

Chairman GRIFFITHS. All right.

Dr. HALL. What we have done is used the normal field investigation of the Federal eligibility audit as the foundation for the additional things that we do. For example, we have instituted a program known as a special lab review and here the objective is to detect and remedy agency errors where we found the greatest number of problems. This element is, of course, dependent on the Federal eligibility audit because it gives us an early warning as to what counties we should dispatch our auditing staff to immediately, and this consists of an intensive review of the case records where the client files are prepared by caseworkers. The investigator generally does not leave the county office, but makes phone calls to collateral sources in the community, and, when necessary, will leave the office.

Chairman GRIFFITHS. What are the sources? Can you find out anything from social security?

Dr. HALL. Yes, we often can.

Chairman GRIFFITHS. You get that information?

Dr. HALL. Yes.

Chairman GRIFFITHS. Can you find out anything from Internal Revenue?

Dr. HALL. At times. I think we have tapped that source in terms of chasing down fathers.

Chairman GRIFFITHS. Do you check the credit bureaus?

Dr. HALL. Yes.

Chairman GRIFFITHS. And if there is an employer—

Dr. HALL. Banks.

Chairman GRIFFITHS (continuing). If there is an employer, you check that?

Dr. HALL. If employment is reported in the case file, the audit staff gets on the phone to verify the employment, verify the amount of earnings. If there is a discrepancy, the case is then turned over to the inspector general's staff, which has recently been created in the State office, and those people will then go out and do a complete verification.

Chairman GRIFFITHS. Is the inspector general set up on the same order of New York State's?

Dr. HALL. No, this is part of our department.

Chairman GRIFFITHS. It is part of your department.

Dr. HALL. Yes, so there is, I think, a closer relationship than in the case of New York.

Chairman GRIFFITHS. I see. Well, of course, the theory of the inspector general in New York State is a theory of a Comptroller General of the United States. He is responsible to no one. He can do exactly what he thinks is the right thing to do, and we understood that he is actually operating from those people who report to him that there have been errors or fraudulent claims made and so forth.

Dr. HALL. We think that the public is generally willing to point a general finger of accusation but very rarely a specific one, and we think that through our own quality control program we can get spe-

cific information and rely upon our own staff to do the special investigations.

Chairman GRIFFITHS. It is surprising how specific they get in some instances. I got a lot of names and addresses of people that they believe are getting improper amounts. Of course, in a lot of this, it is a misunderstanding as to what the law is. They don't realize that that person is entitled to receive welfare and have a job too.

Dr. HALL. That is correct.

Chairman GRIFFITHS. They don't understand that, so that it doesn't work out that all their suspicions are founded.

Well, what qualifications do quality control reviewers have?

Dr. HALL. Well, generally we have—again, it's been kind of an informal recruitment program—tried to skim the cream of the crop of the local agencies and the incentive to become a quality control auditor is more pay.

I had a conversation with some people from New York last week and they indicated they had problems with their quality control staff in terms of going to the movies and things like that when they were supposed to go out and do their job.

We have not had similar problems here in Michigan. Our quality control staff is, in many respects, a crack staff and they are generally public welfare workers 10 and 11, which are paid somewhere between \$10,500 and \$14,000.

Chairman GRIFFITHS. Well, the problem that seemed apparent to me in New York was that the newest employees were the people who were assigned to be the quality controllers.

Dr. HALL. Yes. Here—

Chairman GRIFFITHS. Those that didn't know any better got stuck with these jobs.

Dr. HALL (continuing). Here, our most experienced people are quality controllers.

Chairman GRIFFITHS. I see. How many cases are reviewed in Wayne County in each 3-month or 6-month period?

Dr. HALL. Excuse me just a minute.

Twelve hundred ADC reviews have been performed every 6 months and about 200 in the adult categories.

Chairman GRIFFITHS. How much error is there in the adult—

Dr. HALL. Excuse me, 500 adult cases are reviewed.

Chairman GRIFFITHS (continuing). How much error is found in the adult categories?

Dr. HALL. Well, surprisingly, quite a bit.

Chairman GRIFFITHS. Really?

Dr. HALL. For the latest period for which we have data, July through December 1971, the total error rate was 18.4 percent and this, broken down, is 11.4 percent agency error and 7.7 percent client error.

Chairman GRIFFITHS. Were you overpaying or underpaying?

Dr. HALL. Well, a little bit of everything, Madam Chairman. Overpayments, 9.9 percent; 4.5 percent underpayments, statewide.

Chairman GRIFFITHS. I see. Is a complete reinvestigation of each case done and all information verified?

Dr. HALL. Not as a function of the routine Federal eligibility audit.

Chairman GRIFFITHS. And only occasional home visits are made; is that right?

Dr. HALL. Home visits are made in each and every instance for cases reviewed by quality control auditors.

Chairman GRIFFITHS. How do you select the cases?

Dr. HALL. Randomly, by region, so it is random within a stratified sample.

Chairman GRIFFITHS. I see. In a review of State quality control operations in 1970, GAO questioned the lack of explanation of negative answers given by clients. For instance, if a woman said she was not employed, no attempt was made to confirm this. GAO suggested use of social security or employment service wage records and checking with credit bureaus. Do you do that now?

Dr. HALL. We do that, Madam Chairman.

Chairman GRIFFITHS. You do that now.

Quality control—let me ask you this first: Do you think the simplified declaration method of determining eligibility causes more error than the previous method?

Dr. HALL. Yes, ma'am.

Chairman GRIFFITHS. You do? Well, do you think it would be worthwhile to go back to the previous method?

Dr. HALL. We have taken steps to back away to some extent from the simplified method. We have, for example, as a result of our previous 6 months quality control findings, stopped accepting applications by mail or phone. We will not accept applications unless the client or his representative appears at the welfare office door.

Chairman GRIFFITHS. I see.

Dr. HALL. Or we go to his home, if he is not mobile.

Chairman GRIFFITHS. Do you think that one of the things that is wrong with the declaration method is the question—some of the questions appear to be wrong? They can be answered correctly and yet, in fact, they evade the whole thing?

For instance, I gave an example yesterday of a woman who went to the welfare office and, in the declaration, said that her husband had left her. True, he was a truckdriver and he was on a trip to New York. Now, she got the money. However, it was pointed out yesterday by people here that there were other questions that would have made this answer into the fraud it was, because she would have been asked about his employment and so forth. But are there questions in that declaration that should be changed if that is method to be used?

Dr. HALL. Yes, I think so.

Chairman GRIFFITHS. Would you like to give a specific example, Mrs. Ellis?

Mrs. ELLIS. No. I was just thinking, having been involved with the development of the declaration form in Michigan, that it is an extremely difficult problem to develop a form where you can ask the question in such a way that it will include all the situations.

Chairman GRIFFITHS. Yes.

Mrs. ELLIS. It is a very difficult problem.

Chairman GRIFFITHS. Yes, of course.

Mrs. ELLIS. One must ask questions which are clear to people who are unfamiliar with the program and therefore don't understand your intent.

Chairman GRIFFITHS. Quality control was designed as an administrative tool to aid in highlighting areas where changes in procedures

are needed. Can you tell us whether quality control has done this in Michigan?

Dr. HALL. Yes, I think it has.

Chairman GRIFFITHS. Can you give me some examples?

Dr. HALL. I could give you—again, in the written testimony we provide, oh, I think there are five examples; one of which I have already mentioned, no longer accepting applications by mail or by phone. We have revised our manual substantially in terms of the proper determination of shelter allowances where we find in our quality control data that the clients or that the workers were having the greatest numbers of problems. For example, quality control workers were taking the applicant's word for the amount of rent that they were paying, whereas a follow-up showed that payments for shelter were frequently in excess of recipient's needs. We now require a verification of rent from a person's landlord before we will provide the shelter amount.

I think that was one very significant change that came about as a result of our quality control findings.

Another thing we found more recently, and we haven't taken final action on this yet, is that AFDC-UF recipients are not maintaining a current registration with the employment security commission as required by the Social Security Act. We are planning to take some steps, and one that is under consideration at the present time is to have AFDC-UF recipients appear at the welfare office and show that they are, indeed, registered with the Employment Security Commission.

Chairman GRIFFITHS. Well, now, Mr. Taylor, we understood yesterday that you have more trouble in the WIN program with AFDC-UF people than any others, the unemployed fathers. Is that true, to your knowledge?

Mr. TAYLOR. I—do you mean trouble finding—

Chairman GRIFFITHS. Do you have more trouble getting him to work, more trouble in the WIN program with him than you do with women receiving AFDC?

Mr. TAYLOR. I don't know whether I know what you mean by "trouble." Do you mean trouble getting him employment?

Chairman GRIFFITHS. Or you can't get them to take the WIN program, and if you get them to take it, they drop out, and you can't get them to go to work if you find a job, and so forth and so on. Is that true or not?

Mr. TAYLOR. I don't really have any figures on that, so I am not in a position to comment.

Chairman GRIFFITHS. In 1971 only 13 percent of AFDC families nationwide received support contributions from an absent father, but in Michigan 25 percent of the AFDC families received such contributions. Of the 20 States for which HEW has published this percentage, Michigan is the highest. We are doing the best. Since Michigan has been outstanding in this area, can you tell us how you did this, and can you give us suggestions for other States?

Now, of course, one of the things was recorder's court here in Detroit. I am sure that was one of the secrets of Michigan's recovery, but what else have you—what has been the real secret?

Dr. HALL. Well, let me try and get into this generally, and Mrs. Ellis can probably supply more of the specifics, but what we did do

under legislative mandate was to create pilot programs in several counties, I think as early as 1969, where we actually provide the prosecuting attorney's staff with people to seek out support authorizations and also staff in certain friends of the court apparatus and to administer them for us.

I think Mrs. Ellis probably can provide some budgetary details.

Chairman GRIFFITHS. All right.

Mrs. ELLIS. In the current fiscal year, we have a budget of \$2.5 million for this purpose, and there is a possibility that that amount may be expanded for next fiscal year. We are finding that for every dollar we spend in the program in providing funds to prosecutors and friends of the court, we are getting about \$3 back in support payments collected. We think that previously the prosecutor didn't have enough time to do this because there were so many other things that were a part of his job. What we are doing, in effect, is providing the staff time that is required for this purpose. I don't have the exact figure, but I can supply you later with the increase, just in the last year, in the dollar volume of support collected.

(The following was subsequently received for the record:)

The Department of Social Services through its continuing effort to efficiently and fairly administer the ADC program placed increased emphasis during 1971 on a comprehensive plan to shift the burden of supporting children back to those persons who are legally responsible and financially able. A new era of governmental agency partnership was initiated in the statewide cooperative effort to establish paternity and secure support for children receiving ADC benefits. Included in this collective effort were agencies at the local, state and federal levels.

The primary aim of the program was to reduce public assistance expenditures through increased child support payment collections. Basically, a three pronged attack was utilized through the procedure as outlined below:

1. *Locating Absent Parents:* Locating services are performed locally by social services staff and investigators from offices of the friend of the court and the prosecuting attorney. State and Federal levels of locating services are performed by the Office of Central Registry, Michigan Department of Social Services.

2. *Establishing Legal Obligations:* Orders of Filiation and Child support are obtained through the office of the prosecuting attorney.

3. *Maintaining compliance with legal obligations:* Review and enforcement services are provided by the friend of the court office.

The secondary aim of the program was to increase efforts in the areas of investigating welfare fraud cases, obtain counsel for Department at Administrative and court hearings and generally to obtain full cooperation in areas of common concern between state and local agencies.

COOPERATION AMONG AGENCIES

The Michigan Department of Social Services was delegated responsibility under the Social Security Act and State Welfare Act to develop and implement a plan to shift the burden of supporting children back to those persons who are legally responsible and financially able to do so.

This resulted in the Cooperative Reimbursement Program—a program to establish paternity and secure support in ADC cases. It is cooperative in that it embraces a written agreement between the Michigan Department of Social Services and the various counties; and reimbursable in that the county must first incur the expense for which the state makes reimbursement.

Under the program, the offices of the prosecuting attorney and friends of the court are funded to provide the necessary staff, equipment, and material to secure and enforce collection of support orders in ADC cases. Said funds are provided for the expansion of services in the ADC area and are not given in lieu of the current fiscal effort of the county.

By statute the prosecuting attorney has the duty to establish paternity and/or secure support orders; and the friend of the court has the duty to maintain compliance with the support orders. Hence, funding is provided for both.

One county (Berrien) was funded in 1970; 32 counties were added in 1971; and so far 27 counties have been added in 1972. This involves 66 programs. And it is contemplated that seven more counties will be added in 1972.

The funded programs in 1970 and 1971 came into our Support Authorization Program: a program wherein moneys collected by the friend of the court on support orders involving an ADC recipient are transmitted directly to the State of Michigan. Prior to December 2, 1971 participation in this program was discretionary with the friend of the court.

However on that date, legislation took effect making it mandatory that said funds be transmitted to the State of Michigan. Other legislation empowered the Department of Social Services to initiate support actions in behalf of minor children receiving assistance.

The effect of the Cooperative Reimbursement Program in conjunction with the Support Authorization Program produced significant results as follows:

Year:	Support collections	Increase
1966.....	\$4,461,827.95
1967.....	4,795,106.24	\$333,278.29
1968.....	6,429,860.01	1,634,753.77
1969.....	8,203,697.18	1,773,837.17
1970.....	10,928,446.00	2,724,748.82
1971.....	16,969,641.09	6,041,195.99
1972 ¹	27,000,000.00	10,000,000.00

¹ Projected.

During 1971 there were no significant additions to the process of collecting support except the Cooperative Reimbursement Program. The increase in support collections during the period 1967 thru 1970 were directly proportional to the increase in ADC caseload.

Projections for 1971 based on ADC caseload indicated an expected increase of \$2.75 million. Yet this more than doubled even though the caseload projection was substantially accurate. Further, this phenomenon occurred during a period of high unemployment.

Projections for 1972 are even more dramatic. More counties are participating in the Cooperative Reimbursement Program, and those who began it last year are gaining more expertise. This will result in a significant increase of \$10 million.

On a statewide basis, and using an extremely conservative approach, it appears that the operation of the Cooperative Reimbursement Program is resulting in a savings in public assistance costs of \$3.30 per \$1.00 invested.

The benefits have not been merely monetary. The program has resulted in creating a rapport among the various departments involved and the general public. And the shifting of the burden of support to those legally responsible and able is receiving the high priority to which the program is dedicated.

LOCATING ABSENT PARENTS

The Office of Central Registry within the Michigan Department of Social Services serves as the central state agency for locating absent parents, acts as the Michigan URESA Information Agency, administers the Cooperative Reimbursement Program and establishes work responsibilities for "father finders" throughout the state.

Locating an absent parent is normally the first step in securing child support referrals to department "father finders" and special Friend of the Court and Prosecutor investigators, as the initial step in the locating procedure. Back up assistance is provided field workers by Office of Central Registry through technical assistance and the monthly distribution of computer printouts which indicate the current support payment status of all cases. Upon exhausting local resources, referrals are processed to the Office of Central Registry which utilizes the resources of other state agencies and the locating agencies of other states in a coordinated statewide effort to locate the absent parent. Upon these efforts proving futile, referrals are sent to the Internal Revenue Service for a search of IRS records. If the absent parent has not been located after the above measures are taken, the search is temporarily abandoned. At redetermination (six months subsequent to the above) the locating process is started again at the

local level. This procedure assures that a locating search will be conducted twice a year for each and every absent parent whose whereabouts are unknown, and moreover, this process assures that all available local, state and federal locating resources are utilized. At any point in the process, if a current address is ascertained, a referral with request for enforcement action is processed to the appropriate court agency.

The entire process is being enhanced by the addition of a cadre of "father finders" to Social Services staff. These positions are being allocated throughout the state and will be specialists in the areas of liaison with law enforcement and court officials, securing support and establishing paternity, and locating absent parents. These specialists will be solely responsible within their assigned geographical area for the local administration of the state plan to secure support. They will carry no caseload nor have additional duties, will report directly to the Office of Central Registry on the progress of the state plan for securing support in their area, develop plans and procedures for operations at the local level consistent with the state plan and local court and law enforcement idiosyncrasies and moreover, be directly answerable for the success or failure of the program in their area.

Chairman GRIFFITHS. Are you aware that in at least one State they tried for a brief time a system where they permitted the mother to receive 30 percent of what was recovered to be set aside for future educational expenses of the children? It was tried briefly in California, we understand, and they had quite an increase in support payments. The mother was very cooperative if she got part of the money.

Mrs. ELLIS. May I add that one thing that we have done in some of the counties to help with the cooperativeness problem is to actually locate a staff from the prosecuting attorney's office in the county welfare office. At the time the mother applies for welfare benefits, if court action is indicated, she is then referred to the prosecuting attorney's staff immediately. Thus, within the next few minutes, she can provide the data that are necessary and sign the petition taking action and seek support. We have found this very helpful, because when you wait a month and then contact her, she is often not as cooperative.

Chairman GRIFFITHS. Oh, I think that seems reasonable.

In Michigan the amount of housing allowances in public assistance grants vary from county to county. Is that right?

Dr. HALL. Well, they are regionalized after a sort.

Chairman GRIFFITHS. By how much do they vary?

Dr. HALL. From \$80 to \$145.

Chairman GRIFFITHS. Are the amounts established on a fair and uniform basis throughout the State?

Dr. HALL. No. We have a study in an effort to make a change in this regard so they would be established on a more fair and uniform basis around the State.

Mrs. ELLIS. Could I add very quickly that historically each county department of social services was allowed to recommend to the State what its housing allowances should be. That is how we got into this great discrepancy. When we implemented the 1967 Social Security Amendments, we did a Consumer Price Index update on those county-determined allowances and then attempted to group them into \$20 ranges. Because of this we don't have a totally rational system, but, as Dr. Hall mentioned, his research staff will be doing a study this summer and we hope to come up with a better plan.

Chairman GRIFFITHS. One of the problems, with all of those who want a different amount paid in different areas, is that—well, it is true, they are not ever adequate anyplace. In the long run, the whole

thing would have had less social and economic impact upon everybody if the same amount had been paid every place, if the Federal Government had paid it all from the beginning and paid it universally, the same amount, because now you have people moving around prompted by the amount.

Is the Michigan Public Assistance Manual complete and up to date? In 1969 the Michigan auditor general reported that the the manual was incomplete. Legislation had been passed and regulations had been put into effect and they weren't in the manual. Is it complete now?

Dr. HALL. I think Mr. La Rosa can answer that question.

Mr. LA ROSA. Thank you very much.

The only answer to that is that it is as complete as it can be. At any given point in time there is material in the course of development that goes into the public assistance manual. I can refer to the Food Stamp Act which was passed in January of 1971 and the procedures and instructions regarding it have only recently been approved for inclusion into the manual. Nonetheless, we are operating under those procedures, but I can say that it is as complete to the point today as we can get it, this kind of material that is in development now.

Chairman GRIFFITHS. The trouble really is in getting all of the workers to know exactly what they should be doing, and the second problem, of informing the recipient of his own rights.

Mr. LA ROSA. Yes. The alternative—one of the alternatives—that we are considering now with respect to written material, instructional material, manual material, is to develop a manual format that has an annual update, and to keep it current through a system of bulletins, which we are investigating now for utilization, which we believe will keep currency at a better rate than what we have in the past. Certain parts of public assistance, the majority of it, is relatively stable. It is not that changing. It is the instructions regarding the procedures rather than the policy that change. Consequently, we are attempting to increase the level of communication through manuals by using a different method.

Chairman GRIFFITHS. Well, of course, even court decisions are changing the regulations—

Mr. LA ROSA. Weekly.

Chairman GRIFFITHS (continuing). And the method in which you can operate.

We saw yesterday a copy of the manual on food stamps and of course it is a very complicated thing.

What chance is there that you are going to have an additional outlet for those food stamps?

Mr. LA ROSA. Through sales offices?

Chairman GRIFFITHS. Yes.

Mr. LA ROSA. Well, I don't know what value I can give to the chances. I am recommending now, and I am attempting to set up a meeting which we hope to conduct next week, to engage in a contract with private issuing agencies who will set up from 10 to 12 issuance locations in Detroit within months and will be able to provide sales outlets for the food stamp program throughout southern Michigan where all the larger cities are, at a rate of what we consider to be a lower rate per transaction than what we are able to do ourselves.

So to answer your question, if we continue to base food stamp issuance on county procedures, we will likely never have accessibility, especially in the urban areas.

The only alternative that we can see is to go, by exercising the options that USDA provides, to purchase sales agencies, sell stamps through these contract agencies.

Chairman GRIFFITHS. USDA might consider the possibility of banks, in my opinion.

Mr. LA ROSA. Well—

Chairman GRIFFITHS. The banks are getting quite a break in this country.

Mr. LA ROSA. There are some that exist now. They aren't too hot, those banks, on USDA, but we do use banks in Michigan. We have 29 counties where we have bank agreements for sales of stamps. There are other options among the USDA regulations; I think the sales regulations may be the most flexible.

Chairman GRIFFITHS. It also will be the most costly.

Mr. Houston is a part of the housing authority of this State, isn't he?

Dr. HALL. He is a member of the housing authority.

Chairman GRIFFITHS. Yes. How many housing projects or units are financed by the authority, have been completed and in operation?

Dr. HALL. I don't have that information.

Chairman GRIFFITHS. Would you supply that? We will just send you—I will read you these questions and you can supply them. I have already read the first question, of course.

2. How does the authority finance the loans which it makes?

3. How does the authority decide which housing sponsors will receive loans financed by the authority?

4. What kinds of housing does the authority finance, single family homes or housing projects?

5. Who manages the completed projects?

6. Have there been defaults on mortgages financed by the authority?

7. Has the FHA borne the losses caused by these defaults?

Dr. HALL. You will send us those questions, Madam Chairman?

Chairman GRIFFITHS. Yes; we will have them read in as we would like them answered, if you could tell us.

(The information referred to follows:)

RESPONSE OF DR. HALL TO ADDITIONAL WRITTEN QUESTIONS POSED BY
CHAIRMAN GRIFFITHS

Question 1. How many housing projects or units are financed by the Authority, have been completed and are in operation?

Answer. From the time of the Authority's first closing in March, 1970, to May, 1972, the following table shows these activities:

Housing units	Rehab	New multi-family	New single family	Total
Committed.....	725	864	1,278	2,867
Under construction.....	406	1,888	1,500	2,794
Completed—operational.....	388	1,578	306	2,272
Total.....	1,519	4,330	2,084	7,933

¹ Estimated.

Question 2. How does the Authority finance the loans which it makes?

Answer. The Michigan State Housing Development Authority funds its construction and permanent mortgage loans through the sale of tax-exempt notes and bonds to private investors. The favorable interest rate is passed along to borrowers who are either nonprofit or are limited to a 6% return on their equity. Subsequently, tenants pay less than they would if their apartments had been financed on conventional terms.

The Michigan legislature has authorized the Michigan State Housing Development Authority to borrow up to \$800 million for the purpose of making loans. The Agency's staff and operating expenses are supported by fees paid by the developers who use its financing services. In this way the Michigan State Housing Development Authority operates at no expense to the taxpayers of the state and does not add to the state debt.

Question 3. How does the Authority decide which housing sponsors will receive loans assigned by the Authority?

Answer. Every year the Authority, in cooperation with the FHA offices in Michigan, establishes a "Michigan Plan" which sets housing goals for the State of Michigan under the various federal and state programs. This is done by county. A sponsor's application is considered if his housing proposal is compatible with these goals. The proposed site must also meet the Authority's standards and the results of the in-house market analysis must indicate a demand for the proposed kind and number of units.

There is also a sponsor evaluation process for both the sponsor and the development team which includes consideration of the following factors:

- (a) Past experience in housing;
- (b) Specific experience in low and moderate income housing;
- (c) Financial stability;
- (d) References for quality and reliability of work and general reputation;
- (e) Longevity in the community and commitment to the community.

Question 4. What kinds of housing does the Authority finance, single-family or housing projects?

Answer. As can be seen from the answer to the first question, the Authority builds both single-family and multi-family homes, the latter accounting for over 50% of all Authority financed units. In multi-family developments the Authority has made a heavy commitment to the construction of townhouses as they combine many of the desired features of single-family homes along with the low costs associated with multi-family construction.

The Authority is unique amongst State Housing agencies in constructing single-family homes (under Section 235 of the 1968 Housing Act). The Authority feels these usually better suit the needs of rural areas where land and construction costs are lower and where the limited market would not justify the management costs of multi-family developments. Culturally too, rural families resist multi-family units despite their superior standards to typical rural housing.

The Authority has also instituted "Project Rehab" for the rehabilitation of multi-family dwellings in Detroit, to which the Authority has committed \$15,000,000. Besides providing much needed housing to Detroit, the Rehabilitation program has also provided many new jobs through the creation of this new industry in Detroit.

Question 5. Who manages the completed developments?

Answer. There are two levels of management. The first is the on-site management for the multi-family developments. Usually a resident manager is on hand to take continual care of the development and to serve the tenants. Where a development is too small to justify the cost of a resident manager, an experienced management company is hired to take care of the development.

The second level of management consists of in-house housing management officers (HMO's) who are on the Authority's permanent staff. Each development is assigned to an HMO whose job it is to make regular and frequent on-site visits to assure sound management and good tenant relations.

The HMO's are part of the division of marketing and management within the Authority. Other staff in this division are concerned with the provision of resident services such as day care centers, home economics education, etc. The Authority has also instituted a resident manager training program in cooperation with the University of Michigan. All resident managers must go through this program.

As further management tools, the Authority is now in the process of instituting a financial monitoring system for Section 236 developments.

Plans for this system detail three subsystems, each of which is specifically designed to meet a particular need. The *Financial Viability System (FVS)* is to ensure that initial management plans, and particularly the projected annual operations and maintenance costs budget, are reliable, so that a sound analysis at the feasibility stage can be made of not only a project's construction costs, but also its long-term management and operating costs prior to the lengthy submission of expensive architectural drawings.

The *Early Warning System (EWS)*, the second tool, is a monitoring/auditing system to be used after occupancy of a project to signal when any development is having problems (or potential problems) so that action plans (to also be developed as part of the study) to solve the problems can be immediately instituted.

Finally, *Success/Failure Profiles* are to be developed in recognition of the Authority's wider social responsibilities that will entail the acceptance of certain high risk projects. The Profiles will, at the feasibility stage, assess management risk of all projects so the Authority can know at any point in time what the "portfolio mix of risk" for all its developments is.

Going beyond the mere identification of the risk involved, action strategies for coping with the risk will also be developed.

The entire study is scheduled to be completed in the fall of 1972.

Question 6. Has there been any default on mortgages financed by the Authority?

Answer. There have been no defaults on any multi-family developments or rehabilitation projects. As of May 31, 1972, ten (10) single-family homes had not paid their mortgage payments for two or three months.

Question 7. Has the FHA borne the losses caused by these defaults?

Answer. To date, foreclosure proceedings have started on only three homes. If the current owners do not redeem them, FHA insurance would take effect.

Chairman GRIFFITHS. We have been hearing now for 21½ days testimony that points to doubt as to whether any of our public programs which are so complex and have so many regulations can be administered fairly and efficiently.

If you could restructure these programs to make them simpler and more understandable to all concerned, how would you do it?

Mr. LA ROSA. Do you want me to start, Lee?

Dr. HALL. Yes, go ahead.

Mr. LA ROSA. The most practical one that I can think of, which we already have written up, is food stamps and all other types of public assistance. One of the major difficulties I think in the administration of that program is that you have two Federal agencies with two different institutional methods and different procedures and different goals, really, that are providing regulations and rules for a single State agency to administer as a single, concerted program of assistance to clients, and it is virtually impossible to do it. Even if there was some compatibility between the regulations, it would be difficult, but when one agency is going this way and the other one is going that way, it is an administrative nightmare to try to pool this together in a fabric of cohesiveness. So, one suggestion is that there needs to be more coordination for federally derived regulations and policy to State agencies and perhaps more options within States on how they go about doing their business, as long as they meet the policy guidelines.

Chairman GRIFFITHS. There ought to be a single standard of qualification for all of these programs.

Mr. LA ROSA. Yes.

Chairman GRIFFITHS. If it could be possible.

I noticed in Mr. Houston's statement and remarking on the Brooke amendment: "It is a good example of legislation emanating from Washington in which the Federal public assistance regulations are ignored and the resulting inequity to clients is blithely disregarded."

Of course, this is right. That amendment was put on on the floor. It was never even considered in committee. There wasn't any testimony on that committee amendment. When you get the food stamp program and realize that you have a different standard of financial eligibility, you have a different age for the children, you have all kinds of differences in that, and medicaid, and AFDC and other public assistance payments, then of course it becomes really a nightmare. So that if you could just standardize some of this, it would help quite a bit.

Would you keep the categories of cash aid?

Dr. HALL. They do create, in my view, inequities for people in similar circumstances. They allow the opportunity for Government to treat people similarly situated, differently.

Chairman GRIFFITHS. Of course. The truth is that they not only treat people differently, but you are giving to people on welfare other kinds of aid simply because they are on welfare, they are drawing one of the categories, when, in truth, people who are earning equivalent amounts of money are not getting that type of aid.

Dr. HALL. That is true.

Chairman GRIFFITHS. The working people themselves are not eligible to get that type of aid.

Would you keep variable housing allowances or special needs allowances?

Dr. HALL. We have—go ahead.

Mr. LA ROSA. Excuse me. I opt for standards, particularly in the area of housing and housing costs. You alluded to this earlier, I think but every time that you have variable standards, budgetary standards, specialty items, you set up opportunities for error that are really quite hard to control through any mechanism, administrative control, management, supervision or quality control. If you are working off of line item budgets, where the recommendation for a line item budget meets the particular needs of a particular individual, you are less likely to achieve equity in distributions of those resources than you are in a standardized grant or standardized method of payment. It has factored into it these other considerations.

Chairman GRIFFITHS. What about commodities?

Mr. LA ROSA. Surplus foods?

Chairman GRIFFITHS. Yes.

Mr. LA ROSA. Well, there are only eight counties in Michigan who use—

Chairman GRIFFITHS. That still have a commodity program?

Mr. LA ROSA. All 74 other counties are on food stamps now. The commodity distribution program, as it is currently being run, offers a food choice of 22 to 25 items, ranging from meats and vegetables. It is a nutritionally balanced assortment of foods. That is true now and has been for 2 years, but in the past, the number of items available for distribution had varied remarkably and at a given point in time, I remember when I was working in Detroit in 1962 and 1963, it was beans and flour and peanut butter.

Chairman GRIFFITHS. And rice.

Mr. LA ROSA. As you have these same food choices, I see a great deal of value—the problem of administration is much simpler with commodities.

Chairman GRIFFITHS. But, of course, the problem for the recipient is much worse.

Mr. LA ROSA. That is right.

Chairman GRIFFITHS. One of the reasons you changed to food stamps was because, under commodities, you were sending a little 80-pound woman all the way across Detroit, make up three bus transfers, to pick up 80 pounds of rice. They didn't break it up. I mean, she had to take the whole thing. So that there was fantastic waste.

The average American family eats, I think, 20 pounds of rice a year and here you were giving out to individuals as much as 80 pounds where they were living in a home alone.

Would you have Federal administration or would you have State administration or county administration, or what would you do, if you could change it all?

Dr. HALL. I think that I have made this observation with my colleagues a few times: I think that the Federal Government is 5 years too late in terms of Federal administration. The caseload has grown from 45,000 in 1968 in Michigan to 155,000 just in AFDC. I don't think the Federal Government can manage the caseload and these kinds of increases any more effectively than anyone has done in the past, yet that seems to be the promise from time to time.

Chairman GRIFFITHS. What do you think has caused the increase in the caseload of AFDC?

Dr. HALL. Well, there are probably a lot of dynamics that have caused it. I think that certainly one thing is that we are a much more urbanized society, much more interdependency, and yet we have pockets of deprivation within cities.

Certainly another factor has been the migration of people from previously poor areas and transposing them into an industrial setting where they have really no skills with which to operate.

Now, I think certainly the attitudes in some respects have changed. It is no longer as stigmatic to be a part of a welfare system as it once was. After all, if you have more people on it, more neighbors are on it, I suppose it is more acceptable to be like your neighbors.

I think the increase in illegitimacy has contributed significantly to the caseload growth. You know, it is difficult to speculate and have very definitive answers on these kinds of things. I know my research staff has been very concerned about trying to give us accurate caseload projections and it is extremely difficult to pump in all of the variables.

Chairman GRIFFITHS. Within a brief time, 10 percent of all America's children will be reared on ADC.

Mrs. ELLIS. I would mention one or two other factors. In addition to the illegitimacy, the general distintegration of the family the separations and the divorces, and then the high unemployment rate have contributed to caseload growth. Also there have definitely been changes in law and changes in regulations and court decisions which have resulted in an increase caseload because of liberalized eligibility.

Chairman GRIFFITHS. Because you can never close the case.

Mrs. ELLIS. Right.

Chairman GRIFFITHS. The \$30 and a third disregards in AFDC have increased the caseload to some extent, but do you think that some of these laws have a tendency to break up a family? Aren't we really rewarding people for splitting up?

Mrs. ELLIS. It is a hypothesis that is reasonable but untested, I would say. We don't have any data to back it up.

Chairman GRIFFITHS. But it is reasonable.

Mrs. ELLIS. Yes.

Chairman GRIFFITHS. If the mother stays with the father—

Mrs. ELLIS. Then they can't receive the aid.

Chairman GRIFFITHS. Yes, they can't receive this, but if she just switches husbands, they can. She can receive the AFDC and he can have a full-time job and they can do quite well.

Mrs. ELLIS. We believe that currently in Michigan we have around 15,000 stepfather cases that are of the kind you just mentioned, where there has been a remarriage and yet they are still receiving aid for the children, \$60 a month per child.

Chairman GRIFFITHS. And there is nothing—I mean, we don't do anything about having a stepfather contribute.

Mrs. ELLIS. No, he could be making \$40,000—

Chairman GRIFFITHS. The theory of it is that it is better for a child to have a man in the family. It does sort of finish me that we insist that the stepfather be given some training, though. I don't really know why we are putting him ahead of the mother in training. That is, to my notion, absolutely ridiculous.

Have you done any calculations which you could use to predict what the cost of specific administrative improvements such as more eligibility examiners and what the benefits in terms of lower rates of agency error would be?

Dr. HALL. I don't believe so. The benefits of lower agency error as related to—

Chairman GRIFFITHS. More eligibility examiners.

Dr. HALL (continuing). Increase in eligibility examiners. No, we haven't done any such calculations.

Chairman GRIFFITHS. What percentage of the total program expenditures goes to administration?

Mrs. ELLIS. It is very close to 10 percent.

Chairman GRIFFITHS. Is that across the board, is that for cash public assistance, medicaid, UI and food stamps?

Mrs. ELLIS. If you check the entire budget of the Department, about 10 percent is for administration and provision of services—staff, in other words.

Chairman GRIFFITHS. I see, I see. In each instance where programs have to be run by two agencies, there seems to be considerable confusion and uncertainty as to who is supposed to do what.

For example, it is not clear to me, nor apparently to the administrators involved, how the food stamp work registration requirements will be handled by MESC.

Mr. TAYLOR. I certainly don't know.

Chairman GRIFFITHS. You can't tell us either?

Mr. TAYLOR. This is one area that in my short tenure in office I have not really focused on.

Chairman GRIFFITHS. Well, of course, it is just now coming into being, but you are really going to be hit.

Mr. TAYLOR. I know.

Chairman GRIFFITHS. It is going to increase your employment service caseload. That is all there is to it. What are you supposed to do,

put all these people on the rolls and then you find a job for some of them and are you going to call up Mr. La Rosa and say, "Well, that person wouldn't take that job, cut off those food stamps"? That is what you are going to have to do.

Mr. LA ROSA. I might add to that, we do have a mechanism, an agreement set up for the interaction between our two agencies with respect to registration of food stamps. I don't pretend that it is going to work all that smoothly because those things never do. Nevertheless, we have spent considerable time working out the details of this in relationship with MESC.

Mr. TAYLOR. And the agreement was just signed recently between the two departments.

Chairman GRIFFITHS. Well, the interagency operation of the WIN program and the work requirements in public assistance seems very hazy to me. Can you describe what these interagency problems are? And why one agency claims the wrong people are referred and the other says that referring people to MESC is a waste of effort?

Mr. TAYLOR. I think in a large part some of our problems in this area—the reason for that has been touched on a little earlier—is the difficulty between reconciling HEW and the Department of Labor. The HEW is saying one thing to the Social Services Department. The Department of Labor is saying another thing to the MESC. As a result there is some confusion. People in the Department of Social Services will say we must refer everybody and people at MESC will say something different and it causes problems.

Chairman GRIFFITHS. What do you do with all these people, Mr. Paterson, that are entitled to medicaid and nothing else? How do you solve it?

Mr. PATERSON. I am not sure I follow you, Madam Chairman.

Chairman GRIFFITHS. Well, now, it is pretty easy for you to put them on medicaid if they have general assistance or AFDC, isn't it? They are automatically entitled to medicaid, aren't they?

Mr. PATERSON. Not under general assistance, but—

Chairman GRIFFITHS. Under ADC, all right. Suppose they just walk in and say, "Look, I just have to have an operation and I haven't got the money to pay for it and I don't seem to be making very much money, can't you take care of it?"

Mr. PATERSON. This is processed under the Social Security Act which requires the welfare agency which is administering titles I, IV, X, 13 and 16 to process eligibility determinations for people who are to receive medicaid. Thus, these are done by the same people who are carrying out the assistance payment function in the county—the eligibility workers or the social workers. So in the public assistance area, it is virtually identical. Then, too, there are some rules which are very closely linked to this, but which come up out of State statute in terms of financial eligibility which are applied in the case of people who are not eligible for a categorical assistance grant, but who would be if medical expenses were not covered by medicaid.

Chairman GRIFFITHS. Mr. Taylor, in your opinion, can a work requirement in an urban area ever be tightly administered?

Mr. TAYLOR. Well, I suppose it depends upon how you define "tightly administered."

I think, you know, the types of social problems that we deal with are such that there is no way that their administration can be made sim-

pler. I think however, that it can be administered reasonably efficiently.

Chairman GRIFFITHS. In practical terms, what does the work requirement mean if the only action taken is to add people to a lengthy list of job applicants?

Mr. TAYLOR. Well, there, I think you are getting into the whole problem of our current economic situation. We are undergoing a period of high unemployment. If a welfare recipient is referred to our offices, all too unfortunately the truth of the matter is that they are simply put on our records for referrals and we are unable to find work for them. I suppose you could take the position that in those cases, then, what was the use of it all? We would certainly like to hope that we won't continuously be in this situation that we are in now, economically. We hope that jobs will be created. We hope that the unemployment will go down significantly; but in the high unemployment situation that we are in right now, it is extremely difficult to find employment for the disadvantaged.

Chairman GRIFFITHS. Well, now, if we really want a work requirement to mean something, what, in your opinion, would we have to do?

Mr. TAYLOR. Create some jobs.

Chairman GRIFFITHS. And have the Federal Government create them.

Mr. TAYLOR. Yes, I assume by that you mean public service jobs, things of that nature. I think it is a combination of many things. I mean, the economy—the Federal Government is going to have to do something about that in an overall national sense.

Chairman GRIFFITHS. Michigan has tried, without success, to obtain Federal funds for work projects for welfare recipients. Have the work relief programs for those on general assistance produced good results and how do these programs operate?

Dr. HALL. Madam Chairman?

Chairman GRIFFITHS. Yes.

Dr. HALL. We have a requirement, I think, in the law, in Public Act 280 of 1939, that requires counties to establish work relief programs and 33 counties have such programs. I haven't been able to visit all of them. I have visited a couple and one of the most imaginative that I have seen is the one in Calhoun County in Battle Creek, and they deserve a lot of credit for putting together a very meaningful set of programs.

They have rehabilitated housing. They have rehabilitated a building which now houses the county health department. They have built parks. They have refurbished the county medical care facility. They have really done some important things and it is reported, although I haven't seen any statistics on it, that these men that work on these projects do get jobs in the community when they are available.

Incidentally, Madam Chairman, I know you will be interested in this, that many of the women on general assistance are nurse's aides in the county medical care facility—not a very dignified occupation, perhaps, but nevertheless one that is very necessary and one that is difficult to recruit for.

Chairman GRIFFITHS. And it is very comforting to the people who receive that nursing assistance, too. You have done something that really counts in the world.

Dr. HALL. That is correct. I have talked with a group of 12 men in

a room who were sitting around eating lunch and I said, "Is this better than sitting home?"

They said, "Yes," it was definitely better than that.

"At least we are out doing something."

Chairman GRIFFITHS. Yes. Every so often people say to us, "For heaven's sake, why don't we just bring back the WPA?"

They forget all the jokes that were once told about it and remember now only the good things.

What would the problems be of bringing back some type of work project like that?

Now, another thing I think that people point out now is that many of today's administrators in their late 1950's or early 1960's are men who got that administrative experience as young men in the WPA.

Dr. HALL. Well, I think one of the problems, at least as I observed it from Calhoun County and perhaps Mr. La Rosa can amplify this point a little bit, is that it does require just a tremendous amount of time on the part of an administrator to do this and to do it in a meaningful way so that the person that is involved in the work relief project does not feel as though it is just—well, you know, I'm raking leaves today and tomorrow I'll be doing something else. Maybe tomorrow there will be something else there in the community, say Kellogg's at Battle Creek, which I guess people move heaven and earth to get into.

I think that the way the program has been administered in Calhoun County strongly indicates that it is not a deadend, but yet the county director there, Mr. Everett Vermear, deserves a lot of credit for it.

Chairman GRIFFITHS. In retrospect, it wasn't a deadend, then.

Dr. HALL. Right.

Chairman GRIFFITHS. You know, the people didn't realize that then. Men were learning administrative skills and they learned how to go to work, so that it wasn't as bad as people thought it was through all these years and all the jokes.

Now we would like you to show us this machine.

Dr. HALL. Mr. Paterson.

Mr. PATERSON. I think that one of the important things to talk about at the beginning of our discussion of the client information system, is the fact that it grew out of an effort to get our hands around the medicaid program. You are aware of the manner in which the medicaid-medicare amendments were passed by Congress and the fact that many States wanted to move very rapidly to implement the program.

I might just add here that medicaid is typical of many pieces of legislation, both nationally and at the State level, in that there was a great deal of emphasis given to who should get what benefits with little attention given to: Can we do what we say we want to provide to people?

I think medicaid is almost a classic example of the effects of a lack of preplanning and the lack of a management approach to putting a large program into effect.

Now may I give you a brief idea of the size of our program. We have about 700,000 people eligible for the program in the State right now, and have an annual expenditure of around \$360 million despite the fact that ours is a somewhat limited medicaid program.

Chairman GRIFFITHS. Of all those that are eligible, how many have medicaid cards?

Mr. PATERSON. All of them.

Chairman GRIFFITHS. Do you mean that everybody in Michigan that really would be eligible for medicaid has a medicaid card?

Mr. PATERSON. No; I don't mean to leave that impression.

Chairman GRIFFITHS. No; all right. How many do you think are eligible, would be eligible, who do not have cards?

Mr. PATERSON. Well, the people who might be eligible and who don't have cards are unknown at this time.

Chairman GRIFFITHS. Yes.

Mr. PATERSON. Two major problems became very evident in the medicaid program over the course of the first 2 or 3 years. One was a lack of adequate information and the other was a lack of control. This was highlighted, I think, during our 1969-70 budget preparation, when the Governor indicated that he would like to cut medicaid expenditures by \$10 million. When he asked how to do it, no one was quite sure.

There were a number of schemes suggested. One was to limit hospitalization to 20 days. Another was to do something with physician reimbursement. But these were unsatisfactory since they were not based on any specific appreciation of their results. As a result, a great deal of concern developed in the legislature, the executive office, and in the department to get a better grasp of the medicaid program. In 1969, funds were appropriated for a title XIX systems development project.

We looked at State law, State regulations, Federal law, Federal regulations, good management principles, blended these with common-sense, and defined our new medicaid system into eight pieces:

- Recipient eligibility.
- Provider enrollment.
- Invoice processing.
- Performance and utilization.
- Federal Government reporting.
- Cost settlement and auditing.
- Medicare premium processing.
- Inquiry and advisory services.

The objectives of the medicaid recipient eligibility system were:

- Identify and enroll eligible recipients.
- Issue authorization cards.
- Maintain control over recipient information.
- Insure timely and accurate file for invoice processing.

I think it is important to make a couple of comments about what the eligibility problem in medicaid really is. It did then, and it currently does now, take from between 9 to 13 weeks for the name and the identification of an eligible person to pass from the county to the State to the fiscal agents. The average length of stay in a hospital in Michigan for a medicaid patient is somewhere between 8 and 9 days. So, for example, if they go into the hospital and are later determined to be medicaid eligible, claims submitted for these people are rejected by the fiscal agents because the people are not known by them to be eligible. This currently occurs at the rate of about 13,000 people a week. Investigation shows that more than 95 percent of these 13,000 people

are, in fact, eligible. You can appreciate that this has been a tremendous problem in the administration of medicaid.

Because our original charge from the legislature was to deal with medicaid, we did not deal with anything in the initial design prior to the time when a county worker makes a decision that someone is eligible for medicaid. But because of contact with the counties, and because of some of our own analysis, it became evident that if we were really going to do the job, we would have to begin at that point where clients first request assistance, namely, at the point where contact is made with the local county office.

I think it is worthy of note that the expense of running a highly manual system with hundreds of file clerks and hundreds of thousands of 3 by 5 cards (which get lost and mutilated and all other sorts of things), was such that the automated process could be accomplished for fewer dollars than we were currently spending. The system was just plain cost-justified, without consideration of many other cost-reduction effects.

The objectives of the client information system (CIS) were therefore broader than those of the medicaid eligibility system :

Identify and enroll people into administered programs.

Issue authorization cards for medicaid.

Provide county and State personnel with statewide file inquiry capability.

Permit centralized maintenance of all requests for assistance.

Provide reports to assist county case management.

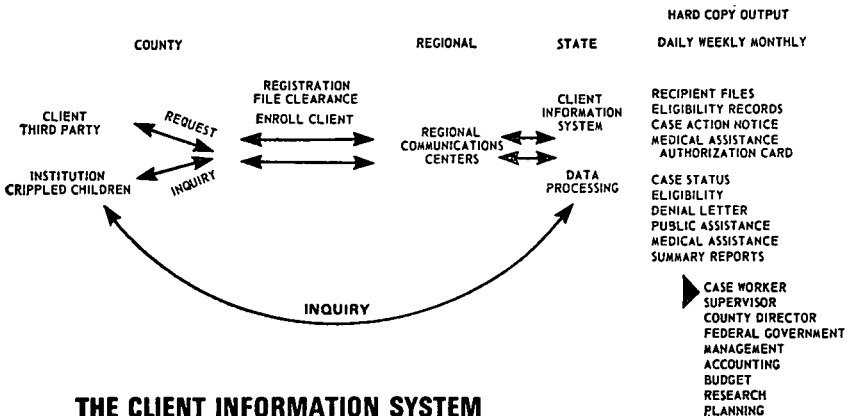
Give medicaid providers necessary recipient eligibility information.

Insure that the above is done in a timely and efficient manner.

One of the very simple benefits of CIS, for example, occurs in Wayne County, where it is highly possible for a client to come in who has forgotten the name of the social worker. Previously someone at the front desk would have to ask central files for the answer. This often took an hour or two.

With CIS they simply inquire against the State central file and receive the information in a matter of seconds.

Below is an overview of what the system does.



At the point where the client requests assistance, someone inquires against the State central files to see if we presently know of this person. If we have a record it is so noted. If the person is new, a number is assigned.

I might mention to you, Madam Chairman, that when we began this project we asked the Social Security Administration to give us authority to assign social security numbers. We needed this authority for such situations as births, if we were to use the social security number as the key reference number in CIS.

Chairman GRIFFITHS. Well, did they give it to you?

Mr. PATERSON. We were denied that.

Chairman GRIFFITHS. They have the right to give you that authority, you know.

Mr. PATERSON. Yes; however, they since have changed policy. While we do carry the social security number in the system, it is not the key number at this point. We will probably work to make this change-over the next year or two.

Chairman GRIFFITHS. But you are issuing it to a child at birth?

Mr. PATERSON. No; we are not now, but we want to get into that position.

Chairman GRIFFITHS. Yes.

Mr. PATERSON. I understand that—

Chairman GRIFFITHS. New York State is.

Mr. PATERSON. Yes; and I believe California is, as well, but we had the unfortunate luck of starting our system before social security was willing to give us the needed authority.

Chairman GRIFFITHS. I have been asking them to put those social security numbers on the birth certificates for the last 7 years.

Mr. PATERSON. Well, I think we are making progress—you are or someone is.

Chairman GRIFFITHS. Well, somebody is.

Mr. PATERSON. As near as I can tell.

Chairman GRIFFITHS. Go ahead.

Mr. PATERSON. We capture the information that someone has asked for assistance. When the caseworker makes a determination that they are either denied or granted assistance, the central computing operation in Lansing is notified. It then mails notification to the client. If he is to get assistance, an award notice comes with his check. If he is denied assistance, an award notice comes with his check. If he is denied assistance, there is a notice which explains why assistance has been denied, as well as information about his appeal rights.

He then becomes a part of the data base. When a worker later wishes to change any information, it is done instantaneously through the video display terminals. The worker calls a video display terminal operator. Through the use of this system we have taken care of that 9- to 13-week problem referred to earlier.

The basic processes which are controlled by and which are a part of the Client Information System are:

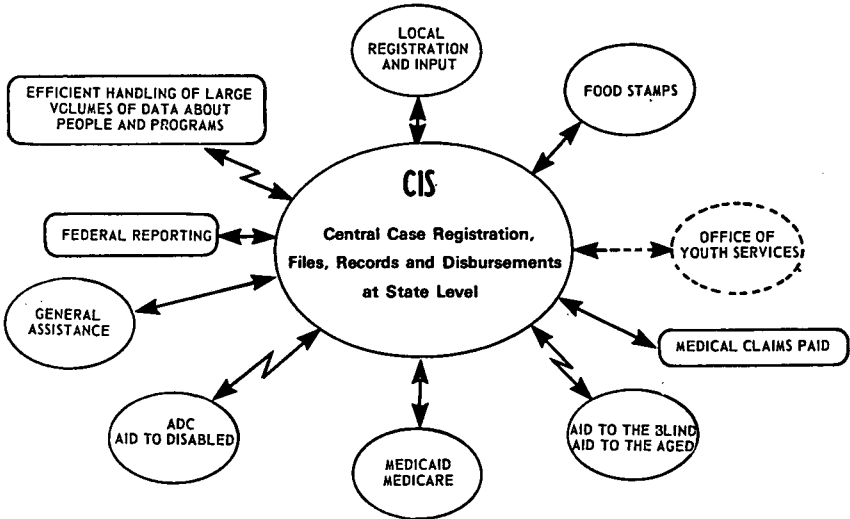
- Registration.
- Pending applications.
- Transaction entry.
- Redetermination.
- MA eligibility periods.

PA grant amounts.
GA eligibility periods.

I think it is also important to note here that what we call non-PAMA (PAMA standing for Public Assistance and Medical Assistance) data is also carried in the file. These are programs such as food stamps, children's services, protective services, general services, and so on. These are also registered on the file and are available for statewide use.

The chart below graphically displays what I have just mentioned.

PROGRAM SUPPORT CHARACTERISTICS



There are now about 1.2 million recipients on our files, 750,000 of whom are active and 450,000 of whom are inactive. That inactive number will probably go down because with the transfer of responsibilities from Blue Cross and Blue Shield and the expected speed up of claims coming into the State, we expect that we are going to be able to cut the period for which we will recognize a billing from 2 years to 1 year. When we do that, we won't have to keep information about people who were active more than 1 year ago.

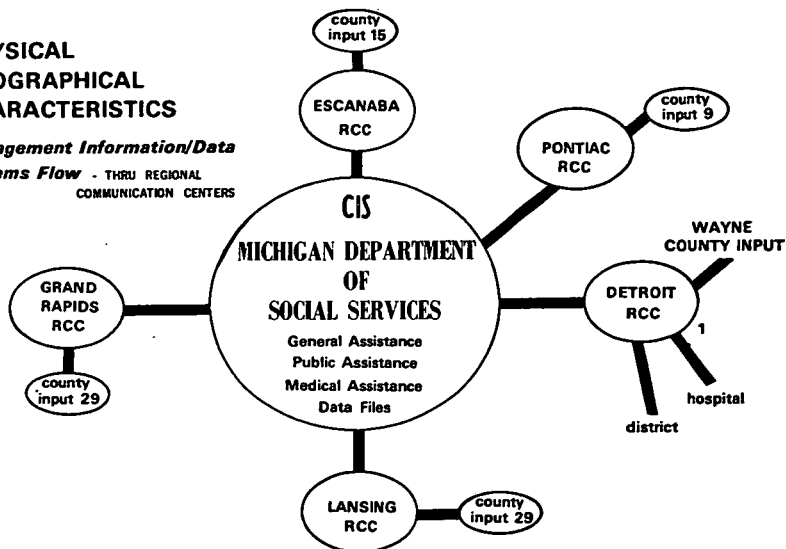
Chairman GRIFFITHS. I congratulate you on cutting out Blue Cross. It is a great step forward.

Mr. PATERSON. Our cooperation with the crippled children's program, has also been a significant achievement I feel. Their processes have been included in with those of medicaid. There is no good reason why you create a crippled children's file, a social services file, a mental health file, you know, all the sorts of files that you do, and while I think the numbers indicate that we haven't exactly bitten off the greatest amount that anyone can, I think we are proving that two agencies can work together to develop a system which can serve both in a meaningful way.

We have five regional offices in which these video display terminals are located:

**PHYSICAL
GEOGRAPHICAL
CHARACTERISTICS**

*Management Information/Data
Systems Flow - THRU REGIONAL
COMMUNICATION CENTERS*



These follow area codes, because that is the best way to minimize the expense of telephone lines.

Now may I turn to a description of the benefits of CIS. At the State level, we are going to have a timely and an accurate recipient eligibility file, something which we have never had before. We are also going to be able to know the details of what goes on in the county office. I mentioned that we will capture the time when someone requests assistance. We will be able to track how long it is taking them to dispose of cases at the worker level. This will give us some factual bases on which to make determinations about whether counties need more staff. Do they need to better understand what they are doing? Do they need to be managed better?

Thus, we will have intercounty comparisons and a solid basis for decisionmaking.

At the county level, county directors are going to be provided with management information they have never had before. They will know the capabilities and the performances of their workers.

One of the major facets of the current eligibility problem is that counties are constantly called by providers, saying, "You told me this person was eligible. I sent the bill in, and now it's come back as a rejected one." We spend untold man-hours trying to straighten these things out. CIS will tremendously reduce this situation. Finally, I think the thing that has sold most of the county directors and a lot of the workers on CIS, is that they are actually going to have less paperwork.

The basic input form of the Department has between 60 and 80 data elements on it. These are now filled out by hand, typed in the county office, sent through the mail to the State department, batched, keypunched, and finally entered into the computer.

The worker will no longer go through this procedure. She will simply use a worksheet, pick up the phone and call the information into the computer.

There will also be significant benefits to the client. They will be assured of fast and accurate processing of whatever it is they are entitled to. It is now possible that things get lost in the mail, et cetera, and this will resolve that sort of problem. It also is going to have a great impact on the receptivity of providers to providing services to medicaid clients.

While we have not done a recent study and don't know the exact numbers of people who are denying their services to medicaid recipients, from what I hear from the various medical provider groups, there are two things that bother them the most: One is the amount they get paid, and the other is the tremendous problem they have with eligibility. Most of them say—and we will see whether or not this is true—that if they know what they are going to get paid and when they are going to get paid, they will be willing to be a medicaid provider. CIS will be a tool in solving that problem.

The medical services provider will no longer have major cash flow problems. I get calls every week from providers who say, "I've got to go down to the bank today to borrow money to meet my payroll when medicaid owes me \$35,000."

Medicaid providers will have telephone access to the video display terminals at the regions. They can call the region, get confirmation over the phone, and we will make hard copy verification available to them. In this way I think we will build their confidence in our handling of recipient eligibility.

I think for Dr. Hall and many of the others in the Department there are going to be some real benefits of this in terms of the detailed and accurate information data it will produce. I don't know whether you are familiar with Dr. Paul Denson who is now at Harvard and was in New York City for a long while, but he was very, very pleased that the system is keyed to individuals. He feels that one of the significant breakthroughs of the Client Information System is that it deals with people instead of cases.

Finally, there are some budgetary benefits to the Client Information System. There are significant tighter controls over benefit dollars. We now have the capability of positively identifying people who are active in two cases. We are now closing cases and we are reducing grants every day of the week.

Chairman GRIFFITHS. We have found a case in a Southern city where one family is getting benefits, apparently quite properly, under nine programs.

Mr. PATERSON. That is highly conceivable.

Chairman GRIFFITHS. Yes.

Mr. PATERSON. One of the remarks that I was going to make a little earlier is that I think one of the major problems of the programs being reviewed by subcommittee is that they evolved. They have not been well planned and carefully implemented. They have not been integrated. They have not been very rationally examined. As you are

very much aware, Social Security Administration increased benefits sometimes make the elderly worse than if they——

Chairman GRIFFITHS. Of course.

Mr. PATERSON. So you are familiar with that problem.

Through the use of "on-line" edits it is impossible for workers to put erroneous information into the system. CIS will permit us to be reasonably assured that State policies are in fact carried out. There have been a number of instances where our operators are challenged by workers who say, "What do you mean, I can't use that person code?" Or, "What do you mean, I can't do this?"

We refer them to the assistance manual or their supervisor. The quality control effort in combination with the Client Information System will provide us with a very significant increase in our ability to administer, to operate, and to be knowledgeable about social services.

The following is an example of the inaccuracies and problems with our old files:

1,211 recipients had duplicate social security claim and account numbers.

9,159 recipients had duplicate names and dates of birth.

150 cases on PAMA edit error list (active).

6,636 cases on excessive grant report.

58,993 items on GA master file edit list.

120,000 recipients on title XIX file edit list.

33,067 items on PAMA edit error list (active and inactive).

72,000 recipients on possible duplicates list.

There are two major problems stemming from this: One is, that if you go to the Michigan Employment Security Commission and request a comparison of people who are receiving AFDC-UF assistance against those who are registered for UI, and we have 77 John Jones, none of whom we can tell apart, the John Jones report that we get back is not going to be very useful to anyone.

The second related problem has to do with the surveillance or utilization review mechanism under medicaid. If you get back a report that says John Jones is abusing the program because he got 37,000 tablets of something last month, and you don't know whether it was 37,000 John Jones who all got one tablet, the data is worthless. You can ruin your credibility with providers very rapidly that way.

Our experience shows that if you don't have an accurate and timely recipient eligibility file, it is almost impossible to do anything else well.

We are in the process of implementing a client information system right now. It is a large system. It involves virtually everything that the department is doing. It will affect 83 county offices. We are now in the process of implementing what we call file maintenance. Every county in the State now has access to the central computer files for information but some cannot change it. We now have about 20 counties who can change it. Among these are Kent, (Grand Rapids) Berrien, (St. Joe, Benton Harbor) and Muskegon.

The following chart demonstrates our schedule:

CLIENT INFORMATION SYSTEM CONVERSION PLAN

ITEM	APPROXIMATE BEGINNING DATES
<i>I. DATA PURIFICATION</i>	FEBRUARY 1970
"CLEAN - UP" OF THE DATA CURRENTLY IN THE MA ELIGIBILITY FILES AND THE DSS-5 MASTER FILES.	
<i>II. INQUIRY - RESPONSE</i>	JUNE 1971
PROVIDE REMOTE FILE CLEARANCE PROVIDE "ON-LINE" RESPONSE TO REQUESTS FOR CASE INFORMATION	
<i>III. DAILY BATCH EDIT AND UPDATE OF THE CIS MASTER FILES</i>	FEBRUARY 1972
<i>IV. CENTRAL FILES MAINTENANCE</i>	MARCH 1972
ON-LINE PAMA UPDATE ON-LINE NON-PAMA UPDATE CONVERSION OF DSS-7 INDEX FILE.	
<i>V. REGISTRATION</i>	JULY* 1972
PROVIDE ON-LINE REGISTRATION. PROVIDE CENTRALIZED REGISTRATION REPORTING. PROVIDE CENTRAL ASSIGNMENT OF CASE NUMBER.	
<i>VI. INVOICE PROCESSING SUPPORT</i>	JULY* 1972
ONGOING ENROLLMENT MAINTENANCE	
	*TENTATIVE

We will begin the registration effort which is the point at which, when the person first comes in the door soon. We will feed him into the system, assign him a number and keep track of him.

Chairman GRIFFITHS. Now, how do you identify him uniquely, with the number you assign him?

Mr. PATERSON. With a number we assign, yes.

Chairman GRIFFITHS. How do you know he doesn't get another number someplace else?

Mr. PATERSON. I think it is important to note that there is virtually nothing that a system can do to prevent fraud. But we can check internal consistencies, and assure ourselves that within the confines of our edits that what you are doing is proper.

Chairman GRIFFITHS. OK.

Mr. PATERSON. I think that it is important to say a few words about the kind of effort which the State has put into this project and to note the kind of commitment which was present in the department, executive office, and the legislature. The project was funded by the legislature upon recommendation from the Governor. Within the department it reported directly to the director. It was not a part of the on-going operation of the department. I don't know how we would have been able to accomplish our objectives otherwise. Out of the effort, however, has come a reorganization and redefinition of two of the major bureaus of the department, the Bureau of Management Information Systems and the Bureau of Medical Assistance. These are designed now in such a way as to give us the management tools and staff capabilities to handle responsibilities in a proper and efficient manner.

Training obviously has been a major undertaking. Since we began our original development we have carefully involved those who would ultimately have to use it. We have had tremendous cooperation and involvement from county personnel, from workers through supervisors and administrators. On many occasions they have said, "Well, you know, that's what you characters in Lansing think happens. Here is the way it really happens. Now, why don't you do it this way?"

We made many, many compromises and I think these were very important in gaining acceptability of the system at the local level.

Chairman GRIFFITHS. I think it is excellent.

Mr. PATERSON. If we could, Madam Chairman—I don't know what things are like on time, but we are prepared to give a brief demonstration.

Chairman GRIFFITHS. Good. Please show us. That will be just fine.

Mr. PATERSON. Mr. Updyke, a systems analyst with our department, is going to play the role of the video display terminal operator and I will assume the role of a case worker.

Chairman GRIFFITHS. All right, fine.

Mr. PATERSON. I would like to ask whether Charles Brown is receiving assistance anywhere in the State of Michigan.

Chairman GRIFFITHS. Good, we'll find out.

Mr. UPDYKE. I have several people by the name of Charles Brown receiving assistance. Could you give me a birthdate to help me further identify this person?

Mr. PATERSON. Yes, 10-2-1882.

(If you ask for John Jones, you will get every John Jones we have on file, so it is necessary to have other kinds of identifying information. One of them is birthdate. Another is the county of residence. If we think he is in Wayne County, we can select out only those Charles Browns in that county, etc.)

Mr. UPDYKE. Yes, I have a Charles Brown with that birthdate who is an old age medicaid recipient.

Mr. PATERSON. Okay, thank you very much.

(We now know he is an old age medicaid recipient. He can give me who his worker is, as well as other pertinent information.)

Mr. Operator, is Barbara Updyke eligible for hospitalization under medicaid?

Mr. UPDYKE. Okay. What I have done is to inquire against the historical medicaid eligibility file. I find that this recipient was eligible from February 1970 until June of 1970 and also from June of 1971

through the present. She is an active case with scope of coverage II.

Mr. PATERSON. Let's take an example of someone who wants to open a case for someone who is already an active recipient.

I would like to open a case for KA-279667-B.

(This will bring up a blank format.)

This will ordinarily bring a blank format to the screen. In this case, however, the person is already an active recipient so the computer informs him of that fact. If we want to do anything with this case, we will have to go in and change the existing file.

We are finding a great number of errors through CIS. One example was a case with four members in an ADC case over 40 years old. Investigation showed that a worker had added a new case to an existing case, and then added yet another new case to that. The grantee of the original case was receiving the money for all three cases. The other two cases weren't getting anything.

When we called the county and asked them about this, the first thing they said was, "That can't be right." But when they came back to the phone with their case data, they said, "I don't believe it."

While this case represents an extreme situation, it does vividly describe the capabilities of the client information system.

Chairman GRIFFITHS. Well, it has really just as many things in it of value to the recipient as it does to the State itself.

Mr. PATERSON. I think that is true. It is going to be very helpful in changing the attitudes of many people who now react on the basis of opinion. CIS is going to provide us with information to base decisions on fact. For example, preliminary data indicates that most of those situations where overpayments are made, or where people are receiving assistance to which they are not entitled, are not client-originated. They represent mistakes made by workers. If this continues to be true, it suggests that we need to do a much better job of training the people responsible for making decisions about client eligibility—the intake examiners and social workers.

Chairman GRIFFITHS. Absolutely. What is the cost of this system?

Mr. PATERSON. As originally designed the total annual cost of the system was estimated at \$113,137 per month or \$1,357,644 annually. Savings, due to the elimination of manual activities amounted to \$117,521 per month or \$1,410,252 annually.

Chairman GRIFFITHS. Will there be an annual cost of maintenance?

Mr. PATERSON. Yes.

Chairman GRIFFITHS. So you are saving money on it, over what it would have cost to keep such records otherwise?

Mr. PATERSON. Yes, the savings indicated above amount to \$52,608 annual savings.

Chairman GRIFFITHS. Now, you will be able to run into this system all programs of aid, is that right?

Mr. PATERSON. Conceivably, you know, we could range a long way. This system now contains all programs for which someone has to be determined eligible for social services. It doesn't include a statewide central eligible determination, but any program for which we are responsible is included: public assistance, medical assistance, general assistance, food stamps, children's services, protective services, et cetera.

Chairman GRIFFITHS. Does it include childrens' lunches?

Mr. PATERSON. No.

Chairman GRIFFITHS. School milk?

Mr. PATERSON. No, that would be——

Chairman GRIFFITHS. Subsidized rent?

Mr. PATERSON. No.

Chairman GRIFFITHS. Housing?

Mr. PATERSON. No. There are many things it does not now cover.

Chairman GRIFFITHS. It would be great to have them all.

Mr. PATERSON. I agree, but it does at least, as a starting point, give us a framework for expansion.

I might add, Madam Chairman, that one of the difficulties in decisionmaking is the determination of "How much can we do?" The gulf between what one is able to accomplish and what one is able to conceive is often a very great one. There were many pressures on us to do central eligibility determination and to do central budget computations, for example, but had we done those, I doubt that we would have been here talking to you until perhaps 3 or 4 years from now. We simply made a management decision that CIS was going to be helpful. It would be useful. And it was something we could accomplish in a reasonable period of time. We have done that, but I think with the kind of confidence and the knowledge we have gained through this experience, we will be better equipped to move out into some of these other areas.

Chairman GRIFFITHS. Well, I think it is marvelous and I want to thank you——

Mr. PATERSON. Thank you.

Chairman GRIFFITHS (continuing). Very much, indeed. Thank all of you. It was really very good and you tell Mr. Houston I hope he recovers, and I am very glad you came.

This committee is adjourned.

(Whereupon, at 3:55 p.m., the subcommittee adjourned, to reconvene subject to the call of the Chair.)

APPENDIX

CITY OF DETROIT,
COMMISSION ON COMMUNITY RELATIONS,
Detroit, Mich., May 8, 1972.

Congresswoman MARTHA W. GRIFFITHS,
*Longworth House Office Building,
Washington, D.C.*

DEAR CONGRESSWOMAN GRIFFITHS: The City of Detroit Commission on Community Relations wishes to have included in the written record of the Subcommittee on Fiscal Policy's Detroit hearings on welfare its analysis of the relationship between survival of the cities and welfare grant levels.

The Commission on Community Relations believes that present grant levels for AFDC and other public assistance families are grossly inadequate and injurious to the economic and physical well-being of the City of Detroit and other large urban areas where the greatest concentrations of poor families receiving assistance are to be found. The Commission believes that even the poverty line of \$4,000 for a family of four is totally inadequate as an objective standard of what a family needs to live and what an urban retail market area requires to thrive.

The Commission maintains that the standard of income maintenance should be based on the Lower Income Family Budget of the U.S. Bureau of Labor Statistics with a slight addition for adequate nutrition. This budget currently provides for a minimum income of about \$6,800 a year for every family of four in America. In 1970 Governor Milliken's Welfare Study Commission recommended a cash allotment of \$4,874 per year for a family of four based on their findings. This would be increased with allowances for Medicaid and food stamps. A Gallup Poll in November/December, 1971 indicated that the average American believed that a family of four required at least \$6,604 a year just "to get along" in their community. In light of the findings of both Federal and State experts and the opinion of the American people, present income maintenance levels and those proposed in H.R. 1 are grossly inadequate.

Furthermore, the Commission on Community Relations maintains that present income maintenance levels are contributing substantially to the fiscal problems of the City. Estimates based on the latest statistical reports of the Michigan Department of Social Services (January 1972) indicate that 38% of the State's recipients of categorical aid and 61% of the State's recipients of General Assistance reside within the City of Detroit. Thus, about 30% of the City's population receives some form of public assistance. The Commission believes that any real elevation of income maintenance levels would contribute materially to increasing the aggregate consumer demand in urban neighborhoods and to reversing the steady economic decline of the major urban areas of the United States.

Not only are welfare dollars "high velocity" dollars that enter the economic stream for non-deferrable expenses of food, clothing, and shelter, but when the accelerator-multiplier factor of 2.5 calculated by the Greater Detroit Chamber of Commerce is applied to real increases in per person welfare allotments the positive effects upon a faltering economy are striking.

In addition, the Commission on Community Relations believes that there exists a direct relationship between the physical well-being of the City and income maintenance levels. The present income maintenance levels are so low as to make significant expenditures on home and neighborhood up-keep and maintenance economically impossible for those families receiving public assistance. This fact is highly relevant to the current FHA-HUD scandal locally where approximately 6,500 repossessed homes are in the HUD inventory in the City of Detroit alone.

The Commission believes that any attempt to freeze or lower present income maintenance levels would only serve to aid and abet urban blight and decay.

Finally, the National Advisory Commission on Civil Disorders found that the disproportionately high rate of poverty among urban residents was due to racial discrimination in employment aggravated by the constant arrival of new unemployed migrants, many of them from depressed rural areas.

The Commission found that the welfare system contributes materially to the tensions and social disorganization that have led to the civil disorders. They called for increases in the welfare grants to at least the "poverty level", uniform grant schedules from state-to-state, incentives for employment and job-training, increased social services, etc. The Kerner Commission admitted that their recommendations would temporarily increase welfare costs, but they would lead to breaking the cycle of poverty and dependence and would give poor children a chance to scale the wall that now separates them from the rest of society.

For these reasons, the Commission on Community Relations believes that the long range best interests of the City and nation would not be served by HR-1 or continuation of the present welfare system. What the City and nation require are effective national commitment to full employment at reasonable wages and completely without racial discrimination plus a guaranteed annual income plan for those who shouldn't be forced into the labor market. This guaranteed annual income plan should be at the level of approximately \$6,800 per year for a family of four, such as is provided in HR 7257 or S 2372.

Sincerely,

DENISE J. LEWIS,
Secretary-Director.

LEADERSHIP CONFERENCE FOR WELFARE REFORM,
Detroit, Mich., April 26, 1972.

Re Testimony for subcommittee hearing on welfare.

Congresswoman MARTHA GRIFFITHS,
Subcommittee on Fiscal Policy,
Detroit, Mich.

DEAR REPRESENTATIVE GRIFFITHS: Enclosed is written testimony from the January 17th Open Hearings on Welfare, sponsored by the Leadership Conference on Welfare Reform. A transcript of these proceedings was mailed to your office in February, and we hope that you have had a chance to review it.

We are now requesting that this testimony be written into the record of the current Subcommittee Hearings on Welfare, to be held in Detroit on May 3, 4, and 5th. This transcript includes testimony from fifty-seven groups and individuals involved in, or relating to, the welfare system. We would like this testimony to be part of the permanent record of the Detroit proceedings.

Thank you very much for your time and cooperation.

Sincerely,

Rev. JOHN NOWLAN,
Chairman, Convening Committee.

Enclosure:

HEARING ON FEDERAL WELFARE LEGISLATION

Sponsored by the Leadership Conference for Welfare Reform

INDIVIDUALS AND GROUPS WHO TESTIFIED

1. Marguerite Kowalski, 14th State Senatorial District Welfare Reform Organization.
2. Gordon Hanna, Michigan Association of Human Rights Workers.
3. Willie P. Blackmon, Romulus Mothers Welfare Rights Organization.
4. John H. King, Bloomfield Hills, Michigan—no group affiliation.
5. Anna Fuller, Highland Park Hospitals Chairwoman.
6. Beatrice Rowe, Jewish Community Council.
7. Eugene McCarthy, Clients Advisory Committee, Wayne County Social Services Dept.
8. Clark Nixon, Royal Oak, Michigan—no group affiliation.
9. Dr. Samuel E. Kidd, Chairman, Michigan Welfare Reform Coalition.
10. Betty Seizinger, Michigan League of Women Voters.
11. Mamie Blakeley, Chairwoman, Westside Mothers.
12. Bishop Thomas J. Gumbleton, Archdiocese of Detroit, Michigan Catholic Conference.

13. Rosemarie Sr. Oborti, 28th State Senatorial District Welfare Reform Organization.
14. Earleen Dunwoody, Westside Mothers.
15. Selma Goode, Jewish Labor Committee.
16. John M. Amberger, for Hon. Roman Gribbs, Mayor of Detroit.
17. Joycelyn Hubbard, Chairwoman, Pontiac Southeast Mothers Welfare Rights Org.
18. Alan Houseman, Neighborhood Legal Services Assistance Program.
19. Jacob M. Lusch, 2nd State Senatorial District Welfare Reform Organization.
20. Bette Kalichman, American Jewish Committee.
21. Rabbi Sherwin Wine, Birmingham Temple.
22. Mary Ann Mahaffey, Chairwoman, Detroit Mayor's Task Force on Hunger and Malnutrition.
23. Ronald Warner, Chairman, Michigan Welfare Study Commission.
24. Erwin Simon, Chairman, City Planning Board, United Community Services.
25. Rabbi Ernst Conrad, Temple Kol Ami.
26. James Bish, International Union of Civil Rights and Social Service Employees.
27. Herb Yamanishi, Michigan League for Human Services.
28. Nida Donar, 16th State Senatorial District Welfare Reform Organization.
29. Barbara Bergman, National Council of Jewish Women.
30. Rubyjean Gould, Oakland County League of Women Voters.
31. Ralph Judd, 8th State Senatorial District Welfare Reform Organization.
32. Dr. Mel Ravitz, President, Detroit Common Council.
33. Berkley Watterson, United Automobile Workers.
34. Trena Downie, Four City Advisory Council (Berkley, Royal Oak, Clawson, Madison Heights).
35. Phyllis Bagley, National Association of Social Workers, Detroit Chapter.
36. Emily Groves, Hazel Park Welfare Rights Organization.
37. Alan Kamens, Michigan Synod, Lutheran Church in America.
38. Dr. John Forsyth, Metropolitan Detroit Council of Churches.
39. Ruth Rosenbaum, American Jewish Congress.
40. James Barry, 10th State Senatorial District Welfare Reform Organization.
41. Karen Niemi, Pontiac Joslyn Area Welfare Rights Organization.
42. Rev. Daniel P. Bogus, Chairman, Detroit Commission on Community Relations.
43. Rabbi Leon Fram, Rabbinical Commission, Jewish Community Council.
44. Olia Calhoun, Westside Mothers.
45. Allen Bennett, Governor's Office of Community Affairs.
46. Mrs. Francis Fisher, League of Women Voters of Ann Arbor.
47. Nathaniel Brooks,¹ New Detroit, Incorporated.
48. Angeline Perry, Macomb County Welfare Rights Organization.
49. Joan King, Detroit League of Women Voters.
50. Ann Kraemer, Citizens for Welfare Reform.
51. Emmett Roche, Director, Catholic Social Services, Detroit Archdiocese; Michigan Welfare Study Commission.
52. Corey Park, Legal Aid.
53. Rev. William Daniels, Detroit Metropolitan Association, United Church of Christ.
54. Rep. William Ryan, House Speaker, Michigan Legislature.
55. Rep. David Holmes, Chairman, Michigan House Social Services Committee.
56. Eli P. Cox, Prof., Graduate School of Business Administration, Michigan State University.
57. Charles Calati, Grand Rapids Welfare Reform Coalition.

SUMMARY

Participants

Although the entire Michigan Congressional delegation was invited, only five federal legislators sent representatives to hear the testimony: William Beckham represented Sen. Philip Hart; Mary Ann German represented Rep. Martha Griffiths; James Sharp represented Rep. Donald Riegle; Gordon Sinclair represented Rep. William Broomfield; Albert Hatcher represented Rep. William

¹ Testimony not available.

Ford. On the State level Rep. William Ryan and Rep. David Holmes testified; Sen. Charles Zollar and Rep. William Copeland and sent observers.

The chair was shared by Erwin Simon, Chairman of the City Planning Board of United Community Services and Ronald Warner, Chairman of the Michigan Welfare Study Commission. Fifty-five individuals and groups testified to their concerns about pending federal legislation and the welfare system in Michigan (list attached).

Testimony

The testimony ranged from facts and figures analyses by Mayor Gribbs, Council President Ravitz, Rep. Ryan, Maryann Mahaffey, and Alan Houseman to Birmingham's Joan King's individual citizen-taxpayer's reaction to Joycelyn Hubbard's personal reaction to the oppressive situation in which she finds herself and her family.

There was general concern about H.R. 1, in terms of the grant level, the lack of provisions toward adequacy in the future and the absence of a mandate to the States to supplement the grant level. Other areas specifically addressed in the testimony were: forced work requirements, protection of recipients' rights through due process, and the mounting problems resulting from poverty in a city like Detroit.

Followup

All federal legislators and sponsoring institutions will receive copies of all available testimony. Participants will receive a summary and copies of specific testimony upon request. Testimony that is particularly incisive and well-researched will be used in educational efforts when appropriate, i.e., with speakers bureau, and those actively involved in welfare reform.

14TH STATE SENATORIAL DISTRICT WELFARE ORGANIZATION, *Farmington, Mich.*

Last Thursday afternoon on one of the local radio stations here in Detroit, there was an audience participation program where people telephoned in to discuss the day's topic: "What do you think about a guaranteed annual wage?" Somehow in the minds of the announcer and the people phoning in, the issues of a guaranteed annual wage became synonymous with the bill being discussed here today. Periodically throughout the program the announcer reviewed aspects of this bill, quoted its provisions, etc.

For some reason which I haven't been able to figure out, the first 5 or 6 callers were for a guaranteed annual wage, but then the tide turned and as it ended up, by far the majority of the callers were against such a concept.

When I mentioned to someone later in the afternoon how frustrating it had been to listen to these callers, she said, "You ought never to listen to those discussions; it only drives you mad." But we really should listen to people who oppose a concept of assuring everyone an adequate income—listen to why they oppose such a plan.

The statements made by these phone callers echoed over and over the same theme:

"The government shouldn't give those people anything. Let them get out and work for it.

"I've worked all my life, why can't they?"

"This country was built on hard work; why should we change now and hand people something.

"There's lots of jobs if only people will get out and look and not be afraid to do menial labor."

As I see it, those callers were agreeing with the writers and sponsors of this bill, or at least the employment and training requirements of it. The intent, the purpose, the language, and the comments of the bill's firmest supporters all serve to reinforce the opinions of those phone callers—which is unfortunately also the opinion of the majority of people in this country: "To solve the problems of the poor, just make them work."

This is a beautiful sounding solution. In the early days of this century it would have had more meaning. But today it is neither practical nor honest. The OFF section of this bill dealing with families where there is an employable person involved, determines eligibility for benefits based on accepting employment or training. For we taxpayers—and the phone callers—this reinforces our unfounded suspicion that the welfare rolls are currently jammed with people living it up at public expense.

But the facts indicate otherwise :

There is a 6% unemployment rate in this country ; 10% in the cities and even higher in Michigan.

Secretary of the Treasury Connolly blithely announced the other day that an unemployment rate of over 4% is inevitable for this country.

At no time since World War II has there been full employment in this country and most sociologists cannot foresee a time when there will be enough work for all who want to work and are able to.

A father with a wife and 2 children who is working today at the minimum hourly wage receives a yearly wage below the poverty level.

Training programs for the unemployed traditionally have more applicants than openings, and how often have we heard the complaints of people who have spent months in training and found no employment thereafter.

34% of the mothers presently receiving assistance in this country have never gone beyond the 8th grade. A sizable proportion of the unemployed poor are not equipped with the skills or the self confidence to be gainfully employed in this tight, over-subscribed job market.

To sum up, I am against the eligibility provisions of the Bill before the Committee because of the stringent work and training requirements attached to eligibility. I am against these work and training requirements because they can't work. But primarily I am against them because they encourage the American people to believe work is available for the poor but it takes a threat of no financial assistance to get them to buckle down and do it.

The Ribicoff and Harris amendments to the Bill and the McGovern bill are more realistic. They do not stipulate acceptance of work or training offered as a condition of eligibility. They encourage employment and training but emphasize that jobs must be meaningful, suitable to the person's talents, and offer reasonable possibility of improvement or promotion. Also, any work offered must pay the minimum hourly wage, whereas referrals in H.R. 1 could be at a wage below the national hourly minimum. Also, a mother with preschool children would at no time be required to work or train and a more realistic amount is proposed to set up day care centers that are a prerequisite to employment for many mothers who would like to work.

If a law is passed to provide jobs for the poor so they can lift themselves out of poverty, then it is an honest law. But if a law pretends to provide jobs where it cannot or under conditions which lack human dignity, this law, as does H.R. 1, adds further to the burden of the poor because of the disillusionment and misunderstanding fostered among other segments of the population.

MARGUERITE KOWALESKI (Mrs. E. J.).

MICHIGAN ASSOCIATION OF HUMAN RIGHTS WORKERS TESTIMONY DELIVERED
JANUARY 17, 1972

My name is Gordon Hanna. I am a member of the board of directors of the Michigan Association of Human Rights Workers, an organization of some 200 civil rights and human relations workers.

While our organization has many reservations about H.R. 1 as it was passed by the House, I will confine my remarks to the lack of provisions for due process of law.

Without exception, the amendments sponsored by Senators Harris, Ribicoff and McGovern, provide more due process than the Administration's proposal. Speaking specifically of Title IV of H.R. 1, we believe that the proposal which passed the House proposes a backward step in determining eligibility. The now accepted declaration of need by affidavit is replaced by provisions authorizing investigations, termination of benefits and penalties for persons who fail to reapply or otherwise fail to find their way through the bureaucratic procedures even though their needs have not been reduced. Both the Harris bill and the McGovern bill are far superior providing for simple declaration of need by affidavit with random audit.

However, it is the lack of due process in the fair hearings provisions that are most repressive in H.R. 1. The House bill allows for termination of benefits without a hearing ; it doesn't require that any hearing that may be held comply with due process or any particular standards. It fails to provide for administrative appeal and it provides that if payments are continued during the hearing

process that they are to be considered over-payments if the decision is adverse to the recipient. In addition, the right of the recipient to counsel of his own choosing, including a non-lawyer, is not adequately safeguarded. In fact, it allows the Secretary to make his own judgment as to whether the persons the recipient chooses to assist him in his relations with the Department of Health, Education and Welfare are "of good character", able to "render claimant valuable service" and "otherwise competent."

We believe that a claimant should be entitled to the assistance of any person or organization he so desires without the Government screening these parties for "good character," whatever that may be.

We support the amendments proposed by Senators Harris, Ribicoff and McGovern, which would allow individuals to choose anyone they like to represent them in hearings or assist them with applications and determination of eligibility.

In 1970 the U.S. Supreme Court held that prior hearings are compelled by the Constitution. The court noted that a prior hearing is necessary because "determination of aid pending resolution of a controversy of eligibility may deprive an eligible recipient of the very means by which to live while he waits. Since he lacks independent resources, his situation becomes immediately desperate." Since nearly half (46%) of all Aid to Families of Dependent Children determinations are reversed after hearing, the lack of prior hearing before termination of benefits would be borne by eligible persons who may literally starve while the bureaucratic machinery grinds slowly along. This lack of fair hearing before determination of benefits in the Administration's proposal must be corrected in the Senate. Either the Harris bill or the McGovern bill would provide the necessary Constitutional guarantees.

Another deficiency of the Administration's bill is its failure to require the Secretary to notify groups representing recipients of proposed rules and regulations and to provide for a public hearing before the adoption of such regulations. It makes no provision for requiring the Secretary to inform the recipients of their rights at regular intervals. Both the Harris bill and the McGovern bill would correct these deficiencies.

In summary, the Michigan Association of Human Rights Workers recommends, at a minimum, the amendment of H.R. 1 to provide that:

1. Persons may become eligible through a simple declaration of need by affidavit and random audits.
2. Persons do not have their benefits terminated because of their failure to understand or complete paperwork or leap other bureaucratic barriers.
3. Provision be made for fair hearings that comply with due process prior to termination or reduction of benefits.
4. Any person may accompany or represent a claimant in hearings or in the application or determination of eligibility.
5. Interested parties be notified of proposed rules and regulations and public hearings be held before the adoption of such regulations.
6. The Secretary inform the recipients of their rights at regular intervals.

TESTIMONY BY MRS. WILLIE P. BLACKMON, CHAIRMAN, ROMULUS WELFARE RIGHTS ORGANIZATION

H.R. 1—annual grant

The most important thing about any "welfare reform" is will people be "better off" under the new program than they were under the old program. The Family Assistance Plan only provides \$2400 a year for a family of four where the head of the household is not able to work. This is much less than a family of four is now receiving in Michigan. People on welfare need a guarantee that their grants will not be lowered. Unless H.R. 1 requires states to supplement the \$2400 at least up to existing levels, then families on welfare face a very uncertain future.

Welfare Reform would be giving families enough to live in dignity. We believe that Senator McGovern's bill calling for \$6500 a year for a family of four is really "welfare reform" because it gives families enough to meet their basic expenses.

We believe money should be paid twice a month rather than once every three months. It would be almost impossible to budget three months in advance when receiving such a small amount of money.

Eligibility

We believe all persons in need should receive help, not just a parent with children. We believe need should be based on the individual's situation at the time of application, not on what his situation was at some time in the past.

Work requirement

Children need their mothers in the home. Every mother should have a choice whether to seek work outside of the home rather than being forced to sign up for jobs that may not exist. We also think it is wrong to let employers pay less than the minimum wage if his new employee was or is on welfare.

Most people want to work if their health permits and jobs are available. In my case, I work ten hours a day, three days a week in a small grocery store for \$1.00 an hour even though I am a diabetic and have had operations on my feet. It is a terrible disgrace to treat poor people as if they were lazy and not willing to work.

Work incentive

What is needed is more jobs, more job training programs, day care centers; transportation to jobs—not forced labor and threats to cut off income or to remove children from their parents.

 TESTIMONY OF JOHN H. KING

My name is John H. King and I reside at 5430 Longmeadow, Bloomfield Hills, Michigan. I am retired and the views I express today are entirely my own, although they may well be consonant with those offered by other welfare reform groups who are appearing before you.

As has been said by President Nixon, Representative Mills, and many other knowledgeable public figures, the American welfare system is a national disgrace. It is characterized, in my opinion, by a complete subservience to the so-called Puritan work ethic, and its objective is to make the process of securing relief money, or food, so degrading and humiliating and time-consuming to the potential recipient that he, in many cases, gives up, thus reducing the number that would otherwise utilize public relief. In other words, one objective of the system is to make it so difficult that the least number of people will use it. Another objective of the system must be to keep 30% or so of the population in a state of subsistence just above the starvation level and thus keep them from restoring to force in taking food and other articles which the society produces.

In my opinion, the whole objective of the system is entirely wrong. What this country needs to do is re-order its priorities and recognize that in this day and age society owes every able-bodied man a job, and he should be required to work at it. There is a tremendous amount of work in this country to be done and, if industry cannot provide the jobs, as it obviously cannot, it is the duty of government at all levels to so provide. For those people, both children and mothers with children, the handicapped and aged, it should not be a social stigma to obtain sufficient funds to live a half-way normal life instead of barely subsisting as is now the case.

The bills which are now before the Congress, both H.R. 1 and the Ribicoff amendment, are only a step in the right direction. \$2400 or \$3000 for a family is certainly not enough in the State of Michigan where the subsistence level is close to \$5000.

The question may be raised, as it always is, as to where we are going to find the funds to pay out the tremendous amounts that it will take to provide a decent income for people on relief and thus give them some chance of breaking out of the poverty syndrome. In addition to stopping the stupid war in Vietnam, we could cut down on military expenditures drastically and, as I hope may be the case, further reduce the space program. But I suggest that we can get ample funds if we completely scrap all exemptions and allowances in the Federal, state and local income tax laws and tax everybody on a graduated basis on the actual amount of income they make. This has never been tried, but it is about time that we wake up and do it.

In looking at the poverty picture in the United States one fact becomes very evident: about 30% of the nation's population is not a vital part of the economic picture at all. These people could be eliminated tomorrow and it would have little effect on the economic system.

Obviously, the major problem in this country and the western world in general, is the problem of distribution. There is no problem of producing plenty of food and goods, but we obviously have not learned how to distribute them. We certainly cannot hope to make the system work if 30% of the people (and this figure is constantly growing) take no real part in the system. They should be working or at least receiving sufficient income to buy the goods the system turns out.

These are my present views on the need for welfare reform, and if you have any questions, I shall be glad to try to answer them.

OPEN WELFARE REFORM

As a disability client and chairman of the Hospital Committee of Highland Park, I will use the Highland Park General Hospital as being typical of the whole welfare medical problem.

People on welfare cannot afford the cost of medical services even with the help of some services or pay for them out of their checks because the insurance does not cover these services. Those persons that have no family are used for guinea pigs as the government is responsible for these people but the hospital knows that the welfare will not have an autopsy taken on their body. Also, the foreign American doctor treats the people like animals. The people, therefore, are cheated all the way around. For instance, in Highland Park, which has only one hospital, the hospital is going to build a medical center. They had a 2.7 million dollar bond that was defeated but they are bringing it back in the Spring. The majority of the people in Highland Park are on welfare, Black and white. The hospital is going to cut out the wards and make semi-private rooms and turn the hospital into a private one. The hospital is buying up the land around the hospital which is a rehabilitation area. Yet, Mr. Bierman, the Administrator of Highland Park General Hospital, said the hospital cannot afford to service medically indigents which the city is responsible for. The services of the hospital are really inadequate. The hospital is about to lose their license in June, 1972.

The majority of the people services at Highland Park General Hospital are Detroit residents but Highland Park residents can only use Sinai or Wayne County General Hospital if they have a doctor on staff at those two hospitals. Few people on welfare have one family doctor period. Mr. Biermann said Blue Cross-Blue Shield and welfare will not pay enough for clients. I am trying to get a meeting set up between the welfare board, Blue Cross Blue Shield and Mr. Biermann to get at the real truth about medical services. Highland Park General Hospital, as mentioned before, is typical of the whole welfare medical problem. The hospital takes clients medical cards, bills the welfare, duplicates medical programs to get the money, then drops the programs. I could go on and on about the medical programs, doctors and hospitals. For years I have been in and out of hospitals. I have worked on the citizen end for about three years now. I anticipate in the future attending all of the welfare medical meetings as a welfare client or chairman of the Hospital Committee of Highland Park plus I am on the Wayne County Welfare Clients Advisory Council. I am very interested in medical programs and can give you some inputs into the medical programs.

Mrs. ANNA FULLER.

Hospital Chairman, Highland Park United Committees.

STATEMENT BY MRS. SEYMOUR ROWE AT LEADERSHIP CONFERENCE FOR WELFARE REFORM OPEN HEARING ON FEDERAL WELFARE LEGISLATION—JANUARY 17, 1972

The Jewish Community of Metropolitan Detroit is a coordinating and action group representing some 300 organizational and synagogue bodies in this area. The matter of welfare reform has been prominent on our agenda in recent months, and speaking for our Council, we join with others in urging changes to eliminate what we see as injustices and inefficiencies in the public welfare system. We support the development of an equitable, humane system which would protect the dignity of welfare recipients and a system which would encourage self-sufficiency. These principles are necessary for a just society. President Nixon stated these principles to be his goal in welfare reform and promised that no one would be "worse off" in welfare reform. Unfortunately

such will not be the case if H.R. 1 is passed in its present form. We support the administration for attempting to initiate federalization of the welfare system and to include the working poor.

However, in our view, the following deficiencies of the welfare proposals in Title IV of H.R. 1 must be noted:

(1) Responsibility for administering the program would be divided between two cabinet level departments; the Department of Health, Education, and Welfare and the Department of Labor. Divided administration within the same program can easily bring about a lack of centralized responsibility. The present method of categories should be eliminated and there should be a move toward a *unified federal administration of welfare*.

(2) Under the provisions of the bill the adult categories—people over 65 who are in need, the disabled or the blind—would receive more benefits than the families—such as a mother with three growing boys who need to eat more for growth than an aged person does, children who outgrow clothing and shoes at a much more rapid rate than any adult. Why should they receive less?

(3) Childless couples and single individuals are not covered at all within the provisions of the bill. Public assistance should be available to them if the need is there. We know that some counties within states provide for that need now under general assistance. But there are other counties within the same states where the unemployed person who cannot find work has no way of receiving emergency aid. If the administration is truly trying to federalize a welfare system, these people cannot be ignored.

(4) The level of income maintenance—\$2400 for a family of four—is inadequate. At the present time, 90% of AFDC families in 45 states receive more than that sum and they are still floundering under the poverty line. H.R. 1 provides no mandatory state supplementation to uphold these present grant levels. Further, the bill makes no provision for cost of living increases. These adjustments should be included. A federal minimum income should be stipulated and be accompanied by an upward adjustment of federal financing and mandatory state supplementation to facilitate movement to the Bureau of Labor Statistics low cost budget. And during the transition to federalization of the program, any existing higher payment level should be maintained.

(5) A word on the mandatory work and training requirements for employable recipients. People WILL work (provided there are jobs) if their children can be cared for and if their working conditions and wages are adequate—commensurate with the labor market.

(a) There are no protections written into the bill regarding prior availability of adequately funded and properly operated day care centers and child care services. No standards are written into the bill. The Labor Department determines the adequacy of the child care—the mother has no choices. Adequate child care regulated by federal standards and encompassing educational, nutritional, and health services should be included. Usage of day care should be voluntary and not tied to welfare and employment.

(b) Sufficient account is not taken of the adequacy of protective measures to assure suitable working conditions and minimum or prevailing wages for recipients taking jobs or undergoing on-the-job training. Adequate labor standards (suitable working conditions and the minimum or prevailing wage if higher) for training and and jobs available to recipients should be provided; realistic training programs and jobs should be created.

(c) Sufficient account is lacking in recognizing the individual situation where family considerations might override the requirement for work or training . . . therefore, for adult recipients with primary responsibility for children under eighteen, registration for training and jobs should be voluntary.

This is where we come back to our principle goal—the creation of a welfare system that would protect the dignity and personal worth of the recipient.

(6) The work incentive is insufficient. The fact that the welfare grant may be terminated when earned income reaches the level of the grant is enough to kill any incentive to go to work. We are ignoring the fact that two major fringe benefits are lost at that income level—the first and most frightening one to a woman with children is the loss of medicaid; and the second one—still of major significance in a county like Wayne County—is the loss of the food stamps. An adequate work incentive formula which does not discourage recipients from working should be designed.

We recommend the passage of federal welfare legislation which will facilitate movement toward an adequate standard of income maintenance and an adequate standard of eligibility for the poor. The sole criterion for eligibility is *need*.

We are aware of the problems created by indifference or by false assumptions about welfare. We look to our elected representatives to be leaders in this fight to eliminate gross welfare deficiencies and to bring about a more just society.

OPEN HEARING ON WELFARE REFORM, DETROIT, MICH., JANUARY 17, 1972

SPONSORED BY THE LEADERSHIP CONFERENCE FOR WELFARE REFORM, WAYNE COUNTY DEPARTMENT OF SOCIAL SERVICES; CLIENTS ADVISORY COUNCIL

For years the taxpayers, members of Congress and the recipients of government aid have sought and looked forward to a new Welfare Program. To a great extent all three of these groups have a common interest: to incorporate welfare recipients into the mainstream of American economic life as effectively and as soon as possible.

All seem to feel this should be done by a nationally funded plan. Cities are near bankruptcy. They carry too large a part of the cost now. They are financially unable to cope with this problem, so should be relieved of it. This change would help the financial troubles of our cities. Presently the wealthy sections have the greatest ability to pay, but also the lowest number of people needing aid. It would equalize help throughout the nation. It would stop uprooting the poor from their homes to migrate to places where less severe welfare rules make life more endurable. Even single people and childless couples may be down on their luck and may need help.

RATES

We feel that recipients of government aid need enough to be self respecting. This amount should be at least to the poverty level of \$3,668 for a family of 4, or better still to the \$6,500 level recommended by the Labor Department. It should be tied to the cost of living. NO FAT is in the welfare budget. A slight raise in prices is disastrous. If you must economize by a single dollar would you take it from the baby's milk; make Johnnie stay home from school several weeks because you can't get needed shoes; send a sensitive teenager in a badly patched dress; deprive a pregnant mother of the protein she needs and endanger her child; make dad walk five miles to save bus fare and perhaps lose the chance to get a job. None of these are desirable cuts and it is inhuman to force an American to make them.

FOOD STAMPS

Food stamps have been a blessing to many families. Our poor are fed much better now than they once were. They are taught to budget their food money more wisely. Our surplus food supplies are being used to good advantage. Charity begins at home. It is only right that we send excess food to the starving abroad, but we should certainly feed our own people first. Many marginal people stretch their meager funds by using them and can avoid asking for other assistance.

ELIGIBILITY

Several cities have successfully tried having clients fill out a statement of need. These are honored as truthful until proven otherwise. There are penalties for false statements, but the clients retain their human dignity. Welfare clients seem to be as accurate and honest as the average income taxpayer. The checking and rechecking suggested by bureaucrats could be more costly than it is worth.

A welfare client sometimes feels ill-will and resentment toward gross injustice. This could be avoided if the same directives were given to welfare workers that are given to Social Security people, to give the client the best deal that is allowed under the law. Assistance should be under uniform rules, eliminating much dissatisfaction. For example a blind mother should not be put off blind assistance and placed on ACD to save a few dollars for the state. She still needs a taxi at times and her food and clothing costs more because she must shop at nearby stores and cannot read ads to find bargains.

WORK REQUIREMENTS

Most people on welfare would like nothing better than a steady job at decent pay. With the unemployment rate of 6 percent and even 10 percent for black

people the relief problem is not due to workers unwillingness to work. Our major thrust should be to find them jobs. General economic recovery would do this. We would still need special effort to find jobs for those new to the job market and for those who have had one but were out of employment chances for a long time. Training may be needed and should be provided but only if jobs are available in the field.

Wages should be the national minimum. Suggesting \$1.20 an hour is unwise. Our own law provides \$1.60 an hour as a minimum, if we do not obey our own laws we are certainly in trouble. Hours could be limited if needed, but a minimum wage is vital.

If jobs are created for these workers they would be worthwhile. Not like the old WPA jobs of painting wire fences by hand. They rob the worker of self-respect. We need jobs to improve the environment, to help needy people, to improve living conditions, with Union help; plumbers, electricians, and furnace repairmen could be trained, who would go into our older sections and help keep the HUD houses livable. Many of our neighborhoods have empty houses which these people could rehabilitate.

CHILD CENTERS

If mothers are going to be encouraged to work child centers should be established in the neighborhoods, where the mother could easily leave their children on the way to work. There should be reasonable standards set up for these centers. Relief clients could be used to staff them after proper training. Proper food and training should be given to these children. No mother of a very young child should be forced to work. A happy childhood is the basis of a happy and good adult life, and only in this way will we break the hellish chain of poverty that holds so many of our families in hopelessness.

EARNED INCOME

Earned income should be encouraged. Financial independence is often slow in building. There should be a reward for people who try to get off relief. The Bible says "Do not muzzle the ox that threshes your grain." A worker should have some reward for his work. It should be made easy for a person to return to assistance, if their job fails. Everything should be done to encourage people to get off of welfare.

HEARING PROCEDURES

The modern trend is to give equal justice to all. The poor have made many legal gains recently, these should not be destroyed. "Rights" build up self-respect and add to the independence and self-support of people.

MEDICAID

Medicaid is greatly needed by the dependent and people with low incomes. They are haunted by the fear of illness. A small illness could wipe out the tiny security of a marginal family and force them to seek aid from the government. Many of our health gains will be wiped out if people no longer can get medical assistance when they need it. Contagious diseases may spread and endanger all of it.

LABOR DEPARTMENT

There is a proposal to put employable families under Labor Department rules rather than HEW. This would double the confusion the poor now experience. They are often sent from place to place, from office to office, from person to person. They stand in line for hours. A bus trip costs 40 cents, a telephone call 10 cents, a series of them eats deeply into an already fragile budget. It is no sin to be poor, but we often act as though it is.

WELFARE WORKERS

If welfare is taken from the States the professional workers should be taken into the Federal plan. They are already experienced at the job. Most are deeply dedicated to the problem and they too are workers who need security. If sufficient money is given to the program to more adequately cover the needs their energy will be released into bettering the living conditions of the poor.

SUMMARY

Until the time when each family can be given a minimum guarantee for its necessities and each person can earn a self-respectable portion of the country's economy, welfare clients should be helped to live as human beings. Welfare clients should be treated with respect and subjected to a minimum of inconvenience. They should be encouraged to improve themselves and their lot in life as much as possible. This new reform bill should not only help the poor now but also help them for their future.

CLARK E. NIXON,

Royal Oak, Mich., February 10, 1969.

ROBERT P. GRIFFIN,
U.S. Senator,
Washington, D.C.

Hon. Senator GRIFFIN: When I was a lad the customary working week was 10 hours a day, 6 days a week (no law, just customary). As efficiency developed, this gradually was reduced to 40 hours and extra bonus for overtime by law. This rule did not outlaw overtime, but the overtime part controlled it.

It was an easy law to enforce as both the worker and his employer had good reasons to abide by it. The worker as he insisted on the overtime and the employer that did not want to pay the extra bonus.

This 40 hour a week law has been stationary for years and with automation as it is, if it wasn't for such things as wars, unemployment would be high. Unemployment helps make welfare and crime.

Now about the big ado about getting an education so you can get a job. As an individual, I know this is true and I sure am for the very best education. I would preach this to any person, but the fact remains that if an individual gets his education and gets his job, somebody else hasn't got the job.

Thousands of men in the factories are doing jobs that a 10 year old boy could do if he had the strength. Many of them has a very good education. That's fine, but all the energy of getting jobs for men is not making more jobs, as an employer hires a man for the reason of making a profit. Of course there is some training that is good in cases where there is a shortage of skills in any vocation.

Now to the reason for this letter:

In the wording of the 40 hour week law, there is one word and only one word that could be flexible, the 'Forty'. In case of general shortage, change the 40 to 41 or 42 or 43 to suit the general conditions, not any one vocation. In case of general unemployment lower the word to 39 or 38 or 37 to suit. Employers would not have to make any drastic changes in their schedules but would have a tendency to make use of the change.

Say an employer was using the 40 hours and it was changed to 39. He could go on working the 40 hours but would be paid for 40½ hours for the privilege. He would have a tendency to adjust his programs to avoid this. You might say that this would help the skilled and hurt the laborer as the shortage of the skilled would be in their favor. This is true at present and should make the skill an incentive to the unskilled.

There is no change in government or laws that does not hurt somebody. The question is how many and how many does it do good. The biggest kick (complaint) would be from the "Unions". Not that the "Unions" would not go for shorter hours, they would. "But we want 40 hours pay for a reduced week", they would say. This would not help then, as per the exaggerated example.

Suppose for example the work week was cut from 40 hours to 20 hours and they got 40 hours pay. It would take another group of men to produce the same thing and they would get the 40 hours pay also. The cost of the product would have to be doubled and inflation would take wing. So the "Unions" would say "Yes" on first thought and for my shop, but universally they might see it different.

If we think of money as time, we have plenty of it. Inflation is only a theory and really does not mean much, only to those on a fixed income. This changing of the 40 hour week might be argued against with inflation in mind. The average man would rather work an extra hour and have to give it to welfare through taxes than to not work the extra hour and let the other man work for his own livelihood.

I also have an idea on welfare that you might like to hear but would like to camp on this first.

I hope I am welcome to discuss this with you either personally or by correspondence.

Yours respectfully,

CLARK E. NIXON.

COMMITTEE ON WAYS AND MEANS,
HOUSE OF REPRESENTATIVES,
Washington, D.C., October 3, 1969.

HON. WILLIAM S. BROOMFIELD,
U.S. House of Representatives.

DEAR BILL: Thank you for your letter of September 26, 1969, enclosing a letter you received from Mr. Clark E. Nixon of Royal Oak, Michigan, who suggests that payments made under the welfare programs be made as loans rather than as a dole.

As you know, the Committee on Ways and Means will commence extensive public hearings on Social Security matters, including proposals for changes in the welfare titles of the Act, the latter part of this month. I appreciate your making Mr. Nixon's suggestions available to me, and you may be assured that his comments have been noted and will be drawn to the attention of the Committee at the appropriate time.

Sincerely yours,

WILBUR D. MILLS,
Chairman.

Enclosure:

LOANS, NOT DOLE FOR THOSE IN NEED

Pertaining to welfare:

Automation is with us and causes unemployment and we certainly need a better system of welfare.

Mr. Nixon's proposal on minimum support was wonderful. I have a suggestion to add.

Instead of giving as a dole, make it a loan. To be paid back only when employed and at a small percentage of earnings.

No other liens except employment. Debt cancelled at total disability. Loans to be held down to a spot where incentive to work will not be interfered with.

If we consider money as time, we have plenty to do anything we wish. Millions are living off of others and our time could be used if needed. Myself for one. With our computers and our social security numbers, the welfare put into a form of loan could be easily done.

Investigations of welfare receptors could be virtually eliminated. Anybody could ask for it as a loan and the records to our IRS would tap the ones that tried to cheat. At least 95 per cent.

This idea could be considered a social security in reverse for the needy.

Receivers would be put on a responsibility standard instead of a beggar's status that keeps a person's pride if he has any.

We need trained men in certain vocations. Especially ones that take years of training. As a whole, when a person is given training and a job for him is found, the numbers are impressive. But the jobs they take are, as a rule, jobs that somebody else would get.

So the whole picture is affected very little. Jobs are made from necessity, the necessity in our economy is money.

Prior to some large corporations getting into the hiring of hard core unemployed, they would only hire high school graduates but they didn't really make jobs. Only expansion of production makes jobs. Then production is limited to the market.

CLARK NIXON.

WELFARE REFORM HEARING OF LEADERSHIP CONFERENCE FOR WELFARE REFORM,
DETROIT, MICH.

My presentation is made in behalf of the Michigan Welfare Reform Coalition, a coalition of eighteen state and local agencies. A list of the agencies is attached.

The Michigan Welfare Reform Coalition came into existence, not because some well intentioned people were eager to do something good, but because the Governor

of the State of Michigan appointed a "Welfare Study Commission". That Commission's study stirred our emotions, undergirded our hopes and through its many recommendations gave direction to our actions. The members of this Coalition were brought together by a call for help that was first sounded in the places of the poor and then echoed in the halls of government and re-echoed in the legislative and administrative offices of our private agencies. This Coalition is really nothing but an echo of the cry for help still heard in the places of the poor. We are conscious that in our affluent and segregated world, until the echo is heard, the original cry of the poor will go unnoticed. Our Coalition will echo the cry for help until the poor are given the supportive attention our democratic and humanitarian traditions demand.

Supportive attention to the poor must have at its base a dollar grant system that relates economy and need.—No one can honestly argue that \$2400 for a family of four will relieve the poor of their pain and panic. Nor can anyone honestly argue that in our economy that figure is representative of the best we can do. Our nation is capable of something better than preserving the lives of the poor so that they may continue to live far below recognized poverty levels.

Supportive attention to the poor requires that an adequate income base be developed without regard to the accident of the place of birth, sex, marital status, race or place of residence.—The divisions that separate the more affluent sections of society cannot be protected upon the poor so as to make some the subjects of official concern and others the objects of official scorn.

Supportive attention to the poor requires that processes and procedures serve to develop humaneness, dignity and personal integrity.—A simple, efficient delivery system that may occasionally be abused is to be preferred to a system with complexities that frighten some away, multiply frustrations in others and lead many to docile compliance after wringing from them their sense of personal dignity.

Supportive attention to the poor requires that their interpersonal relationships be strengthened and not be destroyed.—Delivery systems that encourage family division, or destroy supportive interpersonal relationships supply dollars at a social cost that is incalculable. Relieving the pangs of hunger and the pains of illness while increasing the panic in interpersonal life is to supply blood and breath but to rob life of its most valued human quality.

Supportive attention to the poor requires processes and procedures that are transparent to the hope for economic independence.—Economic independence is not encouraged by work and wage levels that make poverty the secure future of the poor. A nation that can mount programs of security for the economically independent surely has the capacity for opening doors to the hopeful among the poor.

Your leadership as Senators and Congressmen places you within the most important echo chambers in the United States. We have no desire to convert them into sound-off chambers. We simply ask you to hear our echo and to respond with words and actions that are supportive of the poor. Our Coalition recognizes the merits in HR 1 but is distressed by its limitations. The Ribicoff Amendments lessen those limitations. The Harris Bill moves in the direction of our desires while the thrust of the McGovern bill enlists our sympathetic response. As you participate in the decision process let the echo of these Michigan voices resound in your ears. The principles we have voiced deserve full expression in any bill you enact.

SAMUEL E. KIDD,

Chairman, Michigan Welfare Reform Coalition.

MEMBER ORGANIZATIONS, MICHIGAN WELFARE REFORM COALITION

American Association of University Women.
 Detroit Leadership Conference—Steering Committee.
 Jewish Community Council of Metropolitan Detroit.
 League of Women Voters of Michigan.
 Michigan AFL-CIO.
 Michigan Catholic Conference.
 Michigan Council of Churches.
 Michigan League for Human Services.
 Michigan Social Work Council.
 Michigan Welfare Rights Organization.
 New Detroit, Inc.
 UAW.

United Community Services of Metropolitan Detroit.
 Detroit Welfare Reform Coalition.
 Flint Welfare Reform Coalition.
 Grand Rapids Welfare Reform Coalition.
 Lansing Welfare Reform Coalition.
 Muskegon Welfare Reform Coalition.

STATEMENT ON FEDERAL WELFARE REFORM LEGISLATION

I am Mrs. Reinhold Seizinger, first vice-president of the League of Women Voters of Michigan. The league is a non-partisan organization established in 1920 to promote political responsibility through informed and active participation in government. Membership in all fifty states and the District of Columbia totals about 150,000. In Michigan we have 4,700 members organized into 43 local leagues.

League members across the country participated in 1970 in a study of alternatives to our present welfare system. Following the study, consensus was reached on guidelines for public assistance programs that would be actively supported by the league. First and foremost was the demand for federalization of welfare—assumption by the federal government of the cost of public assistance, of the setting of standards, and of the administration of the programs.

In May of 1971, the League of Women Voters of the United States announced support for H.R. 1, urging its passage in the House of Representatives, in spite of their recognition of serious shortcomings in the bill. The reasons for such support are still valid: (1) we desperately need welfare reform; (2) the deterioration of support for welfare supplements in the states is gaining momentum as state and local fiscal crises mount; (3) attitudes toward welfare recipients have grown uglier in this country and we are deeply concerned over this threat to the poor; (4) H.R. 1 would establish a federal system and an income floor, would cover the working poor, would provide a substantial amount of child care, job training, and 200,000 public service jobs; (5) H.R. 1 would also guarantee that the cost of state supplements would not rise above that paid in 1971; (6) we are committed to the democratic political process by which we are working to make improvements to the bill in the Senate. It seems clear that without passage of H.R. 1 there will not be the slightest chance of welfare reform in the current session of Congress.

When H.R. 1 is compared to our national league stand on alternatives to welfare, or when it is compared to our own state stand on public assistance programs dating from a 1963 to 1966 study and reviewed and resupported every two years since, it is evident many changes are necessary in the bill for leaguers to accept it as a viable program of welfare reform that will help both poor people and state and local governments. When Senator Abraham Ribicoff introduced his proposed amendments to H.R. 1 in late October, he received full support from the League of Women Voters as well as a number of other national organizations. We were delighted that Senator Philip Hart co-sponsored these amendments and that Governor William Milliken announced his support for them.

I would like to list briefly those sections of H.R. 1 which are not entirely compatible with league position, but which the Ribicoff amendments would alter to our satisfaction.

(1) *Coverage.*—H.R. 1 continues to ignore individuals and childless couples who are not aged, blind, or totally disabled, but who may be in desperate need. League position calls for assistance to all persons in need, so the Ribicoff inclusion of individuals and childless couples is of vital importance to us. In Michigan, this would be the answer to the growing problem of generally inadequate county operated general assistance or direct relief programs, which vary greatly from county to county.

(2) *Financial eligibility.*—H.R. 1 bases eligibility on the past three quarters prior to application plus the present quarter. League position calls for eligibility based on current need, as does Senator Ribicoff.

(3) *Basic grants to families.*—The maximum of \$2,400 per year for a family of four provided by H.R. 1 is not a realistic figure considering either actual living costs or the grants now given this size family in the majority of the states. Here in Michigan, the league feels that even the new grants recently approved by the legislature, which amount to approximately \$3,700 per year for a family of four, are not adequate to maintain a decent standard of living

even with the food stamp bonus. We would be tempted to support a much higher federal base, but political realities lead us to accept Senator Ribicoff's \$3,000 as a starting figure.

(4) *State supplementation and steps to federalization.*—The league definitely wants state supplementation of federal grants to January, 1971, levels plus the value of the lost food stamp bonus required, as the Ribicoff amendments would do. We also want federal sharing in the cost of those supplements, and we like the Ribicoff step increases in the federal share of additional state welfare costs.

(5) *Work requirement.*—We agree with Senator Ribicoff that mothers of children under six should not be required to work. The recent work requirement amendment passed by Congress also stipulates this, and perhaps represents a softening of the administration's attitude since passage of H.R. 1 in the House. The league feels no mother should have to work if adequate day care arrangements cannot be made—and we feel "adequate" day care should be of the developmental type rather than the custodial type.

Our opinion after viewing the experience in Michigan with referrals to the WIN program is that as long as so few referred can be accepted into the program it seems pointless to beat the bushes for more referrals!

(6) *Work incentives.*—The income disregard plan in H.R. 1 would mean a reduction in spending power for those Michigan people already in the WIN program. H.R. 1 would disregard \$60 per month of earnings plus $\frac{1}{3}$ of the remainder in computing assistance grants. Under the present system we disregard \$30 per month plus $\frac{1}{2}$ of the remainder, plus an amount for work expenses, plus social security, plus any income taxes paid. The Ribicoff plan of disregarding \$60 plus 40% of the remainder would be an improvement over H.R. 1.

(7) *Work wages and protections.*—H.R. 1 permits public assistance recipients to be employed at as little as $\frac{3}{4}$ of the federal minimum wage, \$1.20 per hour. The league prefers the Ribicoff requirement of at least the federal minimum wage for all jobs, to avoid creating a layer of poor paying, dead-end jobs. We also favor the determination of suitability of jobs or training as set forth by Senator Ribicoff, his requirement of workmen's compensation, and his directive against referrals to non-existent jobs or public service programs.

(8) *Rights of appeal.*—We feel poor people should be given full support for their rights, and therefore support the Ribicoff guarantee of counsel for public assistance recipients in an appeal, and his provision for judicial review of findings of fact. These two items are not provided in H.R. 1.

(9) *Day care authorizations and requirements.*—As mentioned earlier we want day care to be developmental in nature, and so support the Ribicoff requirement for day care standards to conform at least with Federal Interagency Day Care Requirements set forth September 23, 1968, plus the authorization of \$25 million for training of personnel. These do not exist in H.R. 1.

It seems to league members who have reviewed the Administration's own statistics that their provisions for day care centers and programs are quite inadequate. HEW says there are more than 7 million children in the AFDC program now, and an additional 5 million children will become eligible as public assistance is extended to the working poor. Approximately $4\frac{1}{2}$ million of the children presently on AFDC are from fatherless families. H.R. 1, while requiring mothers of millions of these children to accept work or training, would expand child care facilities to serve only 875,000 children. The Ribicoff amendments would double the amount authorized for day care expenditures and construction of day care facilities.

(10) *Public service jobs.*—The same lack of credibility exists in the authorization of funds for 225,000 new training opportunities and 200,000 new public service jobs by H.R. 1, considering the enormous number of families where at least one family member would be required to accept work or job training. Senator Ribicoff would increase the number of public service jobs funded by 50%.

(11) *Social services.*—The league disagrees strongly with the ceiling on some matchable social services imposed by H.R. 1. We feel supportive services should be available to all who need them, and prefer the Ribicoff extension of existing law regarding social services authorization.

Michigan needs welfare reform, but it needs the kind of reform that will help poor people as well as relieving the state's fiscal problems. We also need reform that is more than the imposition of "workfare," since there will always be people who cannot work, for one reason or another. We urge support for H.R. 1 and the Ribicoff amendments.

We appreciate the opportunity to testify today.

STATEMENT OF MAMIE BLAKELY

My name is Mamie Blakely, I am the chairman of Westside Mothers. Ours is the oldest and largest welfare rights group in the state of Michigan. In spite of our name we have members who are both men and women, black and white, young and old, employed and on public assistance. And we have members in many areas of Detroit, plus several suburbs.

So you can see why our concern about welfare reform is so great. This is my life and the lives of my members that federal officials are messing around with.

First, let me make a general comment about Social Security. We pride ourselves on being a democracy but in every way the poor in this country always pay more. And they pay more for Social Security. Instead of the young wage earner paying the rising costs for retirees, how about the doctor and businessman paying a full share of the costs of all retirees and disabled workers. Can't a man earning \$50,000 a year contribute his full share just as the person making \$7,000 a year does?

Let me discuss title 4 of H.R. 1. (1) I am on disability but I see no reason why the adult categories should be treated differently than families on aid. The *only* basis for aid should be financial need. I am neither a better nor worse person than the woman who needs ADC to keep her children alive.

(2) The federal minimum wage is only \$1.60 an hour. No one here in Detroit seriously believes that a person can support himself totally, let alone a family, on \$1.60 per hour working 40 hours a week. But H.R. 1 says we must work for \$1.20 an hour. In this day and age that's *slave* labor. I don't have a member who wouldn't accept a paying job tomorrow if it paid a living wage.

(3) Let us talk a minute about a one-parent home. That mother has to be not only mother and father, but she has all the guilt feelings of a broken marriage, which, truthfully, might not be all her fault. Babies can be diapered and fed by any kindly soul but teen-agers need a firm, guiding and loving adult—a role best filled by a mother. Why do we assume that an ADC mother does not work?

Raising a family is probably the hardest job around—it certainly takes a lot more than 40 hours a week. No one talks about the middle class mother who hires household help so she can go to Vic Tanny's or play bridge and returns home in time to cook frozen dinners only to run out again to a friend's home. But the ADC mother is always pictured as unconcerned with her children's needs. And if she stays home to raise her children herself, she is lazy. Only a mother knows if her family will run reasonably if she is gone 50 hours a week. She should never be forced to work away from home.

(4) It sounds like a tale of Hitler that young pregnant women are at the top of the list of recipients who are to be punished. They must accept any job for \$1.20 an hour or any training our kindly Department of Labor decides (that's not pregnancy labor!) Isn't this the cruelest kind of slave labor?

But we do have women who want to work even at less than adequate pay if they can find decent child care. H.R. 1 says inadequate child care is no basis for refusing to work. Our children must roam the streets just so we can slave somewhere for someone else's profit! (I generally refer to the plight of welfare women because 85% of adults on welfare are women. The problems are just the same for men—maybe a little worse.)

(6) I saved probably the most scandalous for last. H.R. 1 has decided that we in Detroit can live on polluted air: \$2400 a year for a family of 4! I believe you know that an ADC family of 4 in Michigan now receives about \$3600 a year and if it uses food stamps, there is a bonus of \$550 extra for food a year.

National Welfare Rights has a strong position that no person in the U.S.A. should live at less than the Bureau of Labor Statistics Lower Standard Budget. This is now about \$6500 per year for a family of 4.

We need welfare reform. Decent welfare reform must:

1. Offer public assistance to *any* soul in need.
2. Allow the recipient to decide if she is more valuable at home or in the job market. If she decides she wants to work but needs training, first class counseling and job training, including college, must be made available. Then—
3. Encourage and aid recipients in finding jobs which pay enough to allow that family to become self-supporting.
4. Establish fine day care centers not only for the working parent but for the single parent who needs it for less time but whose children will benefit from the experience, and
5. Set an adequate minimum income for all Americans. No family of 4 in this rich country should live on less than \$6500 per year.

H.R. 1 is totally unacceptable. We strongly urge its defeat. Let us start with a clean slate and write a welfare reform bill that uses taxes to help the poor as nicely as taxes help the rich.

Thank you.

MICHIGAN CATHOLIC CONFERENCE

STATEMENT ON WELFARE REFORM AND PENDING FEDERAL WELFARE LEGISLATION,
JANUARY 17, 1972

Late in 1969, the Michigan Catholic Conference Board of Directors made a statement concerning the need for reform of our welfare system and a set of principles that should guide any efforts at reform. These principles called for a welfare system that would: first, guarantee enough money for all Americans to live dignified lives above the level of poverty; secondly, guarantee these recipients the same full freedom, rights and respect as all American citizens; thirdly, guarantee the recipients the full protection of the Constitution; and finally, guarantee recipients direct participation in the decisions under which they must live.

At the same time, the Board called for the establishment of a Welfare Reform Committee that would be charged with the responsibility of making substantial revisions in the existing State welfare system. Early in 1970, the Governor did appoint a Welfare Study Commission and after a year of comprehensive study of the system in Michigan, this Commission reported its findings and recommendations to the Governor. Two of the major recommendations were: 1) that the Bureau of Labor Statistics Low Cost Budget (or Lower Living Standard), adjusted for regional cost, be utilized as the standard of need for all income maintenance programs; and 2) that all categories be eliminated and financial need be the only eligibility criterion. The Michigan Catholic Conference supported the recommendations as reflective of the reform principles the Board has adopted, and we continue to work and hope for the implementation of the Commission's recommendations.

Today, early in 1972, we are here to discuss changes in the welfare system currently under consideration in Washington. While we are encouraged by the proposed shift of the financial responsibility of welfare programs to the Federal government—at present, only the Federal government has the financial resources to meet the needs—we are also disturbed by aspects of the proposed legislation that are in direct conflict with our principles and the Michigan Study Commission recommendations. The House-passed bill of last summer, currently in the Senate Finance Committee, contains a grant level far below the Social Security Administration's Poverty Line; it contains no mandate to the States to supplement the grant level; it contains no provisions toward adequacy in the future. And rather than eliminating categories and simplifying eligibility, it effectively separates under one title all families in need and seems to take a harsher, more regulatory and punitive approach toward this group—a great majority of whom are children, 325,000 in Michigan alone as of June, 1971. This is in direct conflict with our principles that all Americans have the right to an adequate income, dignity and justice, and that these rights cannot be denied 25 million Americans simply because they lack a powerful, organized voice.

There are other pieces of legislation in the Senate Finance Committee that more truly reflect an effort at real reform of our welfare systems. We urge our lawmakers, who are responsible to all Americans, to seriously consider alternative bills, and to seriously consider the ramifications of furthering inadequate, inhumane and repressive welfare programs, for we must expect that the question of justice and equality for America's poor will either be decided in our halls of justice or in our streets.

WELFARE REFORM COALITION 28TH SENATORIAL DISTRICT

We, member of the 28th Senatorial District Welfare Reform Coalition, would like to reflect to you four basic attitudes held by your constituents in rural and small city Michigan, especially in St. Clair County.

Legislation must embrace the truth that responsible and honest men and women need assistance to obtain the necessities of life. The emotional tone around categorizing who's worthy of help and especially the "ADC" (or new FAP) label is destructive of self respect in the poor and engenders in all citizens a sense of disunity and lack of confidence in America. People who have grown up farming

the land or around foundaries agonize when they have to seek public assistance (many will not ask); the image of the county poor farm is all too real though so out of date.

H.R. 1 merely makes minor alterations which complicate and intensifies the demeaning separatist attitudes already prevalent. The Harris Bill, which eliminates expensive and prejudicial categorizing of our people, will enable you, the legislator, to free us from past ghosts which lock people in poverty and the taxpayer in demeaning attitudes which only frustrate his own sense of well-being.

Secondly, eight percent to 12 percent unemployment is a constant reality; sometimes it is sixteen and eighteen percent in St. Clair County. Willingness to work and even skill does not open the door to adequate employment. "Incentives" are not what welfare recipients need, but support to marginal incomes and sincere, creative job developments. We do not need to spend millions designed to drag lazy people through programs. Rather, we need to recognize the ability of the individual to discover employment when assisted as a person.

We recognize we have moved out of the industrial era and in the time of change we must allow for quick and easy flow of tax dollars to citizens who are unemployed, underemployed and employed part time.

Thirdly, H.R. 1's "work law" has not even become law—and has no meaning in counties with high unemployment; yet, mothers have frightful images of being forced to leave their children. Rather than support the mother, we want to pay someone to act like a mother. Do the activities of a woman become more valuable because they bear the label of "job"? Why do we want to force more women into the labor market? Why do we judge a poor woman unable to discern the advantages and disadvantages of working for her family?

Men too have trouble with supposedly well meaning work programs. A man wants support in finding himself through meaningful employment; employment that validates his worth as a provider and participant in society. These men know they need help to be herded, paid slave wages and then told, "Look how much the taxpayer is giving you."

Lastly, grants for non-recurring needs because they depend on county spending are almost non-existent in the more rural counties. The Harris Bill provides for federal and state funds to meet emergencies and special health and housing needs. Consistency of service demands the type of legislation proposed in the Harris Bill and cannot depend on local boards and resources.

Thank you and we ask your serious consideration of the Harris Bill for the Welfare Reform we all recognize we need.

STATEMENT OF EARLEEN DUNWOODY

My name is Earleen Dunwoody, I am a member of Westside Mothers W.R.O. I've been a recipient for 13 years. The reason for my needing aid is that the father of my son is serving a life sentence in prison. My son is mildly mentally retarded, he has to have medication 3 times daily for "hyperactiveness." He has to attend special school. Our State allows for me and my son \$88.00 every 2 weeks, total \$176.00 per month. Out of this I must pay \$65.00 rent, \$14.00 heating, \$15-\$18.00 lights, \$8.00 telephone, \$68.00 food. There is nothing for clothing, furniture or transportation. I have to steal from or cut some bill in order to get these things. I do obtain his medication through Medical Assistance from State. We need some system to help with clothing and furniture, because growing children need clothing twice a year. We should be given transportation expenses. I can't leave the child alone due to his retarded condition, nor with anyone. So therefore I cannot have part time or full employment. Our Government tends to give all help and consideration to neighboring countries but not too much to our poor and low income, needy persons here in our Good Ole U.S.A. It's time we awaken to the fact that the citizens here are to be considered first and then give help to others.

JEWISH LABOR COMMITTEE, 163 MADISON, DETROIT, MICH.

My name is Selma Goode. I am a member of the Jewish Labor Committee. We work not only in the interests of the Jewish wage earner but we also act as a liaison between the Jewish community and organized labor. Since World War II we have been extremely active in the field of civil rights. Working with labor and civil rights has made us acutely aware of our outrageous welfare system.

But we are also aware as Jews of the need for a much better service. I rely heavily on a paper prepared by Ann Wolfe, a sociologist, entitled "The Invisible Jewish Poor" and my own experiences. It is estimated that there are about 800,000 Jews in this country living in poverty, out of about 6,250,000 total Jewish population. Two-thirds of these poor are senior citizens. In New York City 15.7% of foreign born Jews are living in poverty as compared to 16.3% of the Puerto Rican community.

In Los Angeles 8,000 elderly Jews receive Old Age Assistance but, unfortunately, 18,306 poor aged souls actually qualify. Lack of knowledge, language problems and, that bugaboo, pride are reasons why the other 10,000 are worse off.

Our Jewish religion, as followed by a sect called the Chassidim, makes it difficult for some of our people to find regular employment. They cannot work on Saturdays or religious Jewish holidays which may fall on a week day and those of you who watch *All in the Family* know that a religious Jew must be home long before sundown on Friday evening to properly prepare for the Sabbath.

American society is solicitous of religious observances but not when they interfere with business. So a Chassid who is not self-employed is torn between money and his God. He opts for God.

In New York City 10% of the Jewish population subsists on less than \$3,000 a year. In a section of Miami Beach, Florida, the average annual income of 34,000 Jews is \$2,460.

I quote these statistics to make it clear that Jews need the benefits of welfare reform just as the rest of society does. Because the income data distorts the picture of the Jewish community as being so affluent, it is necessary to inform our elected officials that, though we have a special problem, we do not seek a special solution. We want welfare reformed so all people in need can receive the financial service they so sorely require to survive with dignity and health.

Unfortunately, we do not see H.R. 1 as fulfilling this need. First and foremost, it does not guarantee an adequate income. We are willing to accept our government estimate of an income essential for a lower standard of living: \$6500 a year for a family of 4. We fail to comprehend the \$2400 a year legislated by H.R. 1. If there were a requirement and inducement to states to maintain any higher payment levels and, at least, require cost-of-living increases, we could accept H.R. 1 until our federal government provides an adequate minimum income for *all* people in this country.

2. In no home with one parent should that one parent be forced to work. We must weigh the social loss against the often meager economic gain. Let us remember that the state now pays \$1.27 a day for an ADC child while it pays \$12.60 a day for an inmate at Marquette Prison and \$32.03 a day for a boy at the Lansing Boys Training School. This is not to say that if a mother alone works, her children automatically become social problems. But we do say that only that woman knows if she can be gone from home without her family falling apart.

3. We fail to see why pregnant women under 19 must receive special treatment. If this is a new horror device to frighten women into aborting, it may work. Kinder population control can be achieved with free and easy access to birth control information and techniques and with abortion reform. Let us not allow these young women to be victimized by sanctimonious legislators.

4. No person should be singled out as undeserving of the protection of the federal minimum wage law. As labor people, we know that having a reservoir of lower paid workers is a constant threat to decent wages for all workers. We would recommend a federal minimum wage law of \$2.50 an hour. We find that ADC mothers have to pay the same prices and sales tax that the rest of society pays. No man or woman should work for menial pay. If the job must be done, it is not menial; but if it must be done, then it justifies a living wage.

5. We fail to understand what the earnings of 6 months ago necessarily have to do with financial need today. Even a professional with a family may not be able to save enough to survive without income for 9 months. They only welfare program we can endorse is one concerned with human needs. A sumptuous steak dinner in May does little to sustain one who has lost his job in June. Current financial need should be the basis for public assistance.

6. No federal welfare program can allow a state to impose a residency requirement, however politically endearing it may be. We cannot deny poor people their rights to travel freely. Jobs, family and health are legitimate reasons for moving for the poor, as well as for the affluent.

7. No one can force a man to assume the financial burden of another man's child. (I would suggest that a bonus be paid to a man who marries an ADC mother. We claim that children fare better in a two parent household.) The

Supreme Court has ruled on this but it seems as if our Congress is extremely creative in devising ways to punish the poor.

Let me summarize some of the basic essentials for meaningful welfare reform: (1) federalization under HEW, (2) adequate minimum income i.e., \$6500 per year for a family of 4 in 1971, (3) no forced work requirements, (4) adequate training for jobs, including college if required, (5) good child care facilities, (6) one criterion for public assistance: Financial need, (7) after job expenses, allow a recipient to retain 40% of earned income, (8) fair hearings with full due process be guaranteed a denied applicant or a recipient, (9) printed readable material on welfare be made available and (10) the rights of welfare employees be safe-guarded under federalization.

The Jewish Labor Committee recognizes fully the need for any welfare system to protect the dignity of the recipients. . . . We recognize the great cost of decent welfare reform but we say that any country that can put 3 men on the moon in a 10 year crash program, has the resources to solve our dire need for welfare reform on this planet.

Thank you.

TESTIMONY OF MAYOR ROMAN S. GRIBBS

Detroit, as the fifth largest city in the nation, in the heart of a major metropolitan area, provides an excellent vantage point to use in measuring the effects of H.R. 1, if it is passed as is.

Detroit has the problems and the strengths of most urban areas. We have dedicated people committed to improving the quality of life for all citizens and the social problems that result from high unemployment, inadequate funds, and the high cost of living. For example, in 1970-71 Detroit was classified by the Labor Department as having persistent and high unemployment, and the unemployment rate in the inner city was consistently over 23%. This is considered a conservative figure. The rate was twice as high for women and even higher for youth between the ages of 16 and 25 (adjusted rate since the regular figures are not true reflections of unemployment).

Our U.S. unemployment rate is the worst in a decade. Approximately one-half of the workers in this nation are covered by unemployment compensation, millions of jobs are not covered by the minimum wage standards or Social Security. People who are laid-off under such circumstances have no recourse but welfare. In addition, our city has had to lay-off City workers and cutback on services to the people because of lack of funds. The inevitable consequence of lack of adequate financing of health care, for example, results in a heavier drain on the City's Public Health Department and City hospital facilities and personnel. We have had the tip of the iceberg revealed in the high rate of foreclosures of homes under the FHA program, including foreclosures on homes purchased by welfare recipients.

Foreclosures in the latter instance because the State-Federal public assistance grants are not high enough to include money for repairs. (We know of no one that can keep a home in repair for \$5.00 per month). Inevitably, the City is faced with homes that could be used, people who need them, who have pride in owning a home, and want to keep it up, but cannot. Inevitably, inability to maintain the home contributes to the breakdown of neighborhoods, physically and socially. We agree that the present welfare system is inadequate. We agree that society has a responsibility to protect its member against the hazards of poverty and insecurity in our modern society. We think that we must also protest the inevitable results of inadequate resources for the poor and its effect in terms of run-down neighborhoods, high infant mortality rates (Detroit's is higher than the national average and almost three times as high as Europe's), despair, depression, the break-up of families, and the wastage of human resources.

We have analyzed H.R. 1, the several other bills introduced on this subject, and the Ribicoff amendments. Our analysis and recommendations will deal specifically with our concern for both the recipient and the City, for the City and its people are inseparable.

We believe that any welfare reform must provide certain guarantees. *There must be adequate financing for those who are dependent on society for their support and nurturance of their children.* The current bill, H.R. 1 provides inadequate support, and makes no requirement that states maintain their current level of financing. Inevitably, this will place a greater burden on the City and counties whose tax base is the most regressive, namely the property tax. The

bill does not provide for automatic cost of living increases and will benefit only five states, not including Michigan. There is no provision for additional Federal assistance when economic conditions such as Detroit's high unemployment rate, increases case loads. The immediate Federal floor should be raised to the official poverty level.

Title II of the Act cuts Medicare and Medicaid benefits by placing limitations on the number of days, the kinds of facilities and Federal reimbursements to programs. Inevitably, for many, this will mean that they must turn to the local public facilities, the City and County health programs, clinics and hospitals. We cannot take care of our current load as adequately as we would like to because of lack of funds. The burden this can create for local health facilities, in terms of needed care and the consequences of no care, is staggering. There must be a hold harmless provision in this section that will relieve localities of the consequences of economic problems that are basically national and not local. We are also concerned about the weakening of standards in Title II. For example, that states are not required to have a comprehensive statewide health program and planning.

We must have a program that is inclusive and eliminates multiple administration divisions. Title IV of the bill compounds our current problem of a multiplicity of programs, namely the categorical aid programs. We need one assistance program based on need, and not the current system of Old Age Assistance, Aid to the Blind, Aid to the Disabled, Aid to Families with Dependent Children, and General Assistance. Too much time is taken up in the bureaucracy created by this division. H.R. 1 compounds and complicates the problem by creating the Family Assistance Plan and the Opportunities for Families Program and takes us even further from the concept of simplifying the system. We are especially concerned that the latter program calls for people going to work at wages less than the minimum wage. How can we in good conscience demand that mothers go to work when there are inadequate child care facilities, and in the face of the Presidential veto of the Child Care bill. We have had a Task Force working on this matter, facing tremendous obstacles in even getting a program off the ground. In addition, no standards for day care are written into the bill which places the lives of our children in jeopardy.

Detroit is the major population center in Wayne County. Under H.R. 1, in figuring eligibility for and the amount of benefits, family income over the prior three month period must be calculated as if the family or person had been receiving OFF or FAP benefits. Thus the unemployed person applying for assistance would have to have his pay for the previous months compared to the benefits he would have received if he had been on the assistance program. No matter what his current circumstances, the bareness of the cupboard, if his income averaged out to be more, he would have to wait the three to nine months, or for migrants and seasonal workers, forever, to be eligible for the Federally financed programs. What a burden this will place on general assistance and on the residents of Wayne County. For general assistance is totally State-County matching funds. We need a welfare reform bill that eliminates divisions of people based on who they are, or their cause of need. We need a program that is Federally financed, that relieves the cities and counties of the burdens, for our tax base is the most regressive and we have the least taxing power of any governmental units.

Services should be available to those who need them. We are also concerned with the cutback in financing of services and the increased demands for necessary service that will inevitably be placed on local governments. H.R. 1 for example would seem to put a ceiling on protective service programs (we are just beginning to develop one in Michigan) and this can inevitably create greater demands on local government and private financing.

We are aware that others are testifying, including Miss Mahaffey of the City's Task Force on Hunger and Malnutrition, who will cover more of the details of H.R. 1's relation to nutrition and feeding services. We are pleased to have been offered the opportunity to testify and for the existence of this group concerned as it is with the well-being of our citizens. It is important that there be opportunities such as this for people to express their opinions.

In summary, the goal should be to establish a simple system of assistance based on need, providing adequate income in order to stave off the consequences of inadequate diets, health care, housing, etc. that result when people do not have sufficient income to purchase basic necessities. The social consequences of inadequate income is incalculable. The system should eliminate bureaucratic red tape that results from multiple programs, with many falling between the cracks.

Welfare reform should include provisions that no one will have his current grant level decreased. Cost of living increases should be built in. Labor standards should be protected, and recognition given to the necessity for government to create more jobs.

We in Detroit face massive cutbacks in service programs, including summer recreation programs. Insistence that people go to work without adequate day care meeting quality standards, is damaging to families and inevitably to all of society. Any welfare reform must take into consideration that it is not reform if it simply shifts the burden elsewhere. H.R. 1 will shift the burden of health care to the counties and cities via the cutbacks in Medicare and Medicaid benefits. It also increases the general assistance case load, reducing the Federal financing for assistance for many of our citizens, while placing the burden again on the counties, with their inadequate tax base. There is no equity in this for the person in need or for the local taxpayer.

We feel there are far more realistic approaches to the problem of welfare reform: 1) The Ribicoff Amendments would provide Federal funds of \$2,400 for the family of four. With State supplemental payments to bring the family up to the current welfare level of this supplemental payment, the Federal government would pay an additional 30%. 2) This welfare payment would start at \$2,400 but would escalate each year until 1976 when no recipient would receive less than the poverty level adjusted annual income, taking into account changes in the cost of living. 3) Provide a sliding scale of State financial participation until 1976 when the Federal government would assume the total amount of payment. 4) No one would be required to work unless those wages would be equal in amount to the prevailing minimum wage. 5) Eligibility for the program would be based on current or anticipated wages rather than past earnings within the year.

Finally, we feel that the Ribicoff amendments will best serve to cope with this difficult problem of welfare reform. These amendments will not be cheap. They will cost a projected \$22.4 billion a year. Yet they will nearly double the current number of people eligible to 30.0 million and provide them with the social and medical benefits that are cutback in H.R. 1.

We indeed do, ladies and gentlemen, have a social and moral commitment to help our fellow citizens. We cannot expect our society to flourish with so many destitute and in poverty. It is incumbent upon us to push for this reform and come to grips with the enormity of our problems.

TESTIMONY GIVEN ON JANUARY 17, 1972, HEARING ON FEDERAL WELFARE REFORM
LEGISLATION AT CITY-COUNTY BUILDING, DETROIT, SPONSORED BY THE LEADERSHIP
CONFERENCE FOR WELFARE REFORM

My name is Joycelyn Hubbard. My address is 350 Judson, Pontiac, Michigan. I am an A.D.C. mother of six children and the wife of an incapacitated husband. I am a Licensed Practical Nurse, working at the Oakland County Hospital. I'm attending classes, at my own expense, at Oakland Community College. I am also chairman of the South East Welfare Rights Organization.

I am an expert on poverty. I have been poor all my life. I was born poor and Black and unless things change a lot in this country I'm going to die the same way. Everyday I live with this knowledge. Everyday I see, feel, taste, smell and touch the poverty of my people and my community. Everyday I live with the knowledge that you want us poor—just in case you need your bedpans emptied, your shirts ironed, your yards mowed, your houses cleaned and your children tended—and just in case General Motors should need some cheap and temporary help. You brought my people to this country to use our men for labor and our women for housework and pleasure, and little has changed. Today my caseworker denies me help with my college expenses because she says I have a job skill and need no more education. I understand that—after all who will empty the bedpans when I become a nurse? I understand what you are, I understand what you think of me, I know how you have used me and my people and I know how you intend to continue to use us.

I have had too much of your so-called help. I've seen too much life without hope, too many of the rich collecting welfare, too many poverty programs, and I've been punished too much for your selfishness. I'm not one hundred percent in favor of any of the four proposed bills but I do support the McGovern Bill for one reason only—the money. Six thousand five hundred dollars a year for a family of four

might, if it is carefully spent, help me and my people out of poverty. Of course I'm not dumb enough to think that \$6,500 a year is going to make me rich so that I can collect meaningful Welfare. At the time of Application, H.R. 1 allows a mother to borrow \$100 for emergencies—like if she has had a fire or been sick. How many millions do you think are given to the rich for their emergency needs? Like if I had land along with Senator Eastland or John Wayne the government would make me a rich woman. Or if I had oil wells or knew Howard Hughes well enough to ask for a loan or if I owned just a small piece of a bankrupt company like Lockheed. Every year when I fill out my income tax I think about how it must feel to be so rich that you don't have to pay taxes.

I want you to know that I am sick of government bureaucracy, civil service workers and poverty programs. Senator McGovern did not see fit to add any more of the same and for this I thank him. Apparently he knows what the poor know—government workers and programs do not help the poor. The money is spent for buildings, equipment, overhead, expense accounts and Lord only knows what else and not one penny ever gets in my pocket. You are paying from \$6,000 to \$7,000 a year to a caseworker to help me with a life that maybe she has read a book about. Also she is to tell me how to live a middle-class life without the money to pay for it. I didn't pick our economic system but I have to live in it, and to do this I need money. I believe that I would spend the money as wisely as you spend yours and I would buy much the same way as you do. I also think I know enough to seek expert counseling for my problems and if I have money I will pay for the service.

Our society, of late, has taken a big interest in the aged. In Oakland County our local Poverty Program has what they feel is a fine project for Senior Citizens—a Drop-In Center. If we really care about old folks we would give them enough money to "drop-in" to someplace more attractive than One Lafayette Street. It is not satisfying to organize and socialize around being poor. It is humiliating.

Government job training programs hire middle class people at medium salaries to train poor people to qualify for low paying jobs. Save your training program money and give my people good education, including college. We'll compete with you for grades and jobs. H.R. 1 does not give assistance to a family headed by a full-time college student. Nixon is going to make sure he gets those bedpans emptied.

I'm tired of my children being used for school experiments with this pilot program and that pilot program. If I and my community had the money, our schools would be as good as yours. Do you think we do not know the value of an education? we would have fine buildings, experienced teachers, libraries and all the extras. We would take our children to the Zoo and the museums. We know the value of these experiences. We are poor not stupid. Also if we had the money, some of us might move into your neighborhoods to provide our children with good educations. It occurs to me that perhaps this is one of the reasons I do not have more money. You do not want me and my children in your school's. It appears that you would rather spend your money for police and so-called rehabilitation programs in prisons and drug centers.

The newest thing I'm sick of in poverty programming is the use of federal money to maintain present local government programs. Money was given to cities to help employ the unemployed. In Pontiac the money is being used to pay the salaries of the city police. In Detroit, after the offices were set up and part of the money spent for the usual bureaucratic processing, I now hear that a request has been made to use the money to *retain* city workers. I do not want anyone to lose their job, but I do want you to know that I know the money is not helping the unemployed.

I told you at the beginning of this testimony that I am tired of being punished for living a life that you forced me into. H.R. 1 is nothing but punishment. I'm going to be forced to work for less than minimum wage; I'm going to be forced to take any dirty job; my case is going to be open for public record; my right to due process of law will be decreased; I'm going to be forced to work though I am the only responsible adult in my family (in other words I'm worth more to you in some dirty job than I am as a mother to my children). You have castrated my man every place but in the bedroom and now H.R. 1 intends to do that, H.R. 1. has pages devoted to the method of collecting money from me in case of an overpayment but not one word about how I collect an underpayment. H.R. 1 is typical of the "man's" mentality. I use the word "man" in street language. Even though he knows that three percent, at the most, of those people on welfare are employable, he has devoted most of the bill toward getting people to work at jobs that will make his

life easy. Even though investigation after investigation has proven that less than one percent of welfare people are fraudulent, the "man" has devoted pages to protecting the taxpayer against all us dishonest people. H.R. 1 is an insult to one's intelligence. It would appear that you have done everything to us that could be done. You have tried every way out except the logical one—money. Close down your government offices and your poverty programs and your investigations and give us the money.

I, like Martin Luther King, had a dream that poor people would some day be given a decent chance to live. Like Martin Luther King, I don't think I'll live to see that day. H.R. 1 has destroyed that dream.

TESTIMONY OF ALAN W. HOUSEMAN ON FAMILY ASSISTANCE PROGRAM

Members of the Michigan Congressional Delegation. My name is Alan W. Houseman. I am a Professor of Law at Wayne State University Law School where I teach courses in Poverty Law Litigation, Welfare Law and Urban Legal Problems. I am also Director of the Michigan Legal Services Assistance Program, a state-wide legal services back-up center that is designed to provide major litigational resources to local legal services programs in handling problems that require major efforts, prepare legislation for the state legislature and represent low-income groups before that legislature and administrative agencies of the State. We have represented the Welfare Rights Organization in Michigan for the last several years; I am chief counsel for the Welfare Rights Organizations.

This hearing was called to focus on the family assistance act of 1971—HR 1. That program has been sold to the American public as a major effort at welfare reform. The purpose of these hearings is to advise the Michigan Congressional delegation of the total inadequacy of HR 1 to actually carry out welfare reform and to highlight the punitive aspects of the program which are interpreted by most poor people as preventing them from the opportunity to obtain a full status in our society. Though I could here go into a lengthy and extended critique of HR 1 and why I would favor the existing program over this so called reform I do not believe it is worth our time to do so. I've attached to this testimony an extended critique of HR 1 which was prepared with the assistance of the Columbia Center on Social Welfare Policy and Law, and a critique on the amendments to the medicaid and medicare which was prepared by the National Legal Program on Health Problems of the Poor. In addition, I have attached a fairly concise summary of NWRO's view of HR 1 as well as a detailed comparison of the present ADC program with HR 1.

These critiques suggest that in almost every respect H.R. 1 would be a step backward for welfare reform. Foremost is the fact that grant levels provided under HR 1 do not meet the minimum standards of adequacy which every study has found to be necessary to survive in this society. There is no requirement that States continue to maintain their present grant levels. There is a serious question whether States would even be allowed without penalty to pay the present grant levels. Many northern States could not without penalty pay higher grant levels under HR 1. Suffice it to say that my analysis of HR 1 in conjunction with the committee report suggests that though some fiscal relief will be provided to States who wish to continue paying what they paid in 1971 there will be certain limitations on how high a State can go in paying benefits. For instance, Michigan would not be allowed to reach the goal set by Governor Milliken's Welfare Study Commission—a goal providing for a family of four (4) \$4800. Thus the grants provided under HR 1 are not adequate to meet the essential needs of ADC and other recipients residing in Michigan.

HR 1 does not eliminate the categories but maintains the essential administrative structure that has been continued since 1935. Though apparently increasing the number of people eligible for public assistance, HR 1 does not make need the sole criteria for eligibility, the solution urged upon the Congress by almost every responsible group who has discussed and analyzed welfare reform. For instance, the Governor's Welfare Study Commission proposed that the only criteria for eligibility be that of need.

The Procedural Protections provided under HR 1 are below constitutional minima. The rights which have been gained through court decisions and through HEW administrative policy changes are totally nullified under HR 1. There is even some question on whether the Supreme Court decision *Goldberg v. Kelly*,

requiring a hearing prior to termination, would be implemented under HR 1. The scope of judicial review is severely restricted and the rights of privacy which have begun to be recognized within HEW and among the States are eliminated.

Probably the most perplexing aspect of HR 1 is the requirement on work. No welfare recipient wants to spend his life without being involved in a socially productive and useful activity and most of the welfare recipients with whom I come in contact are constantly concerned about obtaining a job, obtaining a decent standard of living and a socially useful role in society. HR 1, however, will not further these desires nor meet the needs of recipients. HR 1 is a forced work program which in no way seeks to provide welfare recipients with the skills necessary to participate as a full citizen in our society and in no way provides welfare recipients with an income which is adequate. HR 1 is the continuation of present welfare programs which assure that low substandard wages will continue and that industries which pay such wages will receive an indirect federal subsidy. HR 1 has no meaningful provisions for job training and for expanding the job market, no meaningful provisions for child care, and no meaningful standards by which recipients who are not able to work can be protected when forced to work under the new work program.

It is for these reasons that those of us who represent the Welfare Rights Organization and who practice welfare law have come to the conclusion that HR 1 must be opposed. Indeed, most of us who've analyzed the subject have reached the conclusion that we would rather have the present system continue than to have HR 1 passed.

There are, however, several other alternatives available. The alternative which most of us suggest as feasible and yet fiscally responsible is the legislation proposed by Senator Harris—Senate Bill 2747 which was introduced on October 27, 1971. I believe some of you are already familiar with this bill since Senator Hart is a co-sponsor. The Harris Bill provides benefit levels at \$4000 a year for a family of four. The Harris Bill was drafted by welfare lawyer experts in close conjunction with the National Welfare Rights Organization, the National Association of Social Workers, Child Welfare League of America and numerous other organizations who have devoted serious attention to problems of public assistance. The Harris Bill would be a step to bringing true welfare reform, would encourage welfare recipients to work at socially productive jobs and assure them an adequate standard of living. The Harris Bill expands eligibility to include almost all of those who are in need, provides procedural protection for recipients and would assure privacy in their lives. In my view and in the view of most other legal services attorneys and professors who are involved in or teach welfare law, the Harris Bill is the only sensible alternative to the present program and should receive the support of every member of the Michigan Congressional Delegation. Indeed, if the Michigan Delegation is going to be consistent with the recommendations of Governor Milliken's Welfare Study Commission, it could only support the Harris Bill.

In short, you must understand that HR 1 will bring no improvement to the lives of welfare recipients in Michigan and will only reinforce their dependency and lack of self-reliance. HR 1 would result in no higher grants, would not substantially increase eligibility, would eliminate most of the procedural protections which recipients have won and would implement a force work program without the prospects that economic advancement would result.

I appreciate the opportunity to present this brief testimony before you and I am hopeful that this delegation will read with care and detailed critiques presented. I urge you to suggest that the Administration and your fellow members of Congress support a true welfare reform bill to provide relief, assistance and jobs to welfare recipients in this country.

STATEMENT OF THE DETROIT METROPOLITAN WELFARE REFORM COALITION

The present Federal-State-local welfare system is geographically inequitable; discourages self-help; fails to reach more than 10 million persons with incomes beneath the poverty level; provides in most cases less than a subsistence level of benefits; encourages desertion; is administratively chaotic; and has fostered dehumanizing myths about the poor.

The Welfare Reform Coalition of Metropolitan Detroit supports *real* welfare reform, but opposes President Nixon's original Family Assistance Plan, because it does not go far enough in real reform.

However, we support Senator Ribicoff's amendment to H.R. 1 bill because it overcomes some inequities in the Administrations' F.A.P. (Family Assistance Plan).

I—Quoting from the remarks of Sen. Ribicoff (Dem. of Conn.) as published in the Oct. 29, 1971 issue of the *Congressional Record*:

"The present welfare system (city, state and federal) can no longer be tolerated! It has robbed Americans of *Dignity*, provided *inadequate benefits*, and drained *State financial coffers* to such an extent that almost *half* of the States have been forced to cut back benefit levels."

"It is time to enact welfare reform now!"

"The proposal introduced in the Senate as an amendment to H.R. 1 has the support of the AFL-CIO, U.A.W. and other labor and social welfare organizations."

(This proposal) . . . "assures that no recipient would receive less under welfare reform, than he is now getting."

(However) . . . "no legislation can be enacted unless the 'administration' makes a real commitment to fight for *welfare reform* now."

"Welfare reform *cannot* be passed without the joint support of Senators such as those sponsoring legislation (including Sen. Edward Kennedy, D-Mass.) and those supporting same (including Sen. Philip Hart, D-Mich.), and the White House."

"The alternative to welfare reform is a future of unfulfilled promises for 25 million Americans, living in *poverty conditions*; their children assured of a lifetime cycle of *welfare, malnutrition, and sickness*."

II—Quoting from the remarks of Sen. Edw. Kennedy (Dem., Mass.) in the Oct. 28, 1971 issue of the *Congressional Record*:

"Mr. President, I am pleased to cosponsor, and to express my support for the welfare reform amendment introduced by the very able Senator (Ribicoff) from Connecticut."

"As a former Secretary of the Department of Health, Education, and Welfare, his experience and knowledge can be very useful in the national drive to eliminate the chaos of the present welfare system. The proposed legislation should . . . (be a) direct way to deliver the requirements of a decent living to all needy Americans."

"Despite all the anecdotes and the litany concerning the 'psychology of the poor,' the main and crucial problem affecting the lives of poor people is that they do not have the money needed to meet even the minimum requirements for adequate *health care, nutrition, education, and housing*."

"Somehow, we in America have chosen to ignore the plight of those who are deprived. We have closed our hearts and our minds to the pleas of the poor because it was easy to do. For too long, we have been satisfied and smug in the comfort of self-serving concepts that—'poor people want to be on welfare.'" "No one wants to be poor. No one wants to be out of work. Yet, somehow (in this great country of ours) we have drifted eons away from the ideals of the Massachusetts settlers who used the Articles of Confederation in 1672, to set their legal obligation to adequately assist those who were poor."

"Instead of striving to achieve a degree of *self-respect* or *self-sufficiency*, today's system nurtures a psychology of dependence for thousands of poor families. Our current welfare service tends to guarantee that there will always be poor people. Today's system (also) alienates the taxpayers who support it; the social workers who administer it; and the poor who (have to) depend on it."

"I am encouraged by the (Ribicoff) amendment . . . because it can bring about the kind of change that many of us believe is long overdue for a *national welfare system*."

III—Statement of support (from the U.A.W.)—remarks by Leonard Woodcock, President:

"Welfare reform is too important to be allowed to die!"

Announcing support for Sen. Ribicoff's welfare proposals, Woodcock also criticized President Nixon's suggested *slowdown* in the welfare reform drive—"Welfare reform promised to be the Nixon Administration's brightest achievement." (However, it fizzled, just like President Johnson's '*War on Poverty*.')

"Sen Ribicoff's reform measure would . . . "go far toward achieving fairness both to the welfare recipient and to the taxpayer," said the U.A.W. President. "Under the Ribicoff amendments, those on welfare could expect that the system would apply *dignity* and a measure of *economic justice* to misfortune and need."

The cost burden now borne thru *regressive* State taxation would be shifted to the more *progressive* Federal tax system," he said. "And federal administration of the welfare program under the Ribicoff guidelines would help greatly to reduce abuses in the present system both by governments and recipients."

TESTIMONY OF THE AMERICAN JEWISH COMMITTEE, DETROIT CHAPTER

I am Mrs. Bette Kalichman, testifying on behalf of the American Jewish Committee, Detroit Chapter. The American Jewish Committee is a national human relations organization and as such has been vitally concerned with the needs of the large segment of our population that continues to live in poverty. A population that represents every segment of our people—black and white, urban and rural, Christian and Jewish, young, old, disabled, families and individuals, people who are marginally employed, under-employed, unemployed and unemployable.

To meet the needs of all of the people in poverty requires improved economic conditions which will expand and create jobs, child care services, and medical care based on need, not means tests, a greater supply of houses available to lower and middle income families, a higher minimum wage law.

However, basic to any program designed to help eliminate poverty is a system of income maintenance and financial assistance. The primary means of providing financial assistance has been the welfare system. A system that has generally been acknowledged to be inequitable, inadequate and haphazard.

In 1969, when the administration introduced its first bill for welfare reform, American Jewish Committee national representatives testified in Washington expressing support of this effort to federalize welfare programs and establish a median national benefit system, as a progressive step forward. However, we expressed our opposition to several aspects of the bill—most specifically we felt the proposed benefits were too low, we were concerned that there were no provisions for needy adult individuals and we were opposed to mandatory work provisions and the failure to set a standard of minimum wages and work programs.

We are distressed that two years later we are still confronted with a need for change and the administration proposal in H.R. 1 still does not address itself to the crucial problem of people in need of financial assistance, namely, an inadequate grant level. Changes proposed in H.R. 1 continue to stress changes in funding, administrative structures, work provisions; H.R. 1 continues to categorize groups and individuals, and stresses employability over need.

Under H.R. 1 the benefits are lower than recipients currently receive in Michigan and there is no provision that guarantees that the state must continue its supplemental benefits. Nor, if the supplements are continued, is there a provision to assist the state in the funding of these supplements.

We again urge passage of a Welfare Reform Bill that will begin to provide benefits that relate to need—a system of eligibility based on need, minimum benefits set at the poverty level with the eventual goal being the BLS low scale budget. We do recognize as positive in H.R. 1 the more liberalized grant levels for those categories which relate to individuals and would urge the same consideration for families and children. We further support those aspects of the Bill which relate to changes in the benefit levels of the Social Security Act.

THE BIRMINGHAM TEMPLE,
Farmington, Mich., January 12, 1972.

WELFARE REFORM

We the members of the Birmingham Temple affirm the moral obligation of the federal government to take strong positive action to alleviate the problem of poverty in America.

Allowing millions of Americans to live below an economic level required for human dignity is morally indefensible. It is morally indefensible because in affluent America, poverty is easily curable if we reorder our national priorities, because the diversion of public monies to raise the income levels of the poor would not substantially reduce the standard of living of those who are not poor. It is morally indefensible because it violates one of the cardinal principles of our Judeo-Christian ethic, the imperative to reduce human suffering whenever that suffering is avoidable. It is morally indefensible because it wastes the

potential talent of countless citizens who could be socially useful members of society and who are denied by poverty the opportunities of nourishment, education, and self-esteem that could make them productive. It is morally indefensible because it punishes the innocent, because the children who did not choose to be born poor will be handicapped by their destitution in the same way that children who did not work to be rich will be privileged by their wealth.

While the ideal of self-sufficiency for every member of society is undoubtedly the most desirable goal, it is largely irrelevant for most of the poor. The vast majority of the poor who receive public assistance are either children, or aged or handicapped people, who are unable to work. To demand that they survive in dignity without substantial state aid is neither rational nor compassionate.

We, therefore, recommend that the Congress of the United States, in accordance with its moral obligation to protect the welfare of all Americans, take the following legislative action.

(1) It should place all welfare programs under federal administration and should enable the federal government to assume the major burden of providing for the needs of the poor, since it is obvious that state, county, and municipal governments lack the financial and administrative resources to provide adequate relief. Until the federal government is able to assume full responsibility, the states should be required to supplement the grants.

(2) It should establish need as the chief criterion of eligibility for public assistance. Work requirements should be established for those who are able to work at wage scales which are non-exploitative, which are equal to the compensation provided for similar work in public and private employment.

(3) It should make public assistance available to childless couples and single individuals.

(4) It should recognize motherhood as a legitimate profession and full-time job and should not require the mother of dependent children to assume additional work.

(5) It should provide adequate day-care centers with appropriate educational, nutritional, and health services for the mothers of dependent children who choose to work.

(6) It should provide a minimum income standard of \$4000 for a family of four, which should be adjusted to the Bureau of Labor Statistics low income budget.

(7) It should provide job training for those able to work, which will give the poor employment options other than menial labor. Where jobs are not available suitable employment should be provided by the government.

(8) It should establish a program of work incentive by allowing working recipients to enjoy a higher minimum income than non-working recipients.

These eight proposals for action are presented with a sense of urgency. When thirty million citizens in the richest country in the world survive at income levels below the level of human dignity, we are living in the midst of a moral crisis.

STATEMENT OF MARYANN MAHAFFEY, CHAIRMAN, DETROIT TASK FORCE ON HUNGER AND MALNUTRITION

I am Maryann Mahaffey, Chairman of the Detroit Task Force on Hunger and Malnutrition, a group jointly appointed by the Mayor and Common Council to investigate the incidence of hunger and malnutrition in Detroit and to recommend solutions to the problem.

The Task Force has consulted with experts in nutrition, health and medicine, those who suffer from the problem of hunger and malnutrition, and those groups concerned with eliminating the problem. Our Task Force as a result, came to the conclusion that low income and hunger and malnutrition are directly related. We found that a person is suffering from malnutrition if the family income falls below the low cost budget needs as specified by the Bureau of Labor Statistics. Many elderly people, regardless of income, suffer malnutrition due to lack of services that would facilitate their having a balanced diet.

Studies document that high infant mortality rates, delayed and retarded growth and small size of the infant, as well as lower performance rates are associated with poverty. Good nutrition in the last half of pregnancy and the first six months of the baby's life (in fact throughout life) are essential in reducing infant and maternal death rates, as well as improving performance, IQ and the child's ability to retain information. During their late teen years, children of

poverty have a spurt of growth that comes later than with middle and upper income children. With this comes an increased need for nutritional food. The poor, in their later years, tend to be more obese than others, as their income limits them to filling but starchy foods. Such foods are not fortified with vitamins and minerals for we have no laws and no standards that call for food fortification. So the poor have incomes that limit their range and quantity of food to filling foods with lesser food value. The health problems multiply as a consequence. The National Nutrition Study, whose Michigan findings were officially released several months ago, documents that some 40% of the children of the poor in Michigan had iron deficiency anemia, and that Vitamin A and D deficiencies were higher than anticipated. Evidences of rickets, as a result were more prevalent than expected. A Merrill-Palmer Institute study also makes documents that malnutrition is related to income, not race.

Therefore, the Task Force on Hunger and Malnutrition came inescapably to the conclusion that with sufficient income much of the hunger problem could be eliminated. Our research impresses us with the wisdom and knowledge of the poor about nutrition, though their income does not allow them to follow through consistently on their own knowledge. Those who have no income turn to the public assistance programs. Those with limited incomes turn to public assistance for income supplementation (60% of Michigan's Old Age Assistance recipients are on social security) but they also turn to food supplementation programs. These, as you know, consist of the school lunch program (which does not reach all those in need), the supplemental food program associated with the maternal and infant care projects, to service pregnant and nursing mothers and their children under 6 (we are authorized to service 15,000, the conservative estimate places the need as in excess of 70,000, not counting eligible siblings and those serviced by private physicians), the food stamp program and the summer lunch program as an extension of the school lunch program. All are designed to supplement food supplies for the poor, none meet the need, or serve all they are supposed to serve. Every year we struggle to get the programs re-funded, let alone improved. Detroit has no emergency food programs that are government supported, and those voluntary groups distributing emergency food are barely able to take care of the demand, and most pleaded with the Task Force that we not widely publicize their services, since they can barely keep up now. OEO money was available in '69-70 for emergency food for those in the target areas, and over 5,000 families were helped. The money is no longer available for this purpose.

Key officials in the U.S. Department of Agriculture have stated that the Food Stamp program is designed to replace all the special food programs. The Food Stamp program has limitations. In Detroit and Wayne County we have only 7 sales offices. We hope to remedy this through negotiations due to begin in the immediate future with the post office, to sell stamps in all post office sub-stations in Detroit, and Wayne County. However, HR 1 if passed as currently written, makes public assistance recipients ineligible for food stamps. At the same time, this proposed legislation, while increasing the federal payment to states, does not require the states to maintain their current level of grant payment if it is higher than the \$2400 per year per family of four proposed in the bill, or include an annual cost-of-living increase. In addition, the new food stamp regulations reduce the bonus from its current level. The following chart is designed to demonstrate the problems (see attached chart) comparing the recommended food budget for a low cost diet, the amount permitted in the current grant level, and the comparison of benefits between the old and new guidelines. In addition, the new guidelines reduce the maximum income permitted for two person families from the current maximum of \$250 a month to \$222 a month, thus reducing the number qualified. The bonus reduction for the two-person family may well wipe out the proposed social security increase.

We recognize that Detroit has high and persistent unemployment. In examining HR 1 we can only agree with the need for federal financing of public assistance. However, states must be required to maintain their current level of grant if it is higher than the federal base. A ceiling of \$3600 per year for large families will only compound the hunger problem. A cost of living increase must be built in. Elected officials must remember that the poor also pay more for their food in the inner cities of this nation regardless of race, for chain grocery stores are closing out and the recipient pays 20 to 40% more in food costs.

Family of six	Current Michigan grant		Food stamps—new guidelines				Old food stamp guidelines			BLS low cost food budget		Amount remaining— All personal needs, month
	Month	Year	Month	Payment	Bonus month value	Year value	Payment per month	Bonus	Purchase value	Month	Year	
2 member.....	\$216	\$2,592	\$54	\$6	\$60	\$720	\$1-36	¹ \$20	\$56	\$67	\$804	\$40
4 member AFDC.....	316	3,792	88	20	108	1,296	60	46	106	134	1,608	

¹ Or more.

Knowing the nutrition needs of our citizens we must express concern over the expense that will be incurred with the increased bureaucracy and expense mandated in this legislation. We would prefer one system, based on need, rather than the continuation of the categories, plus general assistance (for this bill does not cover single persons and childless couples) and ADDS the FAP and the OFF programs. Our problem now is lack of jobs, and inadequate job training programs that train people to be housemaids in motels, and clerks, rather than as computer technologists or permitting people to attend college. Money is needed for food, not for more red tape. We are concerned about the cuts in the medicare program and would like to see benefits restored at least to the current level, for we find that malnutrition and undernutrition create increased health problems. It seems ironic that as benefits are reduced in health care people are also to be deprived of participation in the food stamp program, small as the bonuses are scheduled to be. It is even more horrifying to read that the Office of the Budget is holding back money for the food stamp program, money appropriated by Congress, our elected representatives.

The Task Force on Hunger and Malnutrition believes that food is a right, and should be just as available as water. Scientific evidence documents the damage created by under-nutrition and malnutrition. Lack of income is the major cause. Therefore, the grant amount should equal the low cost budget as determined by the Bureau of Labor Statistics. Until the Congress is prepared to appropriate that sum of money, states must be required to maintain their current grant levels if above the federal level. The federal government should also help pick up the bill for the coverage. Regional variations must be recognized. In addition, the legislation must include an annual cost-of-living increase. In-kind programs such as the food stamp program have build-in defeating factors, such as the lack of sales and certification offices in Detroit, the hassle of being marked as different by their use, yet until families have the grant amounts needed to support themselves, or there are jobs that pay a decent wage and have benefits such as coverage by unemployment compensation, there will continue to be a need for all public assistance recipients to be eligible for food programs. The Task Force is calling on the Governor to convene a conference in this state concerning the new guidelines, to include not only people from the Department of Social Services, but also groups such as the Task Force and citizens who are users of the program.

We can only applaud the legislation aim of bringing the elderly, the blind and disabled under social security. There are many problems with this legislation, such as the barring of student heads of families. What if someone successfully completes Community College, and evidence ability to get a degree at Wayne if she could go full time—yet this is denied under this bill.

HR 1 is a complicated bill—one that alarms the Task Force on Hunger and Malnutrition as we look at the nutritional needs of our citizens and the damage and social costs created when people do not have enough money to purchase sufficient food.

STATEMENT OF RONALD WARNER

Ladies and gentlemen, my name is Ronald Warner. My home is in Flint, Michigan. I am retired from Industrial Management Employment.

In 1969 Governor Milliken, on executive order and concurrent house resolution #306, appointed a welfare study commission. I was privileged to serve our state as chairman of that 20 person commission until March of 1971.

Commendation is due those who have worked to arrange this forum for discussion of the welfare problems of Michigan. It is a pleasure for me to present my views on this national problem.

As we struggle with the responsibility of determining our national priorities the short term expedient decisions seem to crowd the more important long term needs of society out of their proper priority positions. Poverty is our greatest national problem. It is the source of many other social ills. Too frequently we attack the social ills which evolve from this massive source and give less than the required attention to the elimination of the social malady. Substantial objective action on a national basis is the essential ingredient which has been lacking in our local efforts to resolve this problem.

The welfare study commission's recommendations could be used as a national guideline for a program which could reverse the dependency cycle we have been

experiencing. The present bankrupt system must be replaced. It cannot achieve the objective of contributing citizenship regardless of the level of expenditures. We cannot afford to continue wasting our national, state and local substance on an unworkable system.

Because of the interdependency of human beings we are traveling on a two way street of self-interest as we seek a solution to the national problem of poverty. It is in the best interest of every citizen that we seek this solution.

Routine arrogant treatment of fellow citizens must stop. Generous applications of objective action must increase.

Let's clear our conscience. The social progress we achieve will be directly related to the excellence of our individual morality. Effective action must replace the present syndrome of failure. Reason must prevail regardless of the pressures of emotion and the subjective response of the uninformed. This report of the Michigan Welfare Study Commission is recommended reading for anyone interested in saving society. It contains 108 recommendations focused on the self-interest of all citizens.

Disposable income is higher now than was ever predicted. We have the resource in money, time and ability. What we cannot afford is further failure. If our citizens can be persuaded to share their affluence for some reordered priorities. We can develop a viable social service which will be an effective force for human rehabilitation.

TESTIMONY AT PUBLIC HEARING ON WELFARE REFORM—SPONSORED BY THE
LEADERSHIP CONFERENCE ON WELFARE REFORM—JANUARY 17, 1972

(By Erwin S. Simon, Chairman of Metropolitan Planning Committee of
United Community Services of Metropolitan Detroit)

INTRODUCTION

As the citizens' health and welfare planning agency for the Detroit area, United Community Services has actively and extensively looked at the problem of poor people—some of whom received public assistance or "welfare." It has looked at the welfare programs set up to help these needy people. From this knowledge, UCS has proposed and supported many efforts to improve the effectiveness and efficiency of these programs. Among the changes which UCS supports are the following major elements of welfare reform which are contained in current proposals before the Congress :

1. The assumption by the Federal Government of a stronger role in the administration and financing of welfare

The great differences among the fifty states in administrative structure and effectiveness of programs cannot be justified in a space-age technological society such as the United States. The happenstance of place of birth or geography of residence within the United States determines whether or not a poor person is eligible for federal-state welfare, and whether the poor family who is eligible can receive \$90 a month or \$300 a month. National eligibility requirements and a national income floor for eligible poor persons are a must in federal welfare reform. (Fortunately, each of the major federal welfare reform proposals contains this feature.)

2. Increasing the benefit level to the minimum necessary for health and decency

There are many sources of testimony as to the inadequacy of benefit payments to welfare recipients across the country, including the recipients themselves, welfare administrators, and home economists and dieticians. Welfare Reform must face this fact by planning to raise the benefit level so that recipients have a chance to live in health and decency, with annual cost of living adjustments to maintain this minimum level. Financial limitations at state and federal government levels may make this goal unattainable today, but at least a commitment to reach this goal seems essential, along with an increasing federal part in its attainment. Until the goal of adequate benefits is reached, state programs of supplementary aid should be continued to prevent loss of benefits by many present recipients. (HR I provides for increased benefits in only six to eight states, and encourages but doesn't require continuation of state supplementation.)

3. Establishing one program for all persons needing public assistance

Different eligibility requirements and benefit payments for categories of people such as the aged, blind, disabled and children and their parents has resulted in inequities, extra administrative costs, and ineligibility for many needy people such as single adults and childless couples who aren't disabled by age, blindness, etc. The inclusion of the "working poor," as originally proposed by the President and the addition of non-disabled single persons and adults removes many inequities. Combining all these programs into one is a feature of at least two major proposals, and would make the most effective and efficient welfare program.

4. Simplifying administration so that it is more efficient and welfare more available and accessible to needy persons

Under the label of Welfare Reform, HR 1 proposes a number of administrative changes which are fertile ground for administrative chaos. These changes would increase the cost of administration and make welfare less available to needy poor people. Whatever the objectives behind these proposals, a more effective way of achieving them while helping poor people should be found.

The proposed dual administration by the Departments of Labor and Health, Education and Welfare seems unnecessary and unwieldy. Different administrative procedures and practices could make them confusing and difficult to follow. Transfer of families from FAP to OFF and vice versa would have to happen frequently, due to family members reaching significant birthdays, the birth of new members, the illness or recovery of other members, the departure or return of an employable family member, and so on. Events such as these can cause a family to become ineligible for FAP and/or eligible for the other program with termination of one grant and application for the other. Necessity for this is questionable.

The Declaration or Simplified application procedure saves administrative expenses and expedites giving aid to needy families who usually wait to apply for assistance until all other resources are exhausted. There is not sufficient fraud in welfare to justify a lengthy and costly application procedure with extensive verification of facts, which also is dehumanizing and demoralizing for applicants.

Any prohibition on the use of a simplified application is completely unacceptable.

The proposed requirements for mandatory closure of any case after two years is similarly unwise from the point of both the administrative cost and the effect on recipients. The coupling of this requirement with dual administration by two federal agencies and possible prohibition on the use of the declaratory application, would multiply administrative costs and obstacles to needy people obtaining financial assistance which they deserve.

Mandatory acceptance of training and employment for mothers of preschool and school-age children is another feature which seems unsound, and which may not accomplish a desirable objective.

Employment is acceptable, appropriate, and constructive for most adults. There should be a job available for everyone who can work, and training should be available for everyone who can acquire more marketable job skills. This should be possible whether a person is on welfare or not, is unemployed or not, or is underemployed or working in low income employment. Our economy has yet to provide these opportunities for training and employment for everyone.

Employment is not appropriate for all mothers, however, whether they are on welfare or not. Some cannot do a good job of mothering in addition to a job out of the home. This is especially true when the mother has to be both father and mother in the family. Forcing these mothers to work if they aren't capable of it, or reducing the benefits to the family because they don't accept work would be destructive, create resentment, and further increase the paucity of their lives.

Experience has shown that many welfare mothers want to work, and will accept training and employment when it helps the family. Work allowances and incentives provide the opportunity these mothers need, without the potentially destructive effect of forced work. But there must be enough and suitable day care services.

In summary and in conclusion, I want to say that UCS supports welfare reform measures which: (1) provide for greater assumption by the Federal Government of responsibility for welfare, (2) increase the benefit level of the minimum necessary for health and decency, (3) move toward one program for all persons needing assistance, and (4) provide increased efficiency and effectiveness through simplified administration and more human procedures and requirements.

UNITED COMMUNITY SERVICE POLICY AND VARIOUS WELFARE REFORM ALTERNATIVES

UCS policy supports	H.R. 1	Ribicoff	Harris	McGovern
A. National benefits and requirements: Establishing national minimum benefits and eligibility requirements.	Sets national minimum benefit at \$2,400 annually for families of 4; no food stamps; sets eligibility requirements.	Sets benefit at \$3,000; otherwise the same as H.R. 1.	Sets benefits at \$4,000; otherwise the same as H.R. 1.	Sets benefits at \$6,500; otherwise the same as H.R. 1.
B. Increase benefits: Increasing the benefit level to the minimum necessary for health and decency.	Increases "Adult category" benefits to \$1,800 for individuals; \$2,400 for couples by 1974. Would provide an increase in benefits in only a few States. No provision for an increased benefit level; no benefits for 9th and additional family members.	Same as H.R. 1.....	Raised to \$1,700 for an individual; \$2,600 for a couple, further increases later. Provision to increase benefits to annually adjusted BLS low-cost budget by 1976; later changes based on changes in median family income.	\$2,250 1st person; \$4,000 for couple. \$1,200 for 3d and each additional, adjusted for local cost of living differences. \$6,500 for family of 4 is current level of BLS low cost budget, using intermediate food budget. Future changes based on changes in median family income.
Supports Michigan Welfare Commission recommendations to use BLS low-cost budget as benefit standard.	Amount of benefit is below BLS budget.	Benefit is below BLS low-cost budget..	Benefits to reach BLS low-cost budget by 1976.	Above BLS low-cost budget, as uses intermediate food budget.
B.1 Continued State supplementation. States to continue supplemental benefits up to present level.	State supplementation not required; no Federal sharing of cost except as needed to keep State costs below its 1971 expenses, unless State opts for Federal administration under which Federal Government pays full administrative cost.	Requires continuation of State supplementation at Jan. 1, 1971, benefit level; Federal cost sharing within limits.	Requires continuation of State supplementation, with Federal sharing of costs to keep State expenditures below 1971.	No requirement for State supplementation.
C. Single persons and couples: Adding single persons and childless couples.	No provision for inclusion (except continuation of adult categories for aged, blind, and disabled); excludes families with student heads.	Includes single persons and childless couples.	Same as Ribicoff.....	Same as Ribicoff.
D. Federal standards—State supplementation: Establishing Federal benefit standards and eligibility requirements for State supplementation, to assure equity.	No provision.....	No provision—not as necessary by 1976.	No provision—not necessary by 1976..	No provision, not necessary.
E. Cost of living: Periodic review regarding cost of living.	No provision.....	Provides for changed benefits based on annual adjustment of Federal poverty level until 1976, thereafter based on changes in Consumer Price Index.	Annual adjustment after reaching BLS standard in 1976, based on median family income changes.	Annual adjustment required based on changes in median family income.

UNITED COMMUNITY SERVICE POLICY AND VARIOUS WELFARE REFORM ALTERNATIVES—Continued

UCS policy supports	H. R. 1	Ribicoff	Harris	McGovern
F. Equitable allocations: Equitable allocation to States based on per capita income, cost of living, etc.	No provision.....	No provision.....	No provision.....	No provision.
G. Administration: Administration should simplify availability and accessibility and declaration method of application should be used.	Availability and accessibility is reduced by: (1) Both Department of Labor and Department of HEW responsible for determining eligibility and employability, and for making payments. (2) Use of simplified (declaration) method of application is prohibited. (3) Reapplication every 2 years is required. (4) Mandatory loss of benefits for failure to make reports. (5) Inclusion of students' income over \$500. (6) Inclusion of stepfathers' income (contrary to Supreme Court decision). (7) Residency requirement permitted for State supplementation (contrary to Supreme Court decision).	(1) Only Department of HEW determines eligibility and availability for training, both Departments make payments. (2) Declaration method permitted, not required. (3) Not mentioned..... (4) Not mentioned..... (5) Not mentioned..... (6) Not mentioned..... (7) Not mentioned.....	(1) Department of Labor responsible only for Manpower programs, HEW to determine eligibility, availability for training, and to make payments, including State supplementation. (2) Declaration method required..... (3) Not mentioned..... (4) Not mentioned..... (5) Not mentioned..... (6) Not mentioned..... (7) Not mentioned.....	(1) Similar to Harris. (2) Declaration method required. (3) Not mentioned. (4) Not mentioned. (5) Not mentioned. (6) Not mentioned. (7) Not mentioned.
H. Work—Training—Mothers: Work/training not mandatory for mothers of school-age children.	Requires registration and work/training for employable adults, including mothers of children over 6 years of age (over 3 years by 1974).	Work/training required for able-bodied adults, including mothers of children 6 years and over unless there is another able-bodied adult in the home.	Work/training required for able-bodied adults except mothers of children under 18.	No forced work requirement.
I. Training—Employment: Training programs not be initiated unless reasonable assurance of employment.	No provision.....	No provision.....	No provision.....	No provision.

<p>J. Federal role: Supports Michigan Welfare Commission recommendation of greater Federal role.</p>	<p>Federal Government fully responsible for administration and payment of Federal minimum, and for administration of State supplementation under certain options.</p>	<p>Same as H.R. 1, plus full assumption by Federal Government of administration and payment by 1976.</p>	<p>Similar to Ribicoff.....</p>	<p>Fully federalized administration and payment upon effective date of act.</p>
<p>K. 1 program: Establishing 1 program for all persons needing public assistance.</p>	<p>Combines present separate programs for aged, blind, and disabled, and substitutes 2 new programs for present program for families with dependent children.</p>	<p>Similar to H.R. 1, with a lesser role for Department of Labor in 1 new program.</p>	<p>Combines all present Federal-State programs into 1, adding aid to nondisabled single persons and childless couples.</p>	<p>Same as Harris.</p>
<p>ADDITIONAL RECOMMENDATIONS APPROVED BY MAP BUT NOT BY BOARD</p>				
<p>L. Public service employment: Expanding Federal-State public service employment.</p>	<p>Creates 200,000 public service jobs with decreasing Federal support for each individual employee over 3 years.</p>	<p>Creates 300,000 public service jobs with 100-percent Federal support.</p>	<p>Provides for public service jobs, number not specified but less than Ribicoff and possibly less than H.R. 1.</p>	<p>No provision apparently.</p>
<p>M. Minimum wage: Not require recipients to accept any employment at less than Federal minimum wage.</p>	<p>Public service jobs to meet minimum wage, private employment jobs must meet 75 percent of Federal minimum wage.</p>	<p>Requires Federal minimum wage in both private and public employment.</p>	<p>Same as Ribicoff.....</p>	<p>No provision apparently.</p>
<p>N. Appeal: Continue recipients' right to appeal, to select counsel, and to receive benefits until decision on appeal is reached.</p>	<p>Appeal right continued, but selection of counsel is limited and benefits may be discontinued before appeal decision reached. No judicial review permitted.</p>	<p>Appeal right continued, recipient can select counsel, benefits continue during appeal, and judicial review permitted.</p>	<p>Similar to Ribicoff.....</p>	<p>Appeal rights continued, benefits to continue during appeal, judicial review permitted. (No reference to selection of counsel.)</p>
<p>O. Open ended appropriation: Continue open ended appropriation....</p>	<p>Discontinued, except possibly for day care and family planning services.</p>	<p>Continued.....</p>	<p>Continued.....</p>	<p>Continued.</p>

TEMPLE COL AMI,
Walled Lake, Mich., January 17, 1972.

TO THE MEMBERS OF THE MICHIGAN DELEGATION, U.S. SENATE, AND U.S. HOUSE OF REPRESENTATIVES.

We are greatly concerned about the continuing failure of Congress to enact legislation and to provide the necessary appropriations for meaningful Welfare Reform.

At the same time we are genuinely pleased about the initiative taken by the President of the United States and by both Houses of Congress to establish Welfare Reform as national priority. We recognize that a Guaranteed Annual Income must be a cornerstone of any effective legislation.

Whatever minimum for a family of four is accepted (Michigan now pays \$3,660), legislation must provide for escalation or de-escalation, in accordance with our national cost of living index. According to the U.S. Bureau of Labor Statistics, a Low Cost Budget for a family of four in 1970 required an expenditure of \$4,874.

Mothers with children above the age of six years should have a choice whether to register for work-training and subsequently accept employment, or remain at home with their growing children, up to the age of eighteen.

We wholeheartedly approve of the concept of all-embracing day care centers for those children whose parents or parent must work.

Free and dignified Budget and Personal Counseling should be available for welfare clients independent of Federal, State, County and City agencies.

From our point of view, either of Senate Bills 2747 or 2372 is fully satisfactory.

ERNEST J. CONRAD, *Rabbi*.

GERALD A. FREEDOM, *President*.

TESTIMONY OF JAMES BISH, PRESIDENT OF THE INTERNATIONAL UNION OF CIVIL RIGHTS AND SOCIAL SERVICE EMPLOYEES, DETROIT, MICH.

HR-1 is a dangerous bill. The proposed income floor is ridiculously low. The Bill excludes large sections of the work force from benefits and it violates the rights of citizens. But above all, this bill is a direct attack on the working men and women in this country, in this state and in this city.

It is utter hypocrisy to talk of forcing welfare recipients to take jobs and training when thousands upon thousands of working men and women, particularly women and young men who are not of the majority race are begging for work that will put food on their tables, clothes on their backs and roofs over their heads.

HR-1 is a direct attack on the working people as a class. Under HR-1, salaried men and women in public jobs—health, welfare, recreation, sanitation and other essential services can be and will be replaced by welfare recipients who will be forced to perform these jobs which formerly paid a salary of from \$6,000 to \$10,000 per year. They will do the work but they will not be paid. Look carefully at the pilot projects in New York, Illinois and California. They are prototypes of what is coming under HR-1; a disaster for working men and women, the unions and for the country.

Starvation wages, slave labor, reduction in welfare benefits, a general repression of working men and women. That is HR-1! That is not Welfare Reform!

We are opposed to HR-1. We are realists however. We therefore urge the Michigan Congressional delegation to work to strike out those slave labor provisions that will force low paid working men and women in the public sector off of pay rolls, onto welfare rolls and into work projects, along with the sisters and brothers who are already on welfare.

The danger is immediate in the case of the thousands of welfare employees, many of whom are low paid clerical employees, whose jobs would be taken under the current version of HR-1 without there being any job security provisions. The Union urges the Michigan Congressional delegation to work for and support job security provisions that provide for the relocation of employees affected by HR-1 into other service jobs without any loss in benefits. This is especially important in states such as Michigan where there are no collective bargaining contracts in the welfare department.

HR-1 appears to be Nixon's answer to the problem of how to perform essential services without paying for them; by creating a work force under a system of slavery and peonage.

STATEMENT OF HERBERT RUBINSTEIN, DEPUTY EXECUTIVE DIRECTOR,
MICHIGAN LEAGUE FOR HUMAN SERVICES

My name is Herbert Rubinstein and I am Deputy Director of the Michigan League for Human Services. The Michigan League for Human Services is a private planning and research agency. To those of you who are unfamiliar with the League, may I tell you that it is a state-wide citizen's organization whose major purpose has been, during its 59 year history, to identify critical problems affecting the people of this State of Michigan. And more importantly, once identifying the problems, to develop options that may be used by citizens and their instrumentalities in solving those problems. During my tenure with the League, I have been appointed to a number of state posts by the Williams, Romney and Milliken administrations. These have included Director of the Michigan Migrant Commission; membership on the Michigan Commission on Aging; Michigan Youth Commission; Michigan Commission on Manpower; a special committee on Title III of the elementary and secondary act; and other advisory posts to the state. I have also served as an advisor on public policy to both political parties, as well as number of private agencies.

During the last few years the Michigan League for Human Services Board of Directors and the membership of the League have been actively engaged in seeking reform and dealing with what has become known as the crisis in our "welfare system." A report based on the work of a state-wide blue ribbon citizen committee under the chairmanship of Erwin S. Simon of Detroit, was published and recommended a number of state actions that could be taken. For example: The merger of what former Dean Fedele Fauri, or Ann Arbor, had identified as the "dual system" of welfare administration, the elimination of arbitrary ceilings on grants and the establishment of the State Welfare Study Commission. These reforms, insufficient as they are, were taken despite what some had called the hopelessness of public and political attitudes. Advances, it should be noted, can be made even in complex areas of human existence if public attention and resources are committed.

If I had the time and you had the patience, I would take you through the entire pattern of our human service systems—welfare being only a part—to indicate the grim and continuing task we have before us. An inadequate health system with an infant mortality rate sixteenth in the world; a longevity rate that reduces the chances of your living to your maturity—we are 24th in the world; a housing and construction industry, as the Secretary of H.U.D., George Romney suggested, in a state of near collapse; an educational system that is failing the children who need it most; steadily worsening pollution of our air and water—and so the list might go.

These inadequacies and, in fact, the grotesqueness of many of our mental health, and other public services are creating critical stresses that may now be observed as what the significance of this woeful shopping list is. May I say that if we are to attempt to solve the problems of welfare, we should recognize that a significant part of what is called the welfare problem is intimately connected to the solution of poor education, inadequate medical care, lack of housing and money and jobs and the under investment of resources. And we, therefore, as a society, are going to have to re-order our spending priorities and invest our resources way beyond what we are presently willing to do if we are to approach "solving" welfare, or any of the other problems noted. *Fortune Magazine*, a business publication, suggested some years ago that a national investment of \$55 billion a year would only begin to make a dent in this near criminal situation and that figure now, with inflation, is probably lower. . . . It is a common belief that public expenditures for welfare and other socially related measures in the United States, have reached intolerable proportions to the taxpayer. Yet—and perhaps surprising to some—a number of countries exceed the tax burden of the United States and, in fact, the United States federal, state and local welfare expenditures, percentage wise, have been going down from 5.2% in 1939-40 to 2% of the gross net product in 1970. You know, in this great automobile state I've not yet seen an auto that will run without a tank of gas and unless we are willing to invest a full tank in our human service system, it will continue to sputter, spewing out the noxious and unfortunate human casualties that is a characteristic of our present approach.

As the decade of the 1970's moves on, Michigan is faced with a need for significant changes in her public welfare approaches—changes designed, we hope, to give new life to her programs and to their contribution to our communities' well being. Fortunately, you may the opportunity to influence these changes.

Because of the complexity of the welfare problem, much of what is being offered as welfare reform is simply not. For our approach does not deal with fundamental issues that underlie this problem and so the public's knowledge about reform of the welfare system continues to be misdirected and in the long run we will again be faced with a need for "reform" in the near future.

It has been the premise that the national welfare reform proposals now being considered will establish the concept of a guaranteed annual income. The absurdity of this assumption is seen when we observe that all states now have some form of income maintenance, or guaranteed income, and that most states, Michigan included, exceed what some of the bills before Congress now propose as a minimal level of assistance. What is called reform will doubtlessly be regressive reform unless state levels are maintained along with cost of living increases.

There has been great emphasis placed on work and work related programs promoting another myth that welfare recipients are able to work and will get jobs, allowing them to work their way out of poverty. However, according to the Administration's own HEW statistics the work programs address themselves only to a minute segment of the people on welfare. Of the total number on welfare, only about 20% are able bodied. Of this figure, 18.6% are mothers and many are either too sick to work, have very young children or are the only parent. We also cannot ignore the fact of a general shortage of jobs, the lack of employment references and recent work experience, as was noted in a recent TV newscast, will continue to the disadvantage of welfare recipients seeking jobs.

Administration of any welfare reform program should of necessity become more simple. However, some recent reform proposals that purport to do this in fact call for dual administration and a complex of related departments that may triple existing relationships at the federal level.

Few people today are able to grasp what the current system of public assistance is trying to accomplish. We see this fundamental problem at all levels, from administration, to caseworker, to recipient, to taxpayer. The taxpayer sees the system as perpetuating fraud, the caseworker views the system as interminable paperwork and accountability, the administrator sees the system as dollar figures, and the recipient gets the crunch of an insensitive administration and a feeling that the whole system is working against him. Additional federal departments and therefore continuing overlaps are not a move towards structural reform and the alleviation of these frustrations.

The questions of development day care, as against custodial care, real incentives for economic independence, equality of fiscal treatment for all states, greater participation of all citizens in setting policies must be raised, in our view, in order to further eliminate the inequities and fragmentation of the current system and avoid further complications.

There has been a significant number of suggestions in dealing with the problems of welfare reform, but in view of the brief time allotted I will not comment on them and instead conclude by summarizing briefly our major interests.

1. We call for a much greater commitment of funds and a major overhaul of our human service programs nationally and in Michigan. This should include:

- A. A national health insurance program.
- B. Improved retirement.
- C. Adequate housing.
- D. Full employment.
- E. Quality education.
- F. And the application of these equally to all people.

2. An administrative structure that is sensitive to the needs of all people.

3. Greater citizen involvement in policy decision and improved access and information about policies for recipients.

In view of the differing proposals now before Congress, it is our conclusion that you should carefully consider and adopt those proposals which meet the real needs of the administration, caseworker, taxpayer, and recipient.

Given continuing problems and shortcomings, progress in producing solutions to public welfare problems has been made and can be made. It is, indeed, an awesome task when you realize that your decisions will affect the everyday lives of children, mothers, disabled and aged people in such basic ways as how well they will eat . . . and so we hope your actions will carry out the promise of true reform and needs of these many people.

House Bill #1 allegedly would alleviate many of the problems facing our Senior Citizens today. Unfortunately for many it will present more problems. By receiving an increase of as little as \$5 a person on Social Security can become ineligible for Medicaid benefits worth many times that amount. Included in these lost benefits would be prescriptions, office calls and house calls. Our State

Senators were able to whisk a bill through the Senate, without a word of debate, that would lower their retirement from 60 to 55 and give them new benefits based on the cost of living. A Bill to help Senior Citizens keep their eligibility for Medicaid still lies gathering dust in a House Committee. If loopholes are not plugged before a bill is passed, rest assured our legislators in Lansing and Washington will be in no hurry to amend them unless they are personally affected.

While House Bill #1 would give Medicare patients a raise with one hand it would take it away with the other. This is achieved by increasing their payments to the first \$68 of their medical bill, instead of the present first \$50 and sharing of medical expenses after the first month rather than the present 61 days. These are typical of the pseudo-benefits this Bill has to offer.

My State Senate District #16 is located in Oakland County, the wealthiest county in Michigan. How can I explain the plight of people like Mr. and Mrs. George Hatcher, of Rochester, who are existing on \$142 a month. Mr. and Mrs. Hatcher, both in their 70's want you all to know choosing between freezing or starving is a very difficult decision. This month they can't put both fuel in the furnace and food on the table.

Another Senior Citizen in my district, Mr. Rufus Thompson, along with many of his neighbors, is in danger of losing his home because of a \$1300 sewer assessment. Mr. Thompson, who lives on a poverty level income, was not given the opportunity to vote for or against the \$1300 assessment. We have made phone calls, we have written letters, and we have asked in person, but no one seems to care about our peoples problems.

If you are really interested in welfare reform, defeat House Bill #1. Pass legislation that will help people now, amendments in five or ten years are too late!

NIDA DONAR,
*Chairman, 16th State Senatorial District,
Welfare Reform Coalition.*

STATEMENT OF NATIONAL COUNCIL OF JEWISH WOMEN

The National Council of Jewish Women believes that a healthy community, sound family life and individual welfare are interdependent and thrive when barriers of poverty and discrimination are removed. We are pleased, therefore, that this administration is seeking ways to meet the economic, social and physical needs of all people. Further, we believe with the administration, that the public and private sector must work together to help individuals to function successfully and independently in our ever changing society. In support of these convictions, The National Council of Jewish Women has placed on public record many resolutions and goals, some of which are germane to our discussion today of HR1.

The National Council of Jewish Women has resolved to work for a program of income maintenance and supportive services which would uphold the rights and dignity of all citizens by providing at least the minimum nationally determined standard for every individual in our society. HR 1 fails to satisfy these goals. It would provide financial assistance which falls below the present nationally established poverty lines and gives no assurances that this income will be augmented by the states or adjusted at the Federal level at some foreseeable and realistically near time. Instead, HR1 seems to rely on the supplementing of this income by earned income, feeling that the work incentives written into the bill would assure such income. Realistically, the work incentives as outlined in the bill are discouraging to the welfare recipient and in truth create grave impedimenta to the employed and potentially employed of that group. Additionally, the creators of this bill seem to disregard present employment opportunities, which are at best scarce at every level of our economy.

The National Council of Jewish Women resolved to work for and to support a national health insurance and health care program to meet the health care needs of all whose personal resources fail to provide them with complete health coverage. National Council of Jewish Women feels that HR1 fails in satisfying these goals in two ways. At first, there are not national standards for determining the needs and eligibility of persons seeking assistance. Secondly, within the framework of categorical aid, which this bill proposes to continue, no assistance is afforded those who are not involved in child care, who are under the age of sixty-five or who are not blind or disabled. This eliminates far too broad a range of Americans whose resources are hardly adequate to meet simple human creature needs such as food, shelter and clothing and who have nothing in reserve for the

luxury of health care. It is for these reasons that National Council of Jewish Women deploras categorical aid and fears the inevitable complex eligibility criteria that would follow should HR1 pass as presently conceived.

The National Council of Jewish Women has resolved to work for the expansion and development of quality and comprehensive child care programs: available to all and adequately financed. HR1 sets forth no qualitative standards for day care nor any central philosophy of purpose other than that of being purely custodial. Extensive day care center, if used constructively, are thought by many experts in the behavioral sciences to be an important tool in breaking the cycle of poverty. The provisions for day care centers in this bill are punitive rather than creative. They place unnecessary hardship and degradation upon those who could best profit by their use.

Finally, in examining HR 1, it is felt by the National Council of Jewish Women that in the creation of this bill, the administration is guilty of allowing those who feel that poverty is a crime of personal commission to alone influence welfare policy. It would do better to allow the students of economic realities and life chances to be given a greater voice in the formation of federal income supplement policy. The administration leadership must stand back and seek truth. It must examine its proposals carefully to be sure that they insure the gratification of a need most basic in our society—giving to all reason to dare to hope.

Respectfully submitted,

BARBARA LEVIN BERGMAN.

STATEMENT OF THE LEADERSHIP CONFERENCE FOR WELFARE REFORM,
DETROIT, MICH.

I am Mrs. Richard Gould, president of the West Bloomfield-Farmington Area League of Women Voters. I speak today on behalf of the more than 1,000 members of the seven Oakland County leagues. We welcome this opportunity to express our concerns about pending national welfare legislation. We base our remarks on positions reached after five years of study. We advocate a federalized system of public assistance based solely on current need which will protect the dignity and personal worth of recipients. This is our primary concern.

Poverty is very democratic. It is not confined to urban and rural areas alone. It also visits our suburban communities. In Michigan's wealthiest county, Oakland, we have almost 40,000 people on public relief. These figures are not diminishing. Industrial slowdowns and local factory shutdowns have forced suburban families to seek assistance. College graduates, displaced professionals, zealots of the "work ethic" are suddenly members of the middle class poor.

The suburban recipient has expenses not provided for in the state grant. Items such as transportation costs, adequate shelter maintenance, and service expenses, such as private garbage collection and assessments for roads, water and sewer. He is surrounded by affluent citizens who dislike the "welfare dole." Our poor people are isolates kept in their place through intimidation, shame, and confusion. Their financial problems spill into every facet of their lives and consume their dignity.

Therefore the League of Women Voters in Oakland County support federal legislation which will provide an adequate minimum income to furnish decent food, clothing and shelter. As the current Michigan grant of \$3,790, is well above the minimum proposed by even Senator Ribicoff, we feel it is imperative that states be mandated to maintain supplementation to the federal minimum income until a complete federalization of payment is achieved. Furthermore, cost of living adjustments with periodic review must apply to grants.

Above all we ask for legislation which respects the rights of the poor and safeguards their dignity. Such legislation must (1) Base eligibility solely on current need; (2) Provide voluntary options for job training and placement, taking into consideration the responsibility of parenthood, job suitability, and containing an encouraging work incentive formula; (3) Provide open, voluntary child care facilities which meet standards encompassing educational, nutritional and health services with fees on a sliding scale based on ability to pay and free where necessary.

H.R. 1 as passed by the U.S. House of Representatives clearly does not meet league criteria. We urge our legislators to actively work for the passage of legislation which will be beneficial to the poor in Michigan.

Thank you for this opportunity to testify.

STATEMENT OF RALPH E. JUDD, EIGHTH SENATE DISTRICT CHAIRMAN,
WELFARE REFORM ORGANIZATION

Well, here it is 3 weeks past Christmas and already many of us have lost our Christmas Spirit in regards to those less fortunate. Those who a month ago were more than willing to help feed and clothe the unfortunate now resent passing some meaningful legislation to aid the poor in their misery.

These week-end sub-zero temperatures are chilling to those of us who have fairly comfortable homes to relax in, but to those on welfare it is like a frozen tomb of endless nights and dreary days. To those of us concerned about how much we eat because of weight problems, be also concerned with those whose existence and health is measured each day by inadequate and nonnutritious food.

H.R. 1 is not a bill to reform welfare. It is not even a progressive bill, but rather a regressive piece of legislation. In this state it sets back the welfare program that has taken many years to develop. It is a far cry from the Governor's Welfare Study Commission. It is a bad piece of legislation that should not be enacted. Consideration of this bill falls under many factors.

The first factor is weakening of the Labor Movement by forcing non-students over 16 to work for a \$1.20 per hour which is well below the minimum wage of \$1.60 per hour. This poses as a potential source of cheap labor that might undercut jobs both in labor unions and outside. Another factor supposes that there are enough jobs to go around. When we have a GM plant shutting down and skilled labor standing in the unemployment line week after week, it is a little presumptuous to suppose those with no transportation, little or no skills, and minimum education can compete in the job market. I say this with the increasing computerization and automation of our society, by the year 2000, unemployment may range from 30-70%. This is a sad fact but trends today indicate we have already started down this road.

Welfare is bad applied to the poor, the minorities, and the aged. Welfare, or subsidy by another name, is great applied to Penn Central, millionaire farmers, and the oil lobby. At least this is what much of certain segments of our society would like us to believe.

Welfare as a system should also be supplemented with national health insurance, low income housing, better education both formal and vocational and mass transportation. For welfare touches all these areas. It makes poor sense to give a family so much money to spend if housing is run-down, doctor's fees are exorbitant, and transportation does not exist. It makes poor sense to give relief when consumer goods in the ghetto are shabby and prices are above the inflated norm.

No, welfare as a system can succeed when it is funded to a level where recipients can live in dignity with an income that is not one payment from starvation. Legislation in the form of the Harris or Ribicoff bills would come closer to this standard than H.R. 1. Funding is not such a problem if we cut out subsidies to business, tax the foundations, and cut out many of the income tax deductions seemingly available to only the wealthy.

Long-range solutions to this problem may revolve around a 3 day work week, retirement at 40, and a guaranteed income to each family unit. But if some of the present thinking in regards to welfare is not changed, there will be some soul-searching dilemmas to be faced by Congress in the last part of this century.

Hopefully this do-nothing Congress will see fit to resolve some of these areas this year before this welfare problem becomes too critical to resolve except by passing hasty, ill-conceived legislation.

TESTIMONY OF COUNCILMAN MEL RAVITZ—JANUARY 17, 1972

These remarks are offered from the vantage point of a municipal legislator whose primary concern is the well-being of his constituents, the people of Detroit. They are made with the conviction that those of us in government must never allow the bureaucratic machinery we operate to grind up the people we are elected to serve. We have a moral responsibility to make government at all levels responsive to the human needs of our people: to their collective and individual desires for improvement and well being.

Speaking from that philosophic viewpoint, I am here to say that although over the years we have moved in America to improve the lot of many, many people, through Social Security legislation, through education and training programs, I fear that the pendulum of social progress is swinging back the other way. The

unhappy fact is that the failure of the job market to accommodate a growing labor force, has pushed more and more people into involuntary unemployment, and our Federal government is unable or unwilling to act to stop it from happening.

In 1969, when the BLS did an intensive survey of Detroit and compared the city with a selected segment of it, roughly equivalent to the inner city, the unemployment contrast was grim, and it has worsened. The overall unemployment rate then for the city as a whole was 6.7%; for the inner city area studied, it was 13.5%, more than double.

Among young people 16-19 years old, the rate was 36%. And among black males 16-19 years old, it was 40%, nearly six times the overall city rate. This is additionally significant because the black segment of the population is increasing most rapidly. It is no wonder that so many have dropped out of the labor force; they have simply given up looking for work.

A follow up study published in February of 1971 showed that of those remaining in the labor force, those in the inner city were more frequently seeking jobs than persons in other areas of the city. But jobs simply were not available. What jobs there were, were in low-paying, dead-end service assignments. Many of these jobs do not even pay enough to meet basic living expenses and require welfare supplementation, provided the applicants fit a category to qualify. In many respects the welfare system serves to keep wages down in these low-paying jobs.

If the situation was bad a year ago, it is worse today. GM recently announced the closing of a Detroit plant putting 2,000 more men out of work. While the Corporation and the Union are cooperating to try to relocate these workers, their plight is especially poignant.

One man, notified he no longer had a job, was interviewed on TV. He had 20 years with the company as a common laborer. Without a skill he didn't know what he was going to do. The interviewer's response to that man's situation was, "Gee, that's tough." Yes, it is tough. Tough for him and for the thousands more like him, without skills, middle aged, and no place to go to get work.

One wonders whether we as a people, we as a government, we as a technologically advanced, sophisticated, affluent society can only say to our fellow citizens: "Gee, that's tough." At all levels of government, especially at the highest, we have a responsibility to meet human need, and to do so with dignity, with compassion, and with dispatch.

If it were possible for city government to act constructively I would urge that we do so, but here in Detroit we are feeling the crunch and are considering job cutbacks too.

Part of our local problem is related to the national economic crisis which has produced such unemployment that our local anticipated tax revenues are down and we are confronted with a growing deficit. Leadership energies are being expended simply to keep the city afloat. But this growing deficit may mean more men and women without jobs. Even if we are able to persuade the custodians of the FEA funds to waive the arbitrary 30-day unemployment interval before rehiring, we will merely be maintaining the current level of employment and of service.

As our unemployment rises and our job opportunities decrease we are confronted with the welfare solution to keep people fed, clad and housed. It is obviously a second best solution. No one prefers it. People want and people deserve decent jobs at decent wages.

Because welfare is a secondary level of solution does not mean we should have welfare programs and services that are second best. We ought not to subject human beings to demeaning services, coercive programs or inadequate benefit levels.

Although the total cost for current welfare programs is great and this state and the Federal government expect to spend a combined amount of over 265 million on the ADC caseload in Michigan, the amount allocated to each individual is not enough to meet ordinary expenses. According to the BLS Urban Employment Survey, 82,200 families in Detroit reported less than a \$4999 yearly income. The Welfare Reform Study Commission, however, established a Michigan poverty standard of \$4874 for a family of four. Many families in poverty then are not even covered by welfare, expensive though it is.

The TV 2 program "Poverty, The Deadend Road" graphically described life under the current welfare system. Inadequate benefit levels means basic needs are foregone. There is always need for another pair of shoes, making the same coat stretch for still another child, having children undergo humiliation in the school lunch program, scrounging for donations, and stretching out the last week until the next check comes.

The Welfare Reform Study Commission is right. "There is a pressing need for the establishment of a national income maintenance program that will meet needs adequately, equitably and routinely. Then States can concentrate on the human dimensions of the poverty problem—providing the impetus increased educational and social opportunities so that the children of today's poverty are not the parents of tomorrow." (Welfare Reform Study Commission page 23).

The key question is: What kind of National Income Maintenance Program is most desirable? More specific guidelines are necessary to evaluate the variety of N.I.M.P. proposals.

However, there are several basic elements that should be considered as among the accepted guidelines:

There must be adequate financing for any program.—This means reordering priorities. Obviously, ending the war and reducing the vast amounts of money devoted to the defense establishment would be a place to start in the redeployment of resources.

The level of minimum benefits must be related to the cost of living.—Area differences in standards of living must be considered.

States must not be allowed to reduce the level of current support.—But they should not have to pay more than they are now spending directly in assistance or for other welfare services they now provide.

Benefits in kind or in services must not be used to reduce assistance levels.—For example, HR 1 eliminates the use of food stamps.

Labor standards must be protected in any work requirement.—HR 1 would require recipients to work at $\frac{3}{4}$ of the minimum wage. The welfare system should not be used to subsidize low wages. A laborer is worth his hire. Many who work are still poor. The legislation must not obscure this basic problem.

There must be greater inclusiveness of persons in need.—To take in more of them.

There must be full protection of the legal and constitutional rights of recipients.—A welfare system that has a "chilling effect" on civil liberties can no longer be tolerated.

There must be no reduction in health services through Medicaid.—Nor an imposition of the cost of health care on the states or the cities, nor an inordinate burden on the individual beneficiary. HR 1, for example, reduces hospital coverage by nearly 90 days

There must be a full range of public social services for those who request them.—With these general criteria in mind, permit me to evaluate specific legislation currently before Congress.

HR 1, the Ribicoff Amendments, and the Harris and McGovern Bills differ moderately in some areas and extremely in others. I would like to analyze the general concerns of those four bills and comment on them.

Probably the most important issue is that of family benefits. The Harris Bill seems to have the most practical approach. It begins with benefits of \$4,000 a year for a family of four, which is the U.S. Government's defined "poverty level". By July 1, 1976 the Harris bill would increase benefits to the level of consumption component of the Bureau of Labor Statistics Lower Standard Budget, currently at \$6500 for a family of four. This bill further provides alterations pegged to changes in the level of U.S. median income. Although such a starting point is satisfactory, the 1976 date established for meeting the Lower Standard Budget rate should be moved forward at least one year and hopefully two years. This would allow substantial time for the government to obtain revenue for these increases and to shorten the time public assistance families must live at the "poverty level". Benefit changes need to be further improved by being pegged to changes at the level of U.S. median family income. H.R. 1 has no such provision for any type of future increases.

The income test for eligibility is placed near the poverty line by Title IV of H.R. 1. The Ribicoff Amendments and the Harris and McGovern Bills offer more realistic figures, particularly when one considers the costs of raising even a small family.

Policy for coverage eligibility is probably best stated in the Harris Bill. It encompasses all family units of one or more individuals and includes childless couples regardless of whether they are aged, blind or disabled. This type of consolidation dissolves the separate programs based on age, blindness, disability, presence of a child, or absence of a parent, thereby saving administrative costs and eliminating benefit discrimination through means of standard coverage. In contrast, Title IV of H.R. 1 excludes individuals and childless couples unless they are aged, blind or disabled. It also excludes families headed by a full-time

college student. This is to say an unemployed young or middle-aged individual or an unemployed and childless, young or middle-aged couple could not receive benefits. Similarly, a college student, with a deceased father and a young or middle-aged mother would also be ineligible. Welfare should provide assistance to those who need it. H.R. 1 completely fails in this respect.

Language in any final bill should also include the clause contained in the McGovern Bill regarding indirect income. It recommends that income of persons without legal obligation to support under law may not be assumed to be available to other members of the family.

Work requirements should be more flexible than presented in either H.R. 1, the Ribicoff Amendments or the Harris Bill. Very often family situations present unusual problems which cannot be altered or overlooked. Elderly, incapacitated or ill persons should be excluded from work requirements, as should children under 18 years of age, students and the caretakers of ill or disabled household members. Also excluded should be an adult caretaker in a home where another adult is already working or registered for work training.

Vocational Rehabilitation for recipients not registered as aged, incapacitated or ill should be regulated by a combination of the Ribicoff Amendments and the Harris Bill. Vocational Rehabilitation should be voluntary with strong incentives provided. Payment of at least \$40 to \$50 a month plus necessary expenses would encourage use of such programs and avoid resentment of or bitterness toward the system.

Benefits to recipients must be paid with little or no delay after the original application. Both the Harris and McGovern bills allow ten days for the initial payment. This time span is not too soon when one considers that during this period the applicant is often without any means of support. If detailed investigation is necessary the first check should be supplied within ten days as emergency assistance and adequate time will then be available for further inquiry before the next payment. With the elimination of food stamps such action is even more necessary. Penalties for fraud are included and adequate in all four reform bills.

Benefits of less than ten dollars per month should be paid quarterly. All other welfare assistance payments should be made bi-weekly.

As with many government programs, recipients are often uninformed about their rights and the types of services available to them. The Harris and McGovern Bills provide for notification to representative groups of proposed rules and regulations. They also require public hearings before adoption of such proposals and biannual notification of rights to individual recipients. The bills however should also include general information about available welfare services and programs and a detailed description of recipient obligations and rights to be distributed to representative groups and individual recipients. This would create fewer misunderstandings and a smaller number of distraught persons. Most importantly it would also inform the individual of all the services available to him.

The McGovern and Harris bills and the Ribicoff amendments have no provision for treatment of individuals incapacitated by drugs or alcohol. Title IV of H.R. 1 requires treatment, the penalty being loss of benefits. Treatment should be voluntary simply because a psychological adjustment is needed and can never be forced. Third party caretaker payments may be appropriate but in any case the rights of the individual should be protected. Provision must be made for coordination with local hospitals, clinics or programs to have the adequate and necessary treatment available if a recipient requests it. Provision must also be made for funding additional facilities necessitated by such mandatory referrals. Our present facilities are inadequate to deal with present problems. If such coordination and funding is not provided existing facilities already burdened and supported by local tax efforts will be incapable of handling the additional load. Then the problems will be compounded. An untreated drug addict or serious alcoholic certainly cannot be expected to undergo a vocational rehabilitation program or hold a steady job regardless of the incentives provided or the penalty imposed. Trying to solve the problem through coercion and inadequate provision of treatment facilities simply doesn't work. Drug addiction and alcoholism, like public dependency can only be solved by a serious and coordinated attack on all their aspects.

In summary then, we must keep in mind the goal of human services for human needs. If we evaluate the proposals according to the criteria previously stated, the legislation that most closely fits them is Senator Harris' bill, which has the co-sponsorship of our own Senator Hart. It advances the goal of genuine social

security begun with the progressive legislation of the 30's. Surely we do not need another economic and social catastrophe to move us along. Hopefully today our concern for human beings is sufficient to push us quickly to adopt the Harris bill with suitable amendments, as indicated. When we do so, we will have joined the ranks of the progressive countries of the world.

STATEMENT PRESENTED ON BEHALF OF UAW BY BERKLEY S. WATTERSON,
COMMUNITY SERVICES ASSISTANT

The welfare reform legislation currently under consideration in the Congress are complex and propose drastic changes in the present welfare system. On behalf of the UAW, I wish to affirm our concern for adequate protections against the hazards of poverty, insecurity, and discrimination created by our present-day society. In any changes of welfare policy the needs, concerns, and dignity of those receiving benefits should be the top consideration and should not be undercut by the pressures of expediency and indifference.

We deplore any effort to make the present welfare recipients the scapegoats for the failures of our modern society.

Our special concern is for the well-being of the children on whose healthy development, nurture and inclusion in the mainstream of our society rests the future of our country. All provisions for family income maintenance and child care and welfare must keep this concern as their central theme.

Therefore, we recommend that in itself structural reform is not the answer unless the financing is sufficient to improve the situation of all those who depend upon it.

The proposals that are now pending add substantially to the federal financial investment in aid to low income people, especially in terms of broadened coverage and fiscal relief to the states.

However, they do nothing to improve the financial situation of 90 percent of the present aid to families of dependent children recipients living in the forty-five states that now pay benefits above the proposed federal floor. Example: H.R. 1 proposes payment of \$2,400 for a family of four with no food stamps and no mandated supplementation.

First, the federal minimum is far too low, and fails to reflect geographical differences in costs of living. The sum of \$2,400 for a family of four is well below even the meagre 1970 poverty line of \$3,968. The standard is below the current assistance standards of about half the states and makes no provisions for automatic adjustment in the dollar amount of the minimum with increases in the cost of living. The proposals should at least provide for a staged increase toward a more satisfactory living standard as national income rises.

Benefits in kind and services extended to those aided by the welfare proposals should not be used to reduce assistance levels.—The Administration Bill H.R. 1 provides for a major reduction in public assistance by work, training, and rehabilitation requirements supported by provision of day care and other supportive services. We support the extension of these services on a voluntary basis, but believe that mothers should be allowed to exercise their own good judgment as to whether their children's best interest requires their presence in the home.

Rehabilitation and other services cannot fulfill their proper function if they are imposed under threat of reduction or discontinuance of essential aid.

Reform on Welfare should be a move toward greater inclusiveness and away from categorical distinctions.—The Administration's proposal makes no provision for childless couples and single individuals. We believe these people should be provided for.

The fragmented administration provided by these proposals is a real danger to responsible management and a probable source of hardship and confusion to the potential or actual recipient. We recommend a unified administration for the basic federal and supplementary state family assistance programs.

Labor standards should be protected.—Qualification for welfare payments should not be used to deprive children of needed adult care and supervision nor should they be used to depress wages and other labor standards. No mother or other adult with primary responsibility for the care of a child or children under 18 years of age should be required to take a job against her own best judgment. No job should be regarded as mandatory which involves unsuitable conditions, a labor dispute, or pays less than the federal minimum wage or the prevailing wage, if higher.

The legal and constitutional rights of recipients should be fully protected.—There are dangers inherent in H.R. 1 for the coercive and discriminatory application of the requirements of this bill which condition federal aid on mandatory work requirements for mothers, mandatory work registration and assignment for those already working full time, mandatory vocational rehabilitation, a federal liability on deserting fathers beyond the application of state laws, and the placing of a lien on all future federal payments to such fathers, recommend the removal of these provisions from the bill.

To begin with we must all work toward prevention of need, want and poverty. Nothing we can do or say here about welfare reform should obscure the urgency of steps for the improvement of the well being of all American citizens and their right to live in dignity and to their share of the opportunities in this potentially bountiful democratic society.

It would be a tragedy if this or any other welfare reform measure served to block the sense of urgency that should lead to strengthening and extending basic measures of economic social reform that prevents poverty before it occurs.

Supplementation of full-time wages points to the need for a higher minimum wage for all workers with no exception.

Provisions for training and child care indicates the need for expansion of the job market.

Higher old-age assistance indicates the need for more adequate social security benefits.

Rising medicaid rolls. The fact that over 30-million Americans are entirely outside the present health care system demonstrates the need for a National Health Security Program for all Americans. These and other basic social welfare reforms are the way to reduce the cost of welfare and are very relevant to the discussions heard today at this important hearing on Welfare Reform.

STATEMENT OF TRENA DOWNIE, BERKLEY, MICH.

Founding member and officer of Berkley Better Community Living Council. A group of low-income mothers who have established a clothes closet to collect and distribute used clothing; initiated a Saturday afternoon recreation program and continue working in the community to meet the needs of low-income families.

Served as member of Community Advisory Board for Title I, Headstart and Office of Economic Opportunity.

Former ADC recipient by circumstances, not by choice. My husband was injured in an accident and I was left with eleven children.

Employed as a Coach in the WIN Program at the Royal Oak office of Michigan Employment Security Commission for a year and a half.

Presently employed at MESC as an Interviewer and Test Administrator.

SUBJECT: MOTHERS FORCED TO SIGN UP FOR WORK

The statement all recipients who are determined to be appropriate for work by the Secretary (after notice of opportunity for hearing).

Who but mother knows if she can successfully leave her children to go to work? These children have already lost one parent; many are emotionally upset and now experience an emotional mother who must use money intended for food to seek work.

Each person in the household is allowed 83½¢ per day for food under our present system; 50¢ of that is needed for milk per child, leaving 33¢. If the mother takes a bus anywhere and back she has spent two and a half times that amount for one trip to apply for a job or get employment-oriented. She is "motivated to work", only to be threatened with rules or grant cutoff.

If this mother goes to school, begins a training program, or is assigned to work experience, she needs adequate clothes, transportation and child care. She is supposed to (often does not) get \$54.00 per month extra.

If she is committed to a program a baby sitter is paid (after 4 to 6 weeks) at the rate of \$5.00 per day per child. Often this is more than the mother makes as she works twenty hours a week for \$10.00. Why would the government be willing to pay a baby sitter more than the mother makes? This can only be described as cheap labor for someone else's profit. Furthermore she has no assurance of being placed as an employee even though the law reads that no one should go through work experience unless the employment agency intends to place her in a job.

Training also is a waste of tax-payers money; to be trained for what? No employer will hire a mother with children when so many others are seeking work; especially those mothers who have been out of the field of work recently. The employer turns down their application when he sees that they are alone with their children. He knows if the child is sick, mother must be there. Mothers are sent here and there and everywhere to put in applications to keep them active on programs records. Again, what is this mother using for expenses? Her food money or her grant is cut off.

Notice of hearing.—The very fine print on bottom of form letter which is never explained. This mother is cut in two weeks, for any rule they say she breaks. It takes three months to get a hearing date, if the Bureau of Social Aid makes a mistake; two months to get the results on paper; 8 to 10 months to get the full results. I know as I have been through this twice; this will not be accepted in Circuit Court as yet.

Solutions.—No force program; incentive is the best way. Help these mothers to know and work towards a better life. If she knows that by working even part time she can gain experience, a work record and valuable self confidence, she herself will work herself and her family into a better home life without threats and cutoff.

No one likes to be on welfare or aid to dependent children!

STATEMENT OF EMILY GROVES, HAZEL PARK, MICH.

My name is Emily Groves, I live in Hazel Park. I am an ADC mother with 5 children. We live in a 2-bedroom house which was sold to me as a 3-bedroom house. Through a new Realtor they found me a 4-bedroom house and are willing to take my old house in trade. My present home has only a space heater and we are freezing to death!

There are no homes for large families available in Hazel Park which the ADC grant will cover. I am already paying \$32 a month over my budgeted rent in the 2-bedroom, unheated house. But ADC refuses to pay just \$5 a month more to move us into the 4-bedroom house with a furnace.

Why can't rent be in proportion to the size of families?

New Federal welfare plans should include a more realistic rental allowance based on size of family and location of home.

STATEMENT OF THE LEADERSHIP CONFERENCE FOR WELFARE REFORM, CITY-COUNTY BUILDING, DETROIT, MICH., JANUARY 17, 1972

My name is Alan W. Kamens and I am an Assistant to the President of the Michigan Synod of the Lutheran Church in America. I am representing Dr. Frank P. Madsen, our Synod President. We strongly support far-reaching changes in the welfare system that will end the penalization of the poor. A copy of a Resolution on Welfare Reform, adopted by our Synod Convention, May 13-16, 1971 is attached to this statement.

Essentially, the Michigan Synod of the Lutheran Church in America advocates the creation of a new system of income maintenance to meet the basic needs of all individuals and families who are unable to work, or for whom jobs are unavailable, or whose income is inadequate to allow them to live in dignity above the level of poverty.

Our position is clearly built upon the biblical and moral imperative that where there are people who are hungry, naked, thirsty, sick, society has the responsibility to meet their needs justly. Since this nation has the resources to overcome poverty for all of its people, the imperative is all the more impelling. To justify inaction or partial action with the biblical phrase, "The poor will always be with you," is both immoral and inhumane.

In addition to the necessity to provide adequate income, we believe that the injustices of the welfare system under which the poor have been controlled and in many ways perpetuated in poverty must be corrected. Thus we support three additional principles as undergirding ingredients to welfare reform: (1) A system which guarantees welfare recipients dignity; (2) a fair and open system which guarantees citizens the full protection of the Constitution; (3) a system which guarantees people direct participation in the decisions under which they must live.

With respect to the specific legislation now before the Congress; it is my

judgment that Title IV of H.R. 1 is lacking in providing adequate income. Both the amendments sponsored by Senator Harris and Senator McGovern include benefits that will bring the standard of living for families with no income to a just level and keep those benefits at pace with increases in the cost of living.

H.R. 1 is also deficient in that eligibility standards are too restrictive. Again, the Harris and McGovern amendments are more adequate, especially in providing for a simple declaration of need as the method of determination.

The work requirement for a mother or other relative caring for a child over 3 as it presently stands in H.R. 1, should also be eliminated.

Time does not permit further comment on specific parts of the pending legislation. However, it is my judgment that the amendments of Senator Harris and McGovern overall would bring the legislation on welfare reform more closely in line with the basic needs for adequate income, dignity and justice than H.R. 1 provides in its present form.

Thank you for the opportunity to testify.

RESOLUTION ON WELFARE REFORM—MICHIGAN SYNOD LCA—ADOPTED BY
SYNOD CONVENTION MAY 13-16, 1971

Whereas, the gospel compels the church to seek for ways of overcoming injustices that inhibit the well-being of persons in society, and

Whereas, the Lutheran Church in America has clearly stated its commitment to the struggle of overcoming such injustices in its 1966 Statement on Poverty, which reads in part, "The Lutheran Church in America commits itself to the struggle against poverty in full continuity with the Biblical testimony about concern for the poor. While it recognizes that the forms of this struggle are subject to human judgment and are open to differences of opinion among fully committed Christian persons, it does not believe that commitment to the struggle is an open question for Christians" and

Whereas, the situation in public welfare programs has reached the critical stage that urgently demands far-reaching changes to adequate and with justice meet the needs of citizens who cannot because of circumstance provide for themselves and require some form of public assistance: Therefore be it

Resolved, That the Michigan Synod of the Lutheran Church in America advocates the creation of a new system of income maintenance to meet the basic needs of all individuals and families who are unable to work, or for whom jobs are unavailable, or whose income is inadequate to allow them to live in dignity above the level of poverty; and be it further

Resolved, That such a system should be based upon the following four principles: (1) Adequate Income: a system which guarantees enough money for all citizens to live dignified lives above the level of poverty; (2) Dignity: a system which guarantees welfare recipients the same full freedoms, rights and respect accorded all citizens; (3) Justice: a fair and open system which guarantees citizens the full protection of the constitution; (4) Democracy: a system which guarantees people direct participation in the decisions under which they must live; and be it further

Resolved, That we work for the development of this system according to the aforementioned principles through the support of appropriate legislative and administrative changes on both the state and national level; and be it further

Resolved, That we encourage all congregations to formulate programs of education to bring a new understanding of the problems of poverty and the need for public welfare and to participate in programs of action to achieve welfare reform.

STATEMENT OF JOHN FORSYTH, DETROIT, MICH.

I am John Forsyth, director of mission for the Metropolitan Detroit Council of Churches, one of the organizations in the Leadership Conference for Welfare Reform.

When one studies comparatively the provisions of H.R. 1, Amendment 559 by Senator Ribicoff, S. 2747 sponsored by Senator Harris and S. 2372 by Senator McGovern, he is struck by the widely diverse attitudes which seem to lie behind the respective pieces of legislation. H.R. 1 seems to have been drafted by persons who have little faith in, or love for, human beings who are poor. Its provisions are dominated by a strong suspicion of human motives—a suspicion that most of the poor are lazy, dishonest, and unwilling to help themselves by honest effort. There is the implication that most of these poor will work only if the law grasps them firmly and forces them to work. There is correspondingly little attention to legal

protections for these recipients of government generosity. There is not even a guarantee of the confidentiality of their records in government files.

The poor, according to H.R. 1, seem to be an unlikely lot who must be handled firmly by government for their own good and for the protection of the rest of us who "take care of ourselves."

When one examines the corresponding provisions sponsored by Senator Harris, by Senator McGovern and—in a lesser degree—by Senator Ribicoff, a different view of human nature comes through. Here human beings can be trusted; and most of them want to work if that work does not threaten the minimum benefits they now receive. The tone of these amendments carries the conviction that an adequate income is fully as important to the poor as to the non-poor. The poor will give an honest account of their needs, and official snooping is not necessary to be sure that they are telling the truth. Moreover, at all points these poor who need assistance have the full rights of American citizens—to be represented by an attorney, to have a hearing on grievances, to have their records kept in confidence by government agencies, to enjoy the ordinary protections usually granted to employees at their places of work.

We, as an organization representing Christian churches, are primarily concerned about human beings, and about justice for human beings in contemporary American life. Because we have examined various studies of welfare recipients, we are aware that charges of widespread chiseling and cheating have never been substantiated—though the myth of welfare cheating is accepted by large numbers of affluent Americans. We are aware that experiments in using a simple declaration of need for welfare assistance, rather than elaborate investigative procedures, have proved highly successful.

Though not subscribing to any doctrine of the perfection of human nature, we are nevertheless committed to that more trusting and generous view of persons reflected in particular in the Harris and McGovern amendments to H.R. 1.

Specifically, we favor a much more generous income than \$2,400 for a family of four. We favor a plan of increase for benefits, and a more generous dealing with special needs than the \$100 emergency grant which H.R. 1 provides.

We believe that states should be required to supplement federal grants, and should not be allowed to impose residency rules or other special exclusions.

We favor the work requirements as outlined by Senator Harris, and especially by Senator McGovern. We note the lack of any suitability requirements for work in H.R. 1; and we strongly urge the view of suitability outlined by Senator Harris.

If recipients of welfare are to have real incentives for working, they must surely be able to keep more than the first \$720 of income, plus a third of the remainder. Senators Harris and McGovern are much more realistic about this.

We urge the passage of the Harris amendments to H.R. 1, with careful attention to the McGovern amendments. In this direction, we are convinced, lies that prosperous, peaceful America that all of us want.

STATEMENT OF MRS. RUTH S. ROSENBAUM, MICHIGAN REGIONAL DIRECTOR,
AMERICAN JEWISH CONGRESS

The American Jewish Congress is a national membership organization with regional offices in Detroit, Michigan. We are a Jewish community relations organization dedicated to the struggle for human rights and social justice for all peoples, and one of our basic concerns over many years has been with the need for adequate social legislation to deal with the problems confronting American society. We feel that our present system of public welfare is in dire need of reform. It is outmoded and inefficient and does not provide adequately for human needs.

We endorse strongly the concept of federal take-over of the welfare system and the inclusion of benefits to the working poor in the system. We urge the development of a comprehensive program of welfare reform that will preserve the dignity of the individual and would encourage him to become self-sufficient.

We feel that while H.R. 1 has many good features, it falls short of the kind of legislation we would like to see and therefore submit the following recommendations.

1. Regarding income levels under the Family Assistance Plan, we feel the income floor of \$2400.00 is obviously too low. While this figure would represent an improvement for those on assistance in some States (such as Alabama, Arkansas, Arizona, Georgia, and Mississippi, where perhaps ninety per cent of the welfare costs would be paid by the federal government), it would still

be a below-poverty subsistence level. The poverty figure defined by the federal government as essential for minimum nutrition, shelter and clothing is \$3,553.00 for a family of four. In States like Connecticut, New Jersey, New York, Pennsylvania and Massachusetts, moreover, it would have little beneficial value for the state and for the welfare recipient and it may even be detrimental.

Thus, an average family of four in New York State, without outside income, receives benefits totalling \$4,032.00 plus food stamps. Under this new plan, the federal government would increase its contribution to the family from \$2,000.00 to \$2400.00. The family, however, would continue to receive \$4,032.00 but would not receive food stamps. This would result in an annual loss of several hundred dollars per family.

It is recommended that we seek to increase the benefit levels. Benefits should begin at the government-defined poverty level. Furthermore, they should take into consideration variation in such figures as well as provide escalator clauses to provide for cost-of-living changes. Additionally, there should be special federal supplements to assure that recipients' benefits do not fall beneath their present level. If states choose to provide for increased benefits, they should not be required to meet such costs entirely out of their own funds. Rather, there should be a plan of federal-state matching.

2. The bill's work training requirements are in need of serious revision. They are unrealistic, especially in light of the lack of worthwhile training programs and the lack of available jobs.

It is recommended that mothers of pre-school and younger school aged children should not be forced to register for employment training and counseling.

In addition, the public service jobs to be established are inadequate in that by the third year the federal contribution will have decreased from one hundred to fifty per cent. The federal contribution should remain at the highest rate.

The concept of child care services, moreover, for those who choose to accept employment, should be expanded. There should be provisions to insure that these provisions are not limited to baby sitting services but that they have educational and cultural value. They might, for example, be tied in with the Head Start Program.

Also, the \$30.00 per month residential allowance to be paid to those in training is not an adequate incentive.

Lastly, salary standards on jobs should be those that prevail on the same job in a particular area.

3. It is further recommended that the take-over by the federal government of the additional welfare programs (Aid to the Disabled, Aid to the Blind, and Old Age Assistance) be accepted as is.

4. The increase in Social Security benefits should be larger than the five per cent figure in this bill. In addition, persons under 72 should be allowed to earn more than \$2,000.00 per year without losing benefits.

5. By reducing certain payments for Medicare, HR 1 would make lengthy stays in hospitals a difficult, if not impossible burden for the average man to bear. This should be repealed, as should the provision placing a limit on the number of days the federal government would finance for stays in mental hospitals.

6. The elimination of the food stamp plan would mean losses for thousands of welfare recipients. This plan should be continued unless the income figure is raised.

7. The stabilization of state welfare costs is ostensibly positive. But, states are going bankrupt even at current levels. There should be a provision to decrease these costs.

8. It is recommended, too, that the provision for increased deductions for child care be extended to all parents without partners.

We sincerely feel the enactment of the recommendations cited above would go a long way toward making H.R. 1 not merely a step forward but a major advance in providing this nation with a meaningful and just national welfare program.

TESTIMONY OF JAMES P. BARRY, CHAIRMAN, 10TH SENATORIAL DISTRICT, METROPOLITAN DETROIT WELFARE REFORM COALITION, ALLEN PARK, MICH.

We members of the Tenth Senatorial District strongly favor the McGovern Bill (S. 2372) over HR 1, the Ribicoff Amendments to HR 1 (No. 599) or the Harris Bill (S. 2747) because it offers complete federalization of the welfare system at a time when it has become an insufferable burden in a number of states (growing to an ever increasing percentage of the annual state budget) and

because we believe that such federalization is the best available means of eradicating the geographical inequities of the present federal-state welfare system and giving a better guarantee of equal justice under the law to every U.S. resident.

We also believe it is the most workable of the proposals since it would be administered by the Health, Education and Welfare Department only and not by a shared administration by the Health, Education and Welfare Department, The Department of Labor and the Welfare departments of each of the fifty states.

We also endorse the McGovern Bill's idea of providing benefits at the level of consumption component of the U.S. Government's Bureau of Labor Statistics' Lower Standard Budget, with future changes pegged to changes in the level of U.S. median family income. The \$6500 per year for a family of four provided by this plan, substantially more generous than any of the three other proposals, would enable recipients to provide for themselves most of their normal needs instead of having them provided by costly government programs requiring additional manpower, vouchers and other time-consuming administration and resulting in delayed benefits.

We also subscribe to the idea of providing welfare benefits to family units of one or more individuals including the working poor, individuals and childless couples, (regardless of whether they are aged, blind or disabled) and eliminating special programs based on age, blindness or disability, presence of children or absence of parent.

We are especially encouraged that the bill does not contain the forced labor requirement contained in the other three plans. Such a requirement seems inspired by the popular myth that welfare recipients are lazy and won't accept work. This concept was debunked by the Health, Education and Welfare Department itself when it reported that less than 1% of the nation's welfare recipients are able-bodied men, and these men have to be seeking jobs through their state employment agencies to be getting any welfare at all. It would seem that the lengthy and complicated forced-work provision of the other three proposals is no more than a sop to the popular delusion of the proponent's constituents, and would require a huge public funding to police, prosecute potential wrong-doers, furnish protections and establish employment priorities out of all proportion to actual need. It would also tend to perpetuate some of the very de-humanizing elements of the present federal-state welfare system that we are seeking to eliminate by true welfare reform.

STATEMENT OF KAREN NIEMI, PONTIAC, MICH.

My name is Karen Niemi. I am an ADC mother in Oakland County. Through many emergency problems my family has had, I became acquainted with N.W.R.O. Now I am trying to encourage a number of other mothers in my county by having a group where we can discuss our problems and try to find solutions through dignified legal means.

Some of the things we have faced and are facing are inadequate monies for utilities. We get \$25 for the three of us. My utilities expenses are \$20 per month for fuel oil, about half in warmer months, twice in cold months; electricity is between \$15 and \$17 per month lately it has been higher because we have been trying to keep warm with the oven. We were given electric blankets for Christmas because some people were concerned for us not having heat. When the weather gets warmer the space heater starts putting the heat out. ADC tells me there is nothing they can do but they will put my girls in the Children's Village or Foster Home if things get too bad.

I made a list of some of our problems on another sheet. Included in this last are: telephone expense has been deleted from my check even though I got the required letter from our doctor; getting laundry done has always been a problem; transportation is involved here and with getting to the doctor, getting checks cashed, out to get food stamps, groceries, etc., no matter what you want to do, you have to beg someone for a ride.

Getting a decent home is still a problem. Where is a typical ADC mom going to get from \$200 to \$600 in cash to buy a home? I bought a home by borrowing \$400 from a Family Service lady who took an interest in us. But the home I assumed the mortgage on is not up to code, particularly the space heater. I had no knowledgeable person to give me advice and Legal Aid is always too hard to get into. Now I'm in a house too small for us, inadequate in every way, and stuck!

Last week my refrigerator went out and all my food spoiled. ADC gave us a food order for \$4.94. I had about \$30 in meat in my freezer plus milk, etc. However, I am not eligible for my Emergency Assistance until April so now they are trying through organizations to get me one. I am number 25 on the priority list of the Resource Center here in Pontiac.

Some of these constant crises have caused emotional problems in the three of us—we have gone to the Mental Health Clinic, Family Service, Child Guidance, O.E.O. and I go to a Self-Image Class once a week on Wednesday nights, and an Acceptance Class at St. Joseph's Parish. Also, I try to keep my mind on people with more problems than I have, and try to help them.

As a high school graduate and a fairly intelligent person brought up with quite strict standards, I feel extremely guilty about not being able to take care of the 2 children I have been given to love. Inadequate income just to meet our needs, not to get rich, is extremely depressing physically and mentally—and especially emotionally—to all of us. To constantly have to say no to my children about any type of recreation or new clothing is upsetting to me, to the point that I wonder what is going to happen to my girls as adults.

Thinking of whether or not incomes are adequate, I think it would be beneficial to have meetings between caseworkers and recipients to discuss problems and solutions, through an open counseling situation.

I seem to be very disorganized in my home, though I try very hard. Sometimes I forget everything and feel I just can't go on. But there are wonderful people and organization; and there is hope. The unfair laws will be changed and people's eyes will be opened to what the truth really is!

STATEMENT ON WELFARE REFORM LEGISLATION BY REV. DANIEL P. BOGUS, CHAIRMAN, COMMISSION ON COMMUNITY RELATIONS, DETROIT, MICH.

Distinguished Members of the Panel and Ladies and Gentlemen:

The City of Detroit's Commission on Community Relations is opposed to H.R. 1 as it would have very serious consequences for the City of Detroit and the nation. All of the studies of urban problems and of public assistance, if taken seriously, indicate just how seriously deficient H.R. 1 will be.

The National Advisory Commission on Civil Disorders found that the welfare system contributes materially to the tensions and social disorganization that lead to civil disorders. They called for increases in welfare grants to at least the Poverty Level calculated by the U.S. Social Security Administration. The Commission admitted that their recommendations would temporarily increase welfare costs, but they maintained that it would lead to breaking the cycle of poverty and dependence and would give poor children a chance to scale the wall that now separates them from the rest of society. The Commission attached even more importance to the necessity to the urban population of upgrading the status and incomes of urban workers.

The National Commission on Urban Problems studied rural-to-urban migration patterns, the concentration of low-income families in the central cities and the dispersion of jobs to suburbia. They reported that these trends will pose very difficult economic problems for the cities and for the residents of the cities and that it will become increasingly difficult to finance city government and provide adequate housing.

Finally, surveys by the U.S. Department of Health, Education, and Welfare and others have consistently shown that only 4 or 5% of the present public assistance recipients can be considered employable in a reasonable period of time given the best possible rehabilitative services. Governor Milliken's Welfare Study Commission reported that less than one percent of all of those on categorical programs in Michigan are employable fathers and that "an effort to register everyone on assistance would appear to be an exercise in futility more geared to making a program appear politically palatable than to reducing the welfare rolls." Most recipients (61%) are children many of whom will be permanently injured by the effects of poverty.

In summary, these in-depth scientific analyses of the needs of society and of inadequacies of the present system of public assistance impose the following criteria on any proposed reform: 1) preventing tension and frustration in the cities 2) and guaranteeing an adequate income to all of those who are unable to work. HR-1 does not meet either of these criteria.

The most obvious deficiency of HR-1 is that the proposed grant levels are significantly below all of the standards of income adequacy that have been recommended by all of these studies that have attempted to rationally analyze the problems. HR-1 proposes grants pegged at \$2400 per year for a family of 4 which is about 40% below the Poverty Level recommended by the National Advisory Commission on Civil Disorders. It is only 1/2 of the level recommended by Governor Milliken's Welfare Study Commission. In fact, HR-1 actually provides a lower grant level than that originally recommended by President Nixon in the summer of 1969 because of the proposed elimination of Food Stamps and increases in the cost of living. HR-1 also makes State supplementation optional and eliminates the present requirement that a reduction of grants by the States receive the approval of HEW.

What is more mischievous is that under its provisions the politically popular categories, Aid to the Aged, Blind and Disabled, would be joined to the Social Security program which is also popular (that is, acceptable to the voters) and they would be separated from the AFDC program which is unpopular. Adult categories would receive grants which are substantially higher than families with children. HR-1 makes no provisions at all for public assistance for adults without children who do not qualify as aged, disabled or blind. This, in itself, is directly contrary to both criteria.

The work and training portions of the bill are quite unrealistic and quite counter productive. For example, recipients in the FAP program can be required to take jobs paying as little as \$1.20 per hour, but provisions insuring that no one would have to take a job that endangers health and safety or that is too far from home have been removed. This removal of the floor under wages is a threat to all working people, particularly urban workers. Although the current Work Incentive Program contains many ADC mothers who are attending college, FAP would prohibit participation in such training. Further, the appropriations for Day Care are inadequate.

The Social Security payroll tax in the bill is regressive because of the ceilings on the income that will be taxed. Thus, those in the lower income categories will pay considerably higher portions of their income in this tax than those earning more than \$10,200. In fact many will find the Social Security tax to be higher than the regular Federal income tax. The fact that the Social Security tax is matched by the employer means that the ceiling is a tax on employment; it provides incentives to employers to work existing employees overtime rather than to hire new employees. This will make full employment increasingly difficult to attain.

As an alternative to HR-1 and in the spirit of true humanitarian welfare reform, the Commission on Community Relations supports HR-7257, "the Adequate Income Act of 1971," which was introduced in the House of Representatives by some members of the Detroit Congressional delegation and several other congressmen. In the Senate it is called the McGovern Bill (S. 2372), this bill adopts the BLS low-cost budget with the exception that the food component is based on the moderate-cost budget. These bills would provide \$6500 per year for a family of four.

These bills recognize that people are on welfare because they are unable to support themselves in any other way. It declares that the real employment problem is that the economy is not providing enough jobs at adequate income levels. This is supported by the Governor's Welfare Study Commission finding that 94,000 working families in Michigan would have been eligible for Family Assistance payments if the plan had been passed in 1970.

It declares that the poverty line is totally inadequate as an objective standard of what a family needs to live. It declares that the Standard of income maintenance will be based on the Lower Income Family Budget of the U.S. Bureau of Labor Statistics with a slight addition for adequate nutrition. This budget currently provides a minimum income of \$6500 a year for every family of four in America.

Most importantly it does not deny benefits to those eligible through procedures and practices that harass applicants, it does not prevent recipients from learning their legal rights and gaining their lawful entitlements, it does not fragment the program so that those in certain categories receive more money than those in others, and it does not exclude any eligible person.

It is this bill, therefore, that the Commission on Community Relations feels is absolutely necessary for the social and economic well being of the City of Detroit and all of its citizens.

STATEMENT BY RABBI LEON FRAM, CHAIRMAN, RABBINICAL COMMISSION OF
DETROIT

It will be a happy day for America when the welfare needs of its people will finally be placed upon a foundation of Federal Legislation. Such a uniform welfare law guaranteeing every family in the United States of America a minimum annual income will place our welfare distribution on a basis of maximum effectiveness, and, above all, on the basis of consideration for human dignity such as our welfare work has never had before.

Because the basic idea of HR 1, the House-passed Bill, is so beneficent, I want to express the hope that by the time it passes the Senate, the Bill will embody certain provisions by which the House-passed Bill could be improved.

The benefit minimum of \$2,400 for a family of four is inadequate. There are now 45 states that provide benefits in excess of this. A more realistic minimum is \$4,000. It is shocking that there is in the present Bill no provision for public assistance to single individuals and to childless couples. It is difficult to understand the logic behind the omission of help to the many poverty-stricken people in these categories. Why should single individuals and childless couples be "left out in the cold" by a law which seeks to provide for the helpless and the needy of our land?

Another glaring omission is the failure to include provisions for adjustments to the cost of living. Some of these suggested improvements, in addition to provisions for work incentives, are contained in the Senate Bill introduced by Senator McGovern of South Dakota.

It is my hope that the law finally enacted by Congress to provide adequate income for the families of our nation shall take the form of the McGovern Bill S-2372.

Meantime, I would commend the 1971 Michigan Welfare Study Commission for its intensive survey of the steps that will need to be taken to bring Michigan readily into the welfare plan to be established by the new law.

WESTSIDE MOTHERS-WELFARE RIGHTS ORGANIZATION, OLIA CALHOUN,
A.D.C. MOTHER

I was married 17 years and out of that marriage six children were born. I worked part of those years, the children were small, but as they grew, I found out that they needed me more at home, than that job needed me.

No one in the right mind, would be on A.D.C.

There is no provision for recreation, nothing for transportation, hair cuts, bus fare, and if you are buying a home there's one \$500.00 dollars, for the life time of that home. You know people shouldn't talk about things that they don't know, only an A.D.C. mother knows.

Mr. Nixon Administration Bill H.R. 1 it is not for poor people by no means. One thing that wasn't mentioned is that this nonsense about a A.D.C. mother has to go to M.E.S.C. to sign up for her check, but there's no money for transportation or baby sitting. Who are they fooling, there is no jobs.

[From the Congressional Record, Oct. 29, 1971]

SOCIAL SECURITY AMENDMENTS OF 1971—AMENDMENTS

AMENDMENT NO. 559

(Ordered to be printed and referred to the Committee on Finance.)

Mr. RIBICOFF. Mr. President, today on behalf of myself and Senators Hartke, Kennedy, Javits, Brooke, Stafford, Muskie, Humphrey, Jackson, Hart, Gravel, Mondale, Tunney, Bayh, Metcalf, Pastore, Hughes, Cranston, and Moss, we announce the formation of a coalition to support welfare reform.

The present welfare system can no longer be tolerated. It has robbed Americans of dignity, provided inadequate benefits, encouraged recipients to remain on the welfare rolls, and drained State financial coffers to such an extent that almost half of the States have been forced to cut back benefit levels.

It is time to enact welfare reform now. In the past months we have been working toward that end. Now we are seeking grassroots support from every segment of American society.

The proposal we will be introducing in the Senate in the form of an amendment to H.R. 1 has been developed in cooperation with a bipartisan group of Senators, Governors under the leadership of Gov. Francis Sargent of Massachusetts, mayors, county leaders, and welfare administrators. It has the support of the League of Women Voters, the AFL-CIO, UAW, Common Cause, and other labor and social welfare organizations.

The legislation is modeled after President Johnson's report on income maintenance programs and President Nixon's family assistance plan. It assures that no recipient would receive less under welfare reform than he is now getting. And it provides a minimum \$3,000 Federal payment level to a family of four. By 1976 families would receive no less than an income equal to the poverty level. The bill also provides improved work incentives, streamlined and fair administration and major fiscal relief for the States. By 1976 all State costs for welfare would be assumed by the Federal Government.

While support for our proposal has been broad, no legislation can be enacted unless the administration makes a real commitment to fight for welfare reform now.

Welfare reform cannot be passed without the joint support of Senators such as those sponsoring my legislation today and the White House.

I am prepared to assist the administration in pressing this matter.

The alternative to welfare reform is a future of unfulfilled promises for 25 million Americans living in poverty conditions, their children assured of a lifetime cycle of welfare, malnutrition, and sickness.

For these Americans and for welfare reform the future must be now. I call on President Nixon to put the full weight of his authority behind immediate enactment of welfare reform. Letters and telegrams of support for our amendment are already reaching our office from States all across the country.

I ask unanimous consent that the following exhibits be printed at this point in the RECORD.

Exhibit 1: List of supporters.

Exhibit 2: Description of amendments and comparison with H.R. 1.

Exhibit 3: Federal costs under current law, H.R. 1 and Ribicoff amendments.

Exhibit 4: State by State fiscal relief under H.R. 1 and Ribicoff amendments.

Exhibit 5: Statements of support.

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

EXHIBIT 1

LIST OF SUPPORTERS—SUPPORT FOR NEW WELFARE AMENDMENTS

Senators

*Abe Ribicoff (D.-Conn.).
 *Vance Hartke (D.-Ind.).
 *Edward Kennedy (D.-Mass.).
 *Jacob Javits (R.-N.Y.).
 *Edward Brooke (R.-Mass.).
 *Robert Stafford (R.-Vt.).
 Edmund Muskie (D.-Me.).
 Hubert Humphrey (D.-Minn.).
 Henry Jackson (D.-Wash.).
 Philip Hart (D.-Mich.).
 Mike Gravel (D.-Alaska).
 Walter Mondale (D.-Minn.).
 John Tunney (D.-Calif.).
 Birch Bayh (D.-Ind.).
 Lee Metcalf (D.-Mont.).
 John Pastore (D.-R.I.).
 Harold Hughes (D.-Iowa).
 Alan Cranston (D.-Calif.).

Governors

Francis Sargent (R.-Mass.).
 Walter Peterson (R.-N.H.).
 Deane Davis (R.-Vt.).
 Kenneth Curtis (D.-Me.).
 Frank Licht (R.-R.I.).
 Milton Shapp (D.-Pa.).
 Marvin Mandel (D.-Md.).
 John Gilligan (D.-Ohio).
 Tom McCall (R.-Ore.).
 Pat Lucey (D.-Wisc.).
 Cecil Andrus (D.-Idaho).

*Original sponsors.

Governors—Continued

William Milliken (R.-Mich.).
 John Burns (D.-Hawaii).
 Forrest Anderson (D.-Mont.).

Mayors

John Lindsay (D.-N.Y.) representing the National League of Cities/U.S. Conference of Mayors.

County leaders

National Association of Counties.

Organizations

League of Women Voters.
 Common Cause.
 AFL-CIO.
 United Auto Workers.
 American Federation of State, County and Municipal Employees.
 National Association of Social Workers.
 American Public Welfare Association.
 American Jewish Committee.
 American Association of University Women.
 Council for Community Action.
 B'nai Brith Women.
 Americans for Democratic Action.
 National Conference of Catholic Charities.

GOVERNOR'S STATE OF THE STATE MESSAGE TO THE 76TH MICHIGAN LEGISLATURE,
SECOND SESSION

Ladies and Gentlemen of the Legislature:

We are here today to consider the state of the state and to adopt plans to continue to move this state forward in 1972. The 10-point program I will outline for you in the next few minutes is based upon goals that are totally realistic and achievable.

Attainment of these goals, I believe, will be recognized by the people of this state as major accomplishments of which the Legislature and the people can be justly proud. The accomplishment of these goals will do much to build the faith of the people in their government.

In simplest terms, Michigan, although much stronger economically than a year ago, is in a state of paradox.

Nearly ninety-three percent of our labor force is employed. But there still is a distressingly high percentage of people without jobs.

We are in a period of recovery. But welfare rolls continue to grow.

New housing starts in Michigan this year will exceed 75,000 units. But more than 265,000 Michigan families live in sub-standard housing.

We are spending more money and effort than ever before to control crime. But crime increases.

We are making substantial progress in cleaning up the environment. But we have yet to stop fouling our air, polluting our water, and misusing our land.

Such paradoxes stand not as evidence of discouragement, but as indication of the challenge ahead of us. If we are to meet this challenge and realize our full potential, we cannot afford to waste time or talent. Neither can we afford to engage in narrow partisanship, which too often has resulted in public mistrust of government.

We have gone through a year of sacrifice in many ways. In cutting our budget in some areas to live within available resources, we have had to sacrifice much.

But some things we will not sacrifice.

We will not sacrifice the children who must learn.

We will not sacrifice the sick who need care.

But, we will not sacrifice the poor who need help.

We will not sacrifice the wronged who seek their rights.

STATEMENT PRESENTED AT THE OPEN HEARING ON FEDERAL WELFARE REFORM
LEGISLATION

(By Mrs. Frances E. Fisher, Chairman, Human Resources Committee, League of Women Voters of Ann Arbor)

The League of Women Voters of Ann Arbor supports the Ribicoff Amendments to H.R. 1, but today we wish to speak to an aspect of welfare reform that we believe needs serious attention, namely administrative accountability.

One of the principles of the League of Women Voters is that a democratic government depends upon the informed and active participation of its citizens. We would emphasize the word, informed. In recent years, citizens in general have become increasingly aware that they need more information than they are getting to enable them to make value judgements if they are to exercise their rights as citizens intelligently.

The Ann Arbor League of Women Voters has also become increasingly aware of the need for such information as we have examined the budgets of Washtenaw County the past several years. We have found this to be particularly true as we have sought more specific information about the adequacy and interrelationships of the various programs within the County Department of Social Services.

Partial information, irrelevant information, information distorted by incorporation with other unspecified information . . . all keep the citizen ignorant of the true status of his government. At a guess, a small percentage of the administrators who disseminate partial, irrelevant and distorted information do so in a deliberate effort to mislead the public. A few more, if Peter's Law is to be believed, do so through incompetence. But most of the misleading information seems to be caused by overlapping and contradictory administrative reporting policies and procedures.

We would ask you to look carefully at any proposed legislation to assure that the reporting of information vital to the understanding of the program, such as budgetary information, will be in a form such that the average citizen can satisfy himself of the validity of the information without recourse to translations. We emphasize that the "citizenry" includes those people welfare legislation is designed to benefit.

Thank you.

STATEMENT OF ANGELINE PERRY

I am Angeline Perry—an ADC mother of eight and a member of the Macomb County Welfare Rights Organization.

As a human being I feel that being on ADC brands me as a person who is not intelligent enough to think and carry on my business as a homemaker. I find it distressing to be told that I am not capable of carrying on with the problems—when it seems that we can figure out how to designate and appropriate for any business except the business of what it takes to operate my specific home. The Welfare System is not set up to help people out of poverty but to perpetuate the system. Surely if any business man really took a look at the loopholes (which by the way seem to be intentional) he would have to shake at any program operating such as this one—a program we are forcing on human beings.

Programs such as H.R. 1 and the amendments have in my observation created complete chaos—we feel like we are retreating back 40 years. We take giant steps on the moon and baby steps here on earth. People don't want Welfare (charity). They want jobs—dignity. They do not want rocks thrown at them. They want to be judged as a human being—not the last man on the totem pole to be shoved down and kept there, and then treated like dirt because they can't shake the mud and dirt caked on from years of being stepped on.

We plead not for ourselves alone but for the children who will grow up to take their place in society. We ask our Senators and Congressmen to look at the laws they will implement as to what truly happens what becomes of the families who have to withdraw from society—when the ax comes down to put poor people in their places.

We cry out but no one hears—only another law or confusion within departments but no help. Somehow there is a scale—you have to take it from one side to offset the other—but still the same amount only shifting it from one side to the other.

It seems the welfare Study Commission report, with definite recommendations, is scrapped.

I hope and pray that our lawmakers will take a real look at the problem instead of a paper-related program.

We have made a complete study of all so-called welfare reform bills which have been proposed in the United States Congress.

The basic allowances proposed in these bills are much too low to even pretend that this is for the benefit of the poor. In the face of massive layoffs and complete withdrawal of more and more jobs the idea that welfare recipients are forced to sign up for non-existent jobs in order to be kept on a most miserable allowance is completely unbearable. Any job must be taken no matter that the wages are below minimum wages given to any other person. Day Care is not regulated as to developmental training. Mothers and children are torn apart by more insecurity. She has no choice in day care for her own child and no say in how her child should be cared for.

The federal government is offering a reform program that actually cuts over 90% of this nation's poor to the most miserable existence. Cost of living has been completely ignored. In the State of Michigan the poverty level is much higher than the levels proposed.

STATEMENT BY LEAGUE OF WOMEN VOTERS OF DETROIT CONCERNING WELFARE LEGISLATION, JANUARY 17, 1972

I am Joan King, member of the Board of Directors of the League of Women Voters of Detroit. The league is a national, non-partisan, non-profit organization dedicated to informed citizen participation in government. Detroit with a membership of over 400 members is one of 43 leagues in Michigan. Reform positions on issues are taken by consensus of the members, thorough studies are undertaken. Today I am here to tell you what we found in our study of alternatives to our present welfare system—a study which was begun in 1970. League members

all over the country contributed their efforts and insights to reach consensus on this vital issue.

What can we do to alleviate the horrendous injustices we are heaping upon the aged, the disabled or chronically ill, children, job holders still too poor because of inadequate wages, mothers who are heads of families, those men and women who can't find jobs—and can't get into job training programs? For these are who we're talking about when we speak of people on welfare.

One of the first facts our study uncovered is that the mythical welfare recipient as a lazy, no-good bum lying around getting rich off welfare payments is just that—either 99 out of 100 poor Americans are too young, too old, too disabled, too blind or work to earn too little. That leaves 1 employable person out of a 100 who is not working. The Health, Education and Welfare figure that 1.7 percent of those on welfare cheat should be compared to the Internal Revenue's suspicion that 28% of the nation's businessmen and professionals under-report their income and cheat on taxes.

As for getting rich—in August 1971 a family of 4 living in Mississippi was expected to exist on \$840 a year. There are only 6 states in which grant levels reach the official poverty level. A national Gallup Poll conducted in January 1970, revealed Americans felt \$120 a week was essential for a family of 4. The official poverty level figure was then \$73 a week and the average welfare check received by a family of 4 was \$42.

Obviously, the disparity between the \$70 a month a Mississippi family of 4 receives and the \$347 a month a New Jersey family of 4 receives makes it *imperative* that we have a federalized system of welfare!

What should this federalized system consist of? Any humane welfare system can not ignore thousands of individuals and childless couples who are desperately in need of help in order to survive. Yet H.R. 1 which the House passed, callously ignores those in this category who are not aged, blind or disabled. Concerning financial eligibility—league position calls for eligibility based on current need. To stipulate that it be based on any other criteria would be dehumanizing. The grant level and future increases must be adequate to stop the vicious cycle of poverty. The only way that is possible is for recipients to be able to have hope they can someday climb out of the depths. Poverty breeds hopelessness, despair, and ultimately bitterness, resentment and crime. H.R. 1 provides the unbelievably low figure of \$2,400 a year for a family of 4. At this time the government defined "poverty" level is about \$4,000 a year for a family of 4, and the U.S. Government Bureau of Labor Statistics Lower Standard budget is \$6,500 a year. It would be totally unrealistic not to provide for a cost of living adjustment at any grant level yet H.R. 1 does not do this.

Despite the millions of mothers, children, blind, disabled and aged persons who are unable to work the myth of the loafer persists—accounting for the repressive work requirement stipulations in H.R. 1. The WIN program (work incentive) is totally incapable of training all the referrals sent to it and many persons will simply be put into deadend jobs which still don't pay enough for the worker to get off welfare. H.R. 1 permits recipients to be employed at $\frac{3}{4}$ the federal minimum wage—\$1.20 per hour, and would disregard \$60 per month of earnings plus $\frac{1}{3}$ of the remainder in computing assistance grants. Unbelievably, the order in which persons registered are to be referred to work or training programs under H.R. 1 is—mothers and pregnant women under 19—*first*.

To insure the protection of the rights of those persons under a federal assistance programs the league supports the guarantee of counsel in an appeal along with provision for judicial review to be provided.

In order that children might not unduly suffer from the horrible hardships of poverty, but might instead begin their lives with hope we urge that day care centers be not simply custodial but developmental as well. H.R. 1 vastly underestimates the need for day care centers—increasing facilities for a mere 875,000 children when there are more than 7 million children in the AFDC program now with an additional 6 million children of the working poor to become eligible soon.

I would like to close with a statement from the League's national publication. "America's poor have not only been denied many of the rights others enjoy, but also many of the opportunities. Badly schooled, untrained, ill and jobless, they are locked in the prison of poverty—often with lifetime sentences. In no other sphere do we so perversely punish the victim. Welfare reform is a key which can free the poor to live productive lives . . . and free other Americans from the oppressive role of warden."

Thank you for your attention.

TESTIMONY PRESENTED AT THE PUBLIC HEARINGS ON H.R. 1, JANUARY 17, 1972

(By Ann Kraemer, MSW)

Citizens for Welfare Reform, the group I am representing here today, was formed three years ago as a support group for welfare clients and groups who tried to change the welfare system. In our three years history, we have divided our energies between those projects which should be short term and those, like new legislation, which are more long term in nature.

In our three years experience, however, we have learned that *no* change effort regarding the status of the poor is short term. In our three years of working for change we have come to understand that the key to relief giving is the functions it serves for the larger economic and political order. Relief giving is a secondary and supportive institution. Our evidence suggests to us that relief arrangements are initiated or expanded during the occasional outbreaks of civil disorder produced by mass unemployment, and, are then abolished or contracted when political stability is restored. Expansive relief policies are designed to neutralize disorder; and, restrictive ones, to reinforce work norms. In other words, we have learned that relief policies are cyclical—liberal or restrictive depending on the problems of regulation in the larger society with which government must contend.

As evidence to support our understanding we only have to look at H.R. 1, the so-called "welfare reform" bill. This legislation, written at a time of mass unemployment, mandates forced work at wages *below* the minimum wage. It provides less than minimal monies for public service employment—a mechanism which could be used to help provide meaningful jobs for all who want work. It effectively removes constitutional and civil rights guarantees deemed as rights for all persons, regardless of economic status. Yes, it appears to us that H.R. 1 is restrictive legislation and, if passed, the poor will once again be asked to bear the costs of the vicissitudes of an economic system which is not designed to support its entire population.

While we understand that the bill introduced by Senator Fred Harris moves away from a restrictive welfare policy and moves toward a policy of meeting the needs of the poor, and while we are pledged to work for support of the Harris bill, we constantly ask ourselves if we are not, in fact, wasting our time trying to influence proposed welfare legislation? Should we, perhaps, expand our energies on those things which historically have caused more expanded welfare policies?

You see, we have gone to Lansing so many times that they can't be counted and we've gone to Washington on occasion to try to influence welfare legislation. In almost every instance, in Lansing and in Washington, our legislators have told us to go back and educate their constituencies about poor persons. Not only have they abdicated their responsibility to us, but when we do go forth and preach, 'so to speak', and when we come back to these same legislators with persons new to our constituency who also want meaningful welfare reform, our legislators find yet other reasons (known to all close to welfare reform) to support their unwillingness to work on behalf of the poor. While we recognize that our legislators are all too often as uneducated about welfare as the public, we also realize that legislators will never act on behalf of the poor as long as economic and political self interest dominate their activities.

In three years of spreading the message to all who will listen, we have met many decent, honest people who truly want to see this country change its priorities from those which serve the rich to those which serve the poor. Most persons we have met, whether they come from church groups, schools, unions or companies—have asked why it is that in a country of affluence there are so many who are deprived of the basic rights to life? We ask you this question today of you, our legislators, with the hope that as you try to answer it you, *at least*, critically examine the Harris bill. We hope that you too will find it the bill to support since it most adequately begins to meet the needs our poor population today.

 REACTION TO WELFARE REFORM LEGISLATION UNDER CONSIDERATION IN
 WASHINGTON

Mr. Chairman and Members of the Panel, my name is Emmett Roche. I served on our Michigan Governor Milliken's Welfare Study Commission and currently am serving on the subcommittee of our State's Welfare Reform Coalition.

I appreciate the opportunity to appear before you and to share with you some of my reaction to pending legislation on the Federal level relative to Welfare Reform.

It is my fondest hope that the reason for the delay in the enactment of H.R. 1 is that no legislator, in good conscience, could enact legislation that would guarantee any individual or family an annual income at any amount below that which the Federal Government recognizes as the poverty level of income.

It has long been recognized that poverty begets poverty, and to enact legislation which would continue to entrench people in poverty is nothing less than perpetuating the hellish circle of poverty. Such perpetuation of poverty is not only inhumane, in that it denies those who are helpless to do anything about their impoverishment the opportunity to realize any degree of hope or self-fulfillment as human beings, but it is fiscally inconceivable how any legislator could be a party to the perpetuation of poverty.

Study after study has revealed that those living in poverty have a high rate of school drop-outs because of lack of adequate clothing, nourishment, and a defeatist attitude toward ever being able to enter the mainstream of our society. Study after study has indicated this direct correlation between an inadequate nutritional diet during pregnancy and during the formative years of a child's development and mental and physical retardation. Even if we ignore the dignity of a human being, how can we justify denying a child an adequate nutritional diet without which it is possible he will have to be institutionalized, at a cost of thirty times what it would cost to feed the child or his pregnant mother today. In Michigan with an annual income of \$3,750 for a family of four, there is ninety cents a day to feed a person. Yet H.R. 1 proposes \$2,400 as an annual income for a family of four.

I know dogs which require more than ninety cents a day if they are to live. I know dogs which, if they did not have a daily food budget greater than ninety cents, their owner would be reported to the Humane Society. Do we have a comparable "inhumane society" to which we could report the child who is a victim of malnutrition? Should the legislators who would dare to enact such inadequate welfare reform as proposed in H.R.-1 be referred to some "inhumane society?"

In a society founded on Judeo-Christian principles which recognize the rights and dignity of the human being, can we do less than enact either the Harris or the McGovern Bills, which are the only Bills which recognize the right of human beings to live in dignity and decency, and the only Bills which give promise of breaking the hellish cycle of poverty and hopelessness?

HEARING PROVISIONS OF THE PROPOSED WELFARE BILLS

I would like to address myself to a narrow, though important, area of the proposed welfare legislation. This is the hearing requirements of H.R. 1, the Ribicoff amendments, the Harris bill, and the McGovern version.

In assessing the hearing procedures of any welfare program, one must always begin with the United State's Constitution's Fifth and Fourteenth Amendments requiring Due Process of law. The leading case on the requirements of due process in welfare cases is *Goldberg v. Kelly*, 397 U.S. 254 (1970), where the United States Supreme Court held that a full evidentiary hearing must be afforded welfare recipients *prior* to any termination of benefits.

The requirements of the due process right depend on the nature of the right at stake. In *Goldberg*, the Supreme Court described the right as follows:

[W]elfare provides the means to obtain essential food, clothing, housing, and medical care.

[T]ermination of aid pending resolution of a controversy over eligibility may deprive an *eligible* recipient of the very means by which to live while he waits. Since he lacks independent resources, his situation becomes immediately desperate. His need to concentrate upon finding the means for daily subsistence, in turn, adversely affects his ability to seek redress from the welfare bureaucracy.

397 U.S., at p. 264. Because of the fundamental nature of the "statutory entitlement" of welfare assistance, the Supreme Court required a full due process hearing.

A. PROCEDURAL REQUIREMENT

H.R. 1 contains no statutory requirement that a full due process hearing be held. No standards are contained in the bill, except that notice will be given (S 2171 (c) (1)). The House Ways and Means Committee Report assumes

that the federal Administrative Procedures Act are to apply (Committee Report, p. 137). However, there is no guarantee of this in the bill.

The Ribicoff amendments do state that the federal A.P.A. governs (§ 2171 (c) (3)). The Harris and McGovern versions explicitly provide for a full due process hearing. (See, e.g. McGovern bill, § 11 (D).)

It is imperative that the hearing rights of recipients be clearly set out and guaranteed. The fundamental right to a basic subsistence mandates this. And the clear pronouncement of the Supreme Court in *Goldberg v. Kelly* makes anything less a purposeful flouting of the United States Constitution. *Goldberg* sets out the procedural minima for a fair hearing. The Supreme Court required:

That a recipient have timely and adequate notice detailing the reasons for a proposed termination, and an effective opportunity to defend by confronting any adverse witnesses and by presenting his own arguments and evidence orally.

"The right to be heard would be, in many cases, of little avail if it did not comprehend the right to be heard by counsel." [Quoting from *Powell v. Alabama*, 287 U.S. 45, 68-69, (1932).]

Finally, the decision makers conclusion as to a recipients eligibility must rest solely on the legal rules and evidence adduced at the hearing.

And, of course, an impartial decision maker is essential.

These minima were clearly set forth by the Supreme Court and should now be contained in any hearing provision.

B. JUDICIAL REVIEW

All four plans provide for judicial review. However, H.R. 1 contains one glaring exception not contained in the other three proposals. H.R. 1 states that findings of fact are "final and conclusive and not subject to review by any court." § 2171 (c) (3). Such an exception raises serious due process questions. The Supreme Court in *American School of Magnetic Healing v. McAnulty*, 187 U.S. 94 (1902), pointed out the dangers of giving administrative agencies unbounded discretion in making findings. If there is no review,

the individual is left to the absolutely uncontrolled and arbitrary action of a public and administrative officer, whose action is unauthorized by any law and is in violation of the rights of the individual.

187 U.S., at p. 110. Because of the dangers to our democracy of uncontrolled discretion, the Supreme Court has required an evidentiary base for any agency determination. In *Schwartz v. Board of Bar Examiners*, 353 U.S. 232, at 239, the Court stated:

Even in applying permissible standards, officers cannot [consistently with due process of law] exclude an applicant where there is no basis for their finding that he fails to meet these standards.

In *Sterling Davis Dairy v. Freeman*, 253 F. Supp. 80, at p. 82, a United States District Court stated:

It is to be noted that the "substantial evidence" test itself is closely related to the due process concept. An administrative ruling not reasonably supported by the proofs is, hence, violative of due process because of its inherently arbitrary character.

Thus it is clear that findings of fact must be supported by substantial evidence—substantial evidence being "such relevant evidence as a reasonable mind might accept as adequate to support a conclusion," *Consolidated Edison Co. v. NLRB*, 305 U.S. 197, at p. 229 (1938)—and that the courts have the authority and constitutional duty to assure that all findings be substantiated by the evidence.

H.R. 1 attempts to elude this requirement. While it might be said that judicial construction would correct the deficiency, that is not an adequate answer. Substantial delay would result while such questions were being litigated, and irreparable harm to recipients would result. The illegality of H.R. 1 should be rectified now.

C. STATUS BENEFITS PENDING HEARING

The Ribicoff, Harris, and McGovern proposals all make clear that benefits may be terminated, diminished, or suspended prior to any hearing decision. H.R. 1 has no comparable provision.

Here again H.R. 1 falls short of constitutional requirements. *Goldberg v. Kelly* makes clear that a hearing must be afforded the recipient prior to any termination of benefits. By parity of reasoning, a hearing must be granted a recipient prior to any action that would adversely affect the receipt of benefits. The Ribicoff, Harris, and McGovern versions guarantee this due process right. H.R. 1 does not.

D. EXPENSES

The Harris and McGovern bills provide for the payment of "reasonable expenses" to recipients pursuing their administrative remedies. H.R. 1 and the Ribicoff amendments contain nothing.

Reimbursement of child care, transportation, lost wages, and other "reasonable expenses" must be provided for. They are necessary to enable a recipient to properly and fully pursue his remedies. To provide otherwise is to practically deny the administrative right to a hearing, for welfare recipients can ill afford to deduct child care or transportation costs from their already low income.

E. REPRESENTATION

All four proposals allow for legal and lay representation at hearings. However, H.R. 1 requires nonattorneys to be "of good character and in good repute," and able "to render such claimants valuable service." Such language gives the Secretary broad discretion to prevent anyone he dislikes from representing welfare recipients. The possible abuse is obvious—welfare rights organizations may be precluded from aiding other recipients. Such action would deny many recipients the right to counsel for most legal services attorneys are presently overburdened with work. Moreover, welfare rights groups can often provide better assistance than lawyers for these groups must live on a day to day basis with welfare and can better understand the problems encountered by recipients.

In summary, some of the major failings of H.R. 1's hearing procedure are found in what it does not say. There is no provision for procedural requirements, nothing regarding the status of benefits pending hearing, and no provision for expenses. Moreover, the provision for judicial review falls short of constitutional requirements; and the right to representation can be severely limited.

It is no answer that the courts can fill in the gaps and right these wrongs. The Congress and the Administration have an obligation to obey the Constitution, especially where, as here, the requirements are clearly set forth by the Supreme Court. Moreover, irreparable harm will come to welfare recipients, because of the long delays, if they must once again resort to the courts to have their rights protected.

H.R. 1 is not welfare reform; it is welfare regression. Even the present system offers recipients greater protections than H.R. 1.

The hearing provisions of H.R. 1 must be substantively modified, or better yet, deleted and replaced by either the Harris or McGovern provisions.

Thank you.

Respectfully submitted.

COREY Y. S. PARK,
Legal Aid Office,
Detroit, Mich.

DETROIT METROPOLITAN ASSOCIATION, UNITED CHURCH OF CHRIST, RESOLUTION
ON ECONOMIC JUSTICE, PASSED OCTOBER 3, 1971

The Detroit Metropolitan Association, UCC, affirms the goal of economic justice as expressed by the Eighth General Synod of the United Church of Christ: "To commit the UCC to changes in social structure and social action that will make the United States a nation in which racial pluralism is viable."

As steps toward reaching that goal, the Association also affirms the following objectives:

Objective 1.—To recognize that all persons are entitled to the wherewithal to sustain life; that each person is, as a matter of right, entitled to and should be assured of a humane standard of living.

Objective 2.—To urge through all appropriate means adoption of a guaranteed income for all Americans to eliminate poverty and hunger in the United States, a minimum of \$6,500 per year for a family of four being both reasonable and necessary at this time; to find means to make the lives of people living on guaranteed income more meaningful and more creative in order to fulfill their highest human potential.

Objective 3.—To urge through all appropriate means increase in the minimum wage, and automatic increases in the minimum hourly rate to keep pace with rises in the cost of living.

Objective 4.—To urge through all appropriate means extension of minimum wage coverage to state and local governmental employees, workers in small retail businesses, farm workers, and other workers not now covered.

Objective 5.—To urge through all appropriate means establishment of a domestic Marshall Plan for central cities, so that once again they may be made decent places for human habitation.

Objective 6.—To urge through all appropriate means immediate action, by federal, state, and municipal governments and by private industry, to provide enough jobs to eliminate unemployment, with special attention being given to balancing the unemployment rates of Blacks and other minorities with those of whites.

Objective 7.—To urge through all appropriate means adoption of a universal and comprehensive health insurance program, accompanied by a national campaign to enlist, fund, and educate Blacks and other non-whites as doctors, nurses, administrators, and medical technicians.

Objective 8.—To urge through all appropriate means adoption of a national transportation policy which provides for far more emphasis on mass transit and provision of funds to make mass transit available to all.

Objective 9.—To urge through all appropriate means substantially increased federal support for higher education for Blacks, American Indians, Chicanos, Puerto Ricans, and other racial minorities and for primary and secondary education in blighted urban centers and in the rural South.

RECOMMENDATION FOR WELFARE REFORM

ELI P. COX, PROFESSOR OF MARKETING, MICHIGAN STATE UNIVERSITY

I once heard it said of a man that even his best friends hated him. I think that pretty well describes the general feeling toward the current system of public welfare programs. Nobody seems to like them—not the recipients, not the administrators, and, certainly, not the people who pay for them.

I do not consider myself to be an authority on public welfare, but I have investigated some of the economic aspects in order to find out who the poor are, how poor they are, and the effects which increasing their incomes up to poverty thresholds would have on their demand for consumer goods.

I feel that some sort of guaranteed annual income, probably in the form of a negative income tax, would be much preferable to the current programs, particularly if they include incentives which encourage many recipients to work their way out of poverty. Such incentives must be accompanied by an infrastructure which would be made up of such enabling services as child day-care and vocational training.

There are now male heads of households who are fully employed and yet still do not earn anything like as much as the earners' families could receive in Aid to Families With Dependent Children if they should desert them. Thousands of former breadwinners have apparently done just this already, helping to swell the already huge rolls of those receiving AFDC benefits.

Acceptable welfare programs must make it possible for the head of household who has not yet given up to qualify himself to earn enough to pass through the poverty threshold, and for those who have left their families to be able to return to them and win back their self-respect. The new programs must also make it possible for female heads of households to seek and qualify for outside employment.

My analysis of available data indicates that the primary causes of poverty are age (the very old and the very young), the lack of education, and either physical or mental disability. The old and the disabled must be provided for as generously as possible, with little, if any, pressure to make an economic contribution to society. No set of incentives or type of educational program can do much with them.

Children under the age of 18 make up four out of ten members of all poor families and six out of ten in Negro families. These and their parents make up at least half of the poor who live in family groups and a much higher proportion than that of those on welfare rolls. It is in this segment that much can be done. Enabling and encouraging such families to struggle out of poverty and educating their children sufficiently to prevent the perpetuation of poverty should be the

chief objectives of a new welfare program. Humanity demands that society provide for the aged and the disabled. Survival of our society requires that we reduce to an absolute minimum the other causes of poverty.

TESTIMONY TO THE MICHIGAN CONGRESSIONAL DELEGATION

FROM CHARLES CALATI, CHAIRMAN OF THE GRAND RAPIDS COALITION FOR WELFARE REFORM, JANUARY 19, 1972

Honorable Senators and Representatives: The Grand Rapids Coalition was formed over a year and a half ago. It is comprised of major church, civic, labor and social service organizations in Grand Rapids who share a common concern about the plight of the poor and especially the welfare recipient. Our objectives are four-fold. We want to have instituted;

1. A basic social service system that assures competent help at times of crises or emergency and ongoing professional guidance to maintain family cohesion and stability.

2. A supplementary cash payment system of income maintenance.

3. A system which provides meaningful jobs at adequate wages through the implementation of the Full Employment Policy adopted by Congress over 25 years ago in 1946.

4. A comprehensive and inclusive social insurance program with health care provisions at a level of adequate benefits.

We seek these objectives with the poor whom we know as fellow human beings and not as the stereotypes that are created by the mass media. Let me explain. The media and word of mouth has made the poor the modern scapegoat for society's problems by many frustrated people. They are seen as lazy, immoral and therefore undeserving of help. We see the poor daily in Grand Rapids struggling against tremendous odds to achieve the common American dream of freedom and prosperity. Whether it is a senior citizen trying to keep his home on a \$100.00 a month check from Social Security, or a disabled father trying to care for his family on a below subsistence check from the State, or a mother on welfare with three children figuring how to make a \$17.00 allotment cover a gas bill for \$34.00, they still share the common dream. How long can we expect them to keep dreaming when they lose their homes, their possessions, their families, and most important, their dignity and self-respect?

From the poor person and society's view, the present welfare system is a hopeless failure. It is woefully inadequate to meet even the basic needs of people who depend on it. It is unmanageable with over fifty state and territorial administrations along with thousands of county administrative units. In Michigan alone, there are 83 separate county departments. Rules and policies change from county to county and state to state. How many of us could exist in a society where we did not know what the rules were? The system is unfair. If you are poor and work full-time, you get nothing. You get more benefits per person if you are old than if you are blind, than if you are disabled, than if you are a dependent child; irrespective of what it takes to live. Lastly, the system is terribly wasteful. Administrative costs run as high as 40 per cent for some county programs. Rules and regulations often are contradictory to goals. Family unity is stressed as a goal, but women are encouraged to seek divorces to be eligible for aid and to leave their children to work.

The general public is outraged at welfare and rightly so. The public likes to see thrift and/or results in government. Money has been appropriated quite freely for defense and space without too much complaint because citizens see results. We are the world's greatest military power and have landed men on the moon. We spend money on welfare and the public does not see results because nobody has clearly outlined the goals of public assistance.

How can we know if welfare is doing any good if no one is quite certain what it is trying to accomplish? Since the taxpayer doesn't know where the welfare system is headed, he reacts by calling for cutbacks in spending. I'm sure most of you have heard from these citizens. But, I am just as sure that the American people have a strong desire to help the poor. The success of numerous appeals for the needy through churches and synagogues and the great number of unpaid volunteers who work to help alleviate the suffering of those in need are striking examples of concern for the disadvantaged in our rich land. The sympathies for the plight of our less fortunate citizens are there, but what we need is a program of reform that will address itself to these concerns.

We would like to urge that the objectives we have stated serve as the basis of a national welfare reform program that would eliminate poverty for those who cannot work and help those that do work or want to work. A complete federal funding of income maintenance and health care for the poor would free state and local resources to deal with the other pressing problems of the states and cities. Adequate grants above the poverty line are needed and above all else, we must stop destroying families and self-respect with our programs. Policies and laws should be clearly stated for the poor and their voice must be heard in the decisionmaking process. In these ways, the dream of opportunity and freedom from want can be a reality for the 35 million Americans who now live in poverty.

AMERICAN FEDERATION OF STATE, COUNTY,
AND MUNICIPAL EMPLOYEES,
LOCAL 1880—MICHIGAN SOCIAL SERVICES EMPLOYEES,
May 18, 1972.

HON. MARTHA W. GRIFFITHS,
*Chairman, Subcommittee on Fiscal Policy, Congress of the United States—Joint
Economic Committee, Washington, D.C.*

DEAR REPRESENTATIVE GRIFFITHS: This organization feels we must respond to the generalized "charges" and "findings" at the recent Detroit hearings on public welfare. When we consider that the investigating subcommittee required written presentations to be submitted in advance, and that those persons submitting same were subject to oral questioning with no similar opportunity of advance written requests for specific data, we cannot help but wonder about the true intent of these hearings.

Specifically, we deplore the use of the "hypothetical question" as a tool of any real value in arriving at factual data. Certainly it is possible for a recipient of unemployment benefits to earn up to 50% of his benefit amount, but in the current economy of this city, county, and state, we challenge the motion that many can find such consistent part-time employment.

We take exception also to the finding theft of Medical Assistance cards constitutes fraud in that program. Certainly thousands of Social Security and Veterans' checks have been stolen over the years, yet we hear no such claims against those programs. The fact is that in order to benefit from stealing a Medical Assistance card, the thief must also have stolen some physician's prescription blanks and faked his registration number in order for an *honest* pharmacist to fill the prescription.

We call your attention to the enclosed memo #72-9 regarding the federally funded Model Neighborhood Comprehensive Health Program for persons living in a particular section of Detroit. Only persons having a Group I Medical Assistance card are eligible to participate, yet their cards will be withheld for 6 months while they report elsewhere to be enrolled in another program. The alleged benefit of this is to provide certain services lacking in the Medical Assistance program. However, anyone eligible for Group I can obtain assistance for non-covered services from local welfare sources. This is the most flagrant example of overlapping and duplication that we have seen. At what additional administrative costs and for what purpose was this "new" program initiated? Why not, instead, provide these services to Group II eligibles, who cannot obtain them elsewhere?

For those of us who have worked many years in Public Assistance, the words "welfare reform" are a hope for improvement in the delivery of aid and services. Instead we see that our positions have been down-graded, with the H.E.W. policy of "declaration" substituted for our ability to investigate and verify. At the same time that H.E.W. demands that we accept an applicant's reasonable statement of need, we are not allowed to participate in policy-making decisions or make reasonable demands of our administration.

About 2 years ago, an administrative order called for a reduction in the allowances for "expenses of employment" to \$40 per month. These expenses included all required withholding taxes. (city, state and federal) social security deductions, cost of uniforms, safety shoes, and transportation work. Regardless of actual net "take-home pay" or travel expenses, we could deduct only \$40 per month off the gross pay amount of any wage-earner, no matter what the size of his family. Nearly a year lapsed before this was found, in court, to be unconstitutional, but no retro-active formal requests. Needless to say, there was no attempt to give publicity to this situation.

About 22 years ago, the City of Detroit Department of Public Welfare was subjected to harrassment and charges of fraud in a series of articles in the "Free Press." At that time the administrative costs of Receiving Hospital were included in the welfare budget. A subsequent city charter amendment removed Receiving Hospital as a welfare-budgeted facility and placed it under the jurisdiction of the Board of Health. "Free Press" headlines then claimed credit for a several million dollar reduction in the welfare budget, with no mention that the same funds were merely coming out of a different pocket of the city treasury.

In conclusion, Representative Griffiths, from your committee we hope for better things.

Thank you for accept this presentation into your records.

LINDA WILSON,
Secretary.

Enclosure :

MEMORANDUM

March 23, 1972.

To: Staff
From: R. B. Shelton
Re: Model Neighborhood Comprehensive Health Program

The State of Michigan Department of Social Services has signed an agreement with the Model Neighborhood Comprehensive Health Program, Inc. (MNCHP) to provide comprehensive preventive, diagnostic, therapeutic and rehabilitative health care for those enrolled in the plan. Any person presently certified as eligible for *Group I Medicaid* services and who resides in the geographic area of the plan is eligible for enrollment (map appended). Group II MA and GA recipients are *not* eligible.

To prevent duplication, the Medical Assistance card mailed monthly to all MA recipients will *not* be issued by State Office to MNCHP enrollees. Instead these enrollees will be issued an MNCHP identification card to present to vendors at time of services.

The State of Michigan will be responsible for the payment to MNCHP for covered services on behalf of enrolled persons by a monthly per capita premium payment. MNCHP enrollees, with the exception of emergency services, will receive their complete health care services at the Detroit Model Neighborhood Health Center, 3455 Woodward, Detroit 48201.

The period of each enrollment shall be for six (6) months, with the first enrollees becoming eligible on April 1, 1972. Termination of coverage shall occur at the end of the minimum six month period when the enrolled person—

- a. becomes ineligible for Group I MA services,
- b. moves outside the geographic area, or
- c. elects to terminate enrollment.

Termination of coverage may also occur when the client moves outside the service area prior to the end of the six month period or for other reasonable cause as determined by the Director of the Michigan Department of Social Services.

MNCHP has designated Harper Hospital, Grace Hospital (Central), Hutzel Hospital, Children's Hospital, and Rehabilitation Institute as providers of hospitalization under the plan.

Benefits:

Benefits provided to enrollees of MNCHP correspond in general to those available to the Group I MA recipient. A partial listing of MNCHP program benefits is provided below.

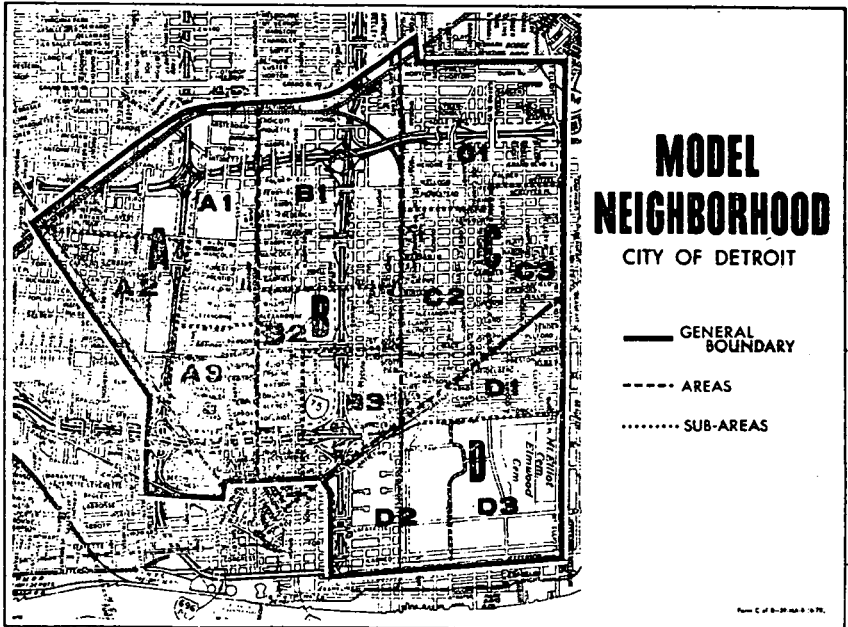
1. General hospital care of 365 days per enrollee.
2. Convalescent care of 730 days per enrollee.
3. Pharmaceutical services (as prescribed by MNCHP).
4. Comprehensive health examinations and other screening tests.
5. Immunization as required.
6. Pre-natal and post-natal care.
7. Eye examinations, refractions and eye glasses. (Maximum of one pair of glasses per year per enrollee).
8. Out-patient visits to psychiatrists (upon referral to MNCHP).
9. Up to 90 days of care for mental illness or TB when such short term care is ordered by a MNCHP physician.

Exclusions:

1. Non-emergency services obtained from providers not formally affiliated with MNCHP.
2. Long term hospitalization beyond that specifically provided for in the agreement.
3. Medical/surgical services considered experimental in nature.
4. Dental care, except oral surgery when ordered by a MNCHP physician.
5. Cosmetic surgery.
6. Private duty nursing, except when ordered by a MNCHP physician.

A copy of the Health Plan Enrollment Application (DSS-1123) will be used to advise the staff of client/family enrollment in the plan and is to be used to prevent issuance of supplemental warrants for a service available through the MNCHP (i.e. eye glasses).

Mr. Nelson Aubrey, Task Force, T-316, 222-1490 will provide liaison between State Office and MNCHP as needed.



METROPOLITAN DETROIT CHAPTER,
NATIONAL ASSOCIATION OF SOCIAL WORKERS,
Detroit, Mich., May 17, 1972.

HON. MARTHA GRIFFITHS,
Washington, D.C.

DEAR REPRESENTATIVE GRIFFITHS: Attached is the Transcript of Testimony of the Citizen's Hearing on Welfare which was conducted on May 3, 1972 to augment the Hearings of the Subcommittee on Fiscal Policy of the Joint Economic Committee of Congress which were conducted in Detroit, Michigan under your chairmanship, May 3-5, 1972.

We respectfully request that this testimony be incorporated into the testimony generated by your hearings in Detroit. It is our belief that this document can be of invaluable assistance to your Committee's work.

Sincerely,

ROBERT C. BONOVICH, DSW, ACSW,
Chairman, Citizen's Hearing.

Enclosure :

TRANSCRIPT OF TESTIMONY OF THE CITIZEN'S HEARING ON WELFARE

Detroit, Mich., May 3, 1972.

The Citizen's Hearing on Welfare was conducted in the auditorium of the City-County Building, Detroit, Mich., May 3, 1972, 7-10 p.m. to augment the work of the Subcommittee on Fiscal Policy of the Joint Economic Committee of Congress.

This Transcript is presented to the Honorable Abraham Ribicoff, U.S. Senator, and the Honorable Martha Griffiths, U.S. Representative to be added to the testimony gathered in the Hearings of the Sub-Committee on Fiscal Policy conducted in the Federal Building, Detroit, Michigan on May 3, 4, 5, 1972.

PURPOSE OF THE CITIZEN'S HEARING

The Citizen's Hearing on Welfare was established :

1. to make visible our concern about the method of data collection of the Subcommittee on Fiscal Policy.
2. to generate data for the Subcommittee on Fiscal Policy which, combined with the data collected by the Subcommittee in its Detroit Hearings, would create a broader, more objective picture of the welfare system in Detroit, Michigan.

OBJECTIVES OF THE CITIZEN'S HEARING

The objectives of the Citizen's Hearing were the same as the objectives of the Sub-Committee on Fiscal Policy, as those objectives were articulated by the Honorable Martha Griffiths, U.S. Representative:

"to determine how to best meet—effectively and economically—the actual needs of those less fortunate members of our society for whose benefit the programs are designed. . . . How all of these programs actually work. Whom do they help, and whom do they neglect, and, more important, how do they all work in combination with each other?"

SPONSORS OF THE CITIZEN'S HEARING

National Association of Social Workers, Metropolitan Detroit Chapter.
 Citizens for Welfare Reform.
 Welfare Reform Coalition.
 Southern Christian Leadership Conference.
 Citizens for Better Care.
 Michigan Legal Services.
 The Detroit Task Force on Hunger and Malnutrition.
 The Mayor's Committee on Human Resources Development.
 The American Civil Liberties Union, Detroit Chapter.
 County Commissioner RoseMary Robinson.

OFFICERS OF THE CITIZEN'S COMMITTEE

Chairman.—Robert C. Bonovich, DSW, Chairman, Division of Social Policy and Action, Metropolitan Detroit Chapter, National Association of Social Workers.

Steering Committee.—County Commissioner RoseMary Robinson; Maryann Mahaffey, Chairman, Detroit Task Force on Hunger and Malnutrition; David Dempsey and Robert Preuss, Members, Metropolitan Detroit Chapter, National Association of Social Workers.

Press Secretaries.—Nancy Klien, Welfare Reform Coalition; George Ribble, National Association of Social Workers.

Recording.—David Hoard.

PRELIMINARY MATERIAL

1. Copy of Telegram to The Honorable Martha Griffiths from Dr. Robert C. Bonovich.
2. Copy of letter to Dr. Robert C. Bonovich from The Honorable Martha Griffiths.
3. Copy of letter of invitation to The Honorable Martha Griffiths from Dr. Robert C. Bonovich.

[Telegram]

DETROIT, MICH., April 25, 1972.

Congresswoman MARTHA GRIFFITHS,
Longworth Office Building,
Washington, D.C.

DEAR MADAM REPRESENTATIVE: It is our understanding that the Subcommittee on fiscal policy of the joint economic committee of Congress of which you are chairwoman will hold hearings in Detroit May 3 through 5 on the Nation's welfare system.

Because of our intimate knowledge of the welfare system gained through experience in working within the system and in working with recipients who are clients of other agencies, we feel that we have much to offer to your committee's work and therefore request the opportunity to testify at the Detroit hearings.

Sincerely,

ROBERT BONOVICH, DSW, ACSW,
Chairman, Social Policy,
National Association of Social Workers,
Metropolitan Detroit Chapter.

CONGRESS OF THE UNITED STATES,
 JOINT ECONOMIC COMMITTEE,
Washington, D.C., April 27, 1972.

Mr. ROBERT BONOVICH, DSW,
ACSW Chairman, Social Policy, National Association of Social Workers, Metro-
politan Detroit Chapter, Detroit, Mich.

DEAR MR. BONOVICH: Thank you for your interest in the Detroit hearings of the Subcommittee on Fiscal Policy, and your request to testify. Unfortunately, our schedule for witnesses at our hearings on the Administrative Aspects of the Nation's Welfare Programs is completed. The Subcommittee is very interested, however, in hearing the views of other concerned persons and organizations, and it is my hope that such persons and groups will submit written statements which will be included in the printed hearing record. I have requested that persons for whom we are unable to schedule time be permitted to submit written statements containing their views until May 20, 1972.

You may want to attend some or all of the hearings and base your statement in part on the issues raised at that time. This course gives you an opportunity to support, take issue with, or cover issues in addition to those considered during the hearings. In any event, we hope you will be able to submit a statement. The statement may be transmitted to a member of the staff at the hearings or mailed to the Subcommittee office at 1537 Longworth House Office Building, Washington, D.C. 20515.

The hearings will be held May 3 through 5, in Room 859 of the Federal Building in Detroit. The hearings will convene each day at 10 a.m. and 2 p.m. except that the Wednesday afternoon session is scheduled for 3:15 p.m.

Thank you again for your interest and concern.

Sincerely yours,

MARTHA W. GRIFFITHS,
Chairman, Subcommittee on Fiscal Policy.

MAY 2, 1972.

HON. MARTHA GRIFFITHS,
U.S. House of Representatives,
Detroit Office, Detroit, Mich.

DEAR CONGRESSWOMAN GRIFFITHS: The Metropolitan Detroit Chapter of the National Association of Social Workers in co-sponsorship with County Commissioners Silver and Robinson, The Detroit Task Force on Hunger and Malnutrition, the Mayor's Commission on Human Resources Development, Southern Christian Leadership Conference, Welfare Reform Coalition, Citizens for Welfare Reform, Citizens for Better Care and Michigan Legal Services will conduct a Citizen's Hearing on the welfare system to augment the testimony being generated by the Detroit hearings of the Sub-Committee on Fiscal Policy. The

Citizen's hearing will be held at 7:00 P.M. Wednesday, May 3, 1972 in the thirteenth floor auditorium of the City-County Building.

At this time, we anticipate, in addition to testimony from many of the co-sponsors, testimony from Speaker of the House Ryan, Mr. Leo Shaffer, the Association of Black Social Workers, FOCUS: Hope, the American Civil Liberties Union, the West Side Mothers, Local 1640 and others.

The NASW supports your efforts on behalf of equal rights for women and national health insurance. It supports efforts directed to the more equitable provision and delivery of services and resources to people in need. It supports many of the objectives which you have publicly stated in setting the focus of your Sub-committee's hearings. It is those objectives, in fact, which will be stated as the objectives of the Citizen's Hearing and which will guide the conduct of our meeting. We earnestly believe that the testimony which will be generated at the Citizen's Hearing will facilitate the work of your Sub-committee.

Please accept this invitation to attend and participate in the Citizen's Hearing. It would be my pleasure for you to serve with me as co-chairman.

What began a few days ago as a small effort on our part to generate testimony for your Sub-committee has resulted in something of a groundswell. I believe it represents the intense interest in the state of the welfare system in Detroit. I apologize for the late notice but until last night I was not certain that our activity warranted your attention and involvement. Today I am convinced.

Sincerely,

ROBERT C. BONOVICH, DSW, ACSW,
Chairman, Division of Social Policy and Action.

TESTIMONY OF CITIZEN'S HEARING

1. Mr. Mitchell Ginsberg, President, National Association of Social Workers.
2. Mr. Leo Shaffer for Citizens for Better Care.
3. Mr. Charles Grenville for FOCUS: Hope.
4. Mr. Hali Giessler for National Association of Social Workers.
5. Miss Ann Kraemer for Citizens for Welfare Reform.
6. Mr. David Wineman for American Civil Liberties Union.
7. Dr. Charles LeBeaux for National Association of Social Workers.
8. Speaker of the Michigan House of Representatives William Ryan.
9. Mrs. Selma Goode for Westside Mothers.
10. Mrs. Mamie Blakley for Westside Mothers.
11. Mrs. Brenda Hoffman for Westside Mothers.
12. Mrs. Dian Wilkins for Welfare Reform Coalition.
13. Mr. Brad Randall for UAW Local 306.
14. Mr. Robert Preuss for National Association of Social Workers.
15. Mr. James Bish for Welfare Employees Union.
16. Mr. Ralph Judd for Eighth Senatorial District.
17. Mr. Paul Hubbard for the Association of Black Social Workers, Detroit Chapter.
18. Mr. Nicholas Hospas for Alexandrine House.
19. Sister Joannette Metz for Archdiocese Legal Aid and Defenders Office.
20. Milton Tambor for Local 1640, AFSCME.
21. Mrs. Angeline Perry for Welfare Rights Organization, Macomb County.

[Telegram]

WASHINGTON, D.C., May 2, 1973.

Dr. ROBERT BONOVICH,
Detroit, Mich.:

Congratulations on your determination to have open hearings where the public can add to the record from their experience with the administration of welfare and other important matters of public concern. Equity in the administration of the present welfare system will be possible only when there is one federally designed program with eligibility based on the single criteria of human need. The present welfare categories which set out to differentiate who is worthy or unworthy among the poor and reward or punish accordingly, is a system which inherently will only hurt the recipient and fail the public.

The national association of social workers believes the current welfare expenditures must be integrated into a national incomes policy, so structured as to end poverty and equitably distribute the resources of the American economy.

We, therefore support a guaranteed annual income based on what it actually costs to maintain an adequate standard of living, best represented by the Bureau of Labor statistics lower living level urban family budget.

The administration of such a system can be accomplished efficiently, fairly and with recipient rights fully protected.

Of equal importance is a publicly supported program of social services to meet those human problems and needs beyond income requirements.

The multiple programs and differing eligibility for income support, supplemental benefits, in ind resources and social service have all recently been the subject of congressional inquiry and criticism. What must be kept in mind is that this array of programs is a partial reflection of the diversity of human need and a direct consequence of the legislative process. Any reform of the administration of the welfare system must realistically accept both the complexity of human need and the limitations of the legislative process. The goal of all such reform must be the enhancement of human life and potential and the furtherance of the public good.

Currently we are on a course which makes it fashionable to fault the system. But belaboring the managers of a legislatively created punitive and repressive welfare program will not bring justice.

Blaming the victims of this unfair and inadequate system serves no positive purpose. Perhaps your hearings can help bring the public debate on welfare to some measure of reason and humanity. We are with you in your effort.

MITCHELL I. GINSBURG,

President National Association of Social Workers.

TESTIMONY OF LEO D. SHAFFER

My name is Leo Shaffer. I am here representing Citizens for Better Care—a Detroit area consumer action organization concerned with the improvement of nursing homes and other health problems affecting the elderly. Citizens for Better Care (CBC) was formed about three years ago as a result of a resolution passed by the Detroit Common Council, which urged the creation of an organization to represent the public and consumer interest in regard to nursing homes.

Then—as today—we were faced with a situation in which the citizen and client's voice was not heard. Now—with over 500 members, mainly the elderly themselves—CBC has spoken and acted forcefully about incredible conditions in nursing homes, and about the laxity with which these facilities have been regulated by government agencies.

Recently, for example, Citizens for Better Care won a suit against the State Health Department which had refused to make public the information which it had about the quality of nursing homes in Michigan. The Circuit Court decision is being appealed by Michigan's Attorney General, but we are confident about the eventual outcome.

Now, the subject we are concerned about here today is welfare reform, and fraud in welfare programs. Fraud by recipients is a very small percentage of this problem. Furthermore, there are different kinds of fraud. When laws are passed and money appropriated to provide needed benefits for the poor, for example, and the poor are permitted to remain ignorant of these benefits, this to me is a kind of fraud—fraud by omission by the government—and much needless suffering and hardship continues because of this omission.

When funds are provided by law or otherwise for benefits such as medicaid and medicare for the poor and the aged and they are shortchanged in the services being paid for but not provided, this to me is fraud, and this is going on all the time and is defrauding people of millions of dollars of benefits they are entitled to and need very badly.

I am here today to talk about changes which must be undertaken in our welfare system. I am here today to protest welfare fraud—the fraud perpetrated by parts of the nursing home industry on sick, elderly persons who go into nursing homes expecting to receive high-quality, loving care. And I am here to protest the fraud perpetrated by some State officials and agencies, including the staff of Michigan's Department of Social Services, which continues to accept substandard care for their clients, which continues to pay for this care and yet which refuses to protect the rights of nursing home patients.

In Michigan most nursing home patients have their care financed by Medicaid, a welfare program, and are therefore clients of the State Social Services Agency.

Let me give you some examples of this welfare fraud.

In March, Citizens for Better Care initiated legal action against the 225-bed Alden East Convalescent Home in Detroit. State Health Department records about this home report the following:

A female patient at the home died last year in Detroit General Hospital's emergency room after failing to receive antibiotics prescribed by a physician three days earlier.

In January an elderly, acutely ill woman admitted to the home went for 21 hours without receiving nursing attention; inspectors found her lying in soiled bedding, without drinking water, and discovered that her physician had not been notified of her transfer to the home.

Last summer a patient complained of being physically abused and was discovered to have suffered a lacerated cornea.

The January inspection of the home discovered about 90 violations including such problems as the call system not operating in one section, dirty and stained floors, medications not given to patients as prescribed by physicians, half-used milk cartons lying around that patients had saved because, despite what was stated in the home's own menus, milk was not served at the noon meal.

The records reveal that such problems as inadequate staffing, improper handling of pharmaceuticals and poor physical plant, had persisted over a three year period without affective State action.

This is a nursing home, almost completely filled by elderly persons on welfare. This is a nursing home which had probably received well over \$2 Million from the State Welfare Agency in the last three years for the "care" which it provided. Yet it was not until ten (10) days ago—as a result of pressure and legal steps initiated by CBC—that this home received an "intent to deny" letter from the State.

Another home—approved by both Medicaid and Medicare—was inspected last summer. The following was reported about that visit. These are quoted:

"The noon meal was being served. It was observed that compartment trays were uncovered. Hot food temperatures were not maintained. Food portions were small. A patient who lacked dentures and whose diagnosis was malnutrition, was served the regular diet which he could not masticate."

"Poor housekeeping was evident throughout the first and second floors. Flies were prevalent. Screens were missing from some of the windows."

"Odor of decomposed urine was evident throughout the patients rooms. In some rooms, unemptied urinals and water pitchers sat side by side on bedside stands. Urine had spilled into the drawer of a bedside stand of a patient in Room 8."

"Water pitchers and glasses were unclean. The tub rooms on the second floor were dirty."

"Several patients were observed to be lying in soiled sheets. Sheets and pillow cases in many instances were soiled and dingy."

"A new kitchen has been on the drawing board since 1968. Installation has been scheduled for August 1971."

These examples are, of course, not representative of every nursing home in Michigan. However, they are far from isolated. Last year, for example, Citizens for Better Care examined the licensing reports of 46 different Medicaid funded nursing homes in the City of Detroit. We found that two-thirds of these facilities had 10 or more violations in terms of the State's own regulations, yet were operating with State approval and were receiving Federal and State welfare funds.

I hope that all those who desire change in our welfare system will not forget those patients in nursing homes. I hope that those of you present today will assist Citizens for Better Care to bring about the drastic improvements that are needed if the sick and elderly are to be treated with respect and dignity.

Thank you.

TESTIMONY ON THE FOCUS: HOPE FOOD PRESCRIPTION PROGRAM—CHARLES M. GRENVILLE, PROGRAM DIRECTOR

Focus: HOPE's Food Prescription Program is a cooperative endeavor involving government and health agencies, civic, religious and business organizations, and individuals of good will throughout metropolitan Detroit. It is primarily a health program. Its objective is to alleviate the chronic hunger among Detroit's poor, specifically among those most vulnerable to undernutrition's severe personal and social effects: mothers, infants, and pre-school children.

Let me take just a minute to describe those effects and to indicate the dimensions of hunger in Detroit. In a recent advertisement which appeared in several major magazines, the American Medical Association stated the effects of under-nutrition during the first few months of life quite succinctly. Part of their ad reads as follows:

"To nurture the baby growing inside her, a mother needs the strength that comes from years of good eating habits. During pregnancy, nutrition can have a direct effect on early brain growth. A seriously malnourished mother means a seriously deprived fetus. And that means a child born with less than full potential, physically and mentally.

"Sound scary? It is. A malnourished mother is more likely to bear a premature, undersized baby (and the younger she is, the greater the risk). The kind of baby who is least equipped to cope with the demands of living in today's society. The kind of baby who suffers the highest infant mortality rate."

Beyond this, nutritional deficiency among pre-school children inhibits the normal growth of body tissues such as the muscles, skin and bones, causes less resistance to disease, contributes to below average height and weight, and acts as a significant factor in mental retardation and slowed learning rates. In all groups, hunger produces anemia, withdrawal, and apathy.

Does this kind of hunger exist in Detroit?

Yes, it does. The Michigan Nutrition Survey, a study of the nutritional health status of low income families in 98 districts in Michigan (nearly half of which are in Wayne County), made a preliminary report in 1971.

I will simply quote part of its summary:

"For the state as a whole there was some evidence of inadequate food intake, unacceptable body nutrient levels and poor growth—all indicative of lack of proper nutrition. In general, this evidence was found most frequently among those in the lower income levels. The most vulnerable group on the basis of information from our survey are children—not only pre-school children, but all children up to age 16 years . . .

"In general, the prevalence of unacceptable levels of hemoglobin, vitamin A and C, and riboflavin was 2-3 times greater in the lowest income group as compared to those living at a level approximately twice the poverty index ratio. Even when the rate of multiple unacceptable levels is low there is a tendency for the poor to have a higher rate than the affluent . . .

"Unacceptable hemoglobin levels are a major problem in Michigan . . . Approximately 25% of the total survey population had unacceptable hemoglobin values . . .

"Dietary information indicates that iron intake was marginal to inadequate in virtually all age groups.

"Another key finding was the prevalence of low vitamin A levels. The rate of unacceptable values is at least three times greater in children than in adults . . . The dietary data indicates that from 25-35% of the sample population consumed less than 70% of the dietary standard for vitamin A . . .

"Approximately 19% of the households in Michigan had intakes of vitamin C less than 70% of the standard . . .

"Among children under six years of age examined, there were clinical signs associated with previous vitamin D deficiency: i.e. bowed legs, frontal bossing of the skull, beading of the ribs, and epiphyseal enlargement. There were also signs associated with B-complex vitamin deficiency . . .

"46.5% of the children fell one standard deviation below the mean of the Iowa growth standard for height. All weight curves were below the mean but not significantly so. The evaluation of bone maturation by hand-wrist radiographs suggests that skeletal maturation was delayed among the children surveyed. This delay was present during the first eight years of life . . ."

I mention all of this because most people either don't know or won't believe the extent of hunger in our city. And because the Food Prescription Program is essentially a health program.

Mothers, infants, and pre-schoolers are qualified for the program not primarily on the basis of low income, but on the basis of poor nutritional health. Most are patients at Detroit's hospitals and clinics serving the medically indigent. Others have pre-school children in the Head Start program. We do not know the exact number who are receiving public assistance or taking part in the Food Stamp Program. But we do know that all have been examined at least once every six months by a doctor, nurse, or professionally qualified nutritionist. We do know that all have been found to have inadequate diets. That nutritional counseling does little good if a family's basic problem is a lack of food itself. That the value of pre-natal and well baby care is considerably lessened if the child's fundamental

health is being slowly eroded by undernutrition. That pre-school education has much less impact when children are too anemic and too hungry to concentrate.

We call the program the Food Prescription Program because the food is prescribed by health professionals as an answer to clinically observed needs. If the participants in our program could afford adequate food, they would not need the prescription filled for free.

At the present moment about 9,500 persons are obtaining supplemental food in Detroit, and that number will grow in coming months until we reach our limit of 15,000. The estimated need in Detroit ranges from 50,000 to 70,000 persons. It should be noted that the USDA foods which we distribute are meant as a dietary supplement only. They include evaporated milk, corn syrup, farina, non-fat dry milk, canned meat, vegetables and juices, peanut butter and dry egg mix.

We do not maintain that this is an adequate supplement, nor that we have begun to meet the needs.

Critics of the program should remember some pertinent facts:

1. That the foods distributed are surplus commodity items bought by the U.S. government to maintain market prices. They are not purchased to feed poor people, but to support agribusiness. The poor, for all intents and purposes, are used to help solve the government's problem of what to do with excess food. If we were really serious about ending poverty-induced hunger, we'd end poverty.

2. That our cost of distributing food (with a market value of 10-12 dollars per person, depending on where it is purchased) averaged 90¢ per person last month, and at the 15,000 level will come down to 53¢ per person per month. And that this low cost is possible only because we have more than 400 volunteers from numerous religious and civic organizations who provide transportation for needy families and work at the distribution center. And because substantial amounts of equipment and materials are donated to the program by such firms as Chatham, Great Scott, and A&P Supermarkets, the Chrysler Corporation, McDermid Chemical and others.

3. That a variety of other services become possible as a by-product of this program. The program serves to attract many persons to clinics for basic health care they may not have been getting; it includes cooking demonstration classes at the center, provided by the Home Services component of MCHRD and the Detroit Department of Health; it includes an effort at the distribution center to provide information about other services available, and particularly to encourage people to use the Food Stamp Program; it includes the development of beautiful rapport and a helping relationship between volunteers and participants. It includes an opportunity to provide education about hunger and good nutrition in the public forum.

We would not need a Food Prescription Program if all families had an income sufficient to purchase the food they need. But the fact is that they do not. The fact is that the Food Stamp Program—which is supposed to supplement family income so that they can purchase enough food in the marketplace—does not solve the problem in the poor areas of our city. Aside from any other inconveniences, failures and problems in that program, there is one problem which it cannot solve: the food stamp bonus itself is more than cancelled out by the higher prices poor people must pay for food in the city. As the number of competitive chain stores within the city diminishes year by year, few are left in some sections of the city, and none in other large areas. The poor are forced to shop at small and medium independent stores—where prices average 25-40% higher than at the chains. Thus, even with the food stamp bonus, many poor people simply do not have food purchasing power which parallels that of the suburban chain store shopper.

Focus: HOPE believes that access to food sufficient for normal health and well-being must be assured in a nation professing the inalienable right to life. Ending chronic hunger is the first and most basic step needed to promote equal opportunity to normal physical and mental growth, education, economic improvement, and social and psychological well-being. As long as this problem exists, as long as this exercise of fundamental human rights is still being denied, we consider it both hypocritical and obscene to suggest that we are already doing too much for the poor.

TESTIMONY OF NATIONAL ASSOCIATION OF SOCIAL WORKERS, METROPOLITAN
DETROIT CHAPTER

The National Association of Social Workers, dedicated as it is to improving the quality of life for human beings and helping them realize their full individual

potential, is convinced through the experience of its 60,000 members and its existence as a profession since the 19th century, that the social services of counseling, child welfare, community, planning, etc., have very limited impact unless the individuals we work with have adequate income and, thus, "living power."

When people are hungry, they can become lethargic or, as in many marital situations, blame each other for individual failure. Some become bitter about a society that places a priority on work expenditures in a clearly documented no-win war rather than on food and jobs for all in this nation.

Our constitution speaks of equality. It is obvious that equality does not obtain in relation to services in that we have one system of service in the private sector that offers help without stigma and another set of services offered through the public sector wherein people are fully aware that others look down on them because their training may not fit them for the technology of the day or the economy simply requires a large pool of unemployed in order to keep the *status quo* alive.

As social workers we see day by day the results of unemployment as people seek our help. We see it is strained family relationships, in families too proud to apply for food stamps, in people bitter about their inability to find jobs, and in the strain created in our society by the inequities of our tax system. It is even more painful when there are those among us who want to blame our economic ills on the size of the welfare rolls rather than looking at economic policies that are supposed to stem inflation but serve to maintain high unemployment. The government subsidies to Lockheed, Penn Central, the oil industry through the oil depletion allowance and the farm subsidies for the corporate farms only serve to increase the frustration and anger of the American people. Unfortunately, it is popular today to blame the poor who are victims of the economic conditions in our nation, rather than to tackle the seemingly more difficult problem of creating jobs and changing our tax structure.

Time after time it has been documented that the rate of fraud is less on public welfare than it is in the income tax and the tax system. Time and time again we have documented the failure of the legal justice system to enforce the anti-monopoly legislation while conglomerates grow and the I.T.T. reaches out its tentacles into the frozen food industry, into the hotel and insurance business as well as communications.

Recently, the Senate Finance Committee adopted work fare as a key provision in House Resolution 1. This poses an interesting problem for the children of America. A child care bill inadequate in its coverage, failing to specify what quality child care is, but still a step in the right direction, was vetoed within the last six months. We know that we do not have enough child care slots available in this nation for those who are working, let alone those who want to work. Scientific studies have documented time after time that whether or not a mother should leave her children is a highly individual matter, depending on the child and his emotional and physical needs. A law that forces all to go to work when their child is over six, is patently inequitable in our society, and is based on a class system that does not regard the poor as individuals with individual needs. In addition, such a law ignores the potential for future problems in relation to health and delinquency problems, as well as mental health problems. Unfortunately, such conditions have not always aroused massive change. To say that women who are poor and in need of public assistance should be forced to go to work because then it will end discrimination on jobs against women is a thesis that cannot be proven by past history just as giving people inadequate sums to live on has not created full employment.

Let us look at what is happening with welfare in Wayne County and Detroit. Much has been said about duplicating benefits, draining the taxpayer and our economy. We offer the following figures in an effort to set the record straight.

I. What DSS statistics mean in Wayne County

Program and number of cases :	Average grant
OAA, 15,000-----	\$80.00
AB, 701-----	119.00
AD, 16,000-----	112.00
ADC, 63,000-----	244.00
GA, 32,000-----	138.00
MA (only) 24,500-----	66.00
Food stamps (families), 65,000 (average bonus)-----	10.83

II. Individuals referred for work

9,614 referred but not enrolled.

831 enrolled but not assigned to a program.

53, in phase 1 of WIN.

1,136 in phase 2 of WIN.

13, in phase 3 of WIN.

A typical case consists of one woman referred in 1969, and actually picked up for training in 1972.

Some public officials publicize widely a grant figure of \$4,894 for the "theoretical client" (head of a household of four). It is implied that another \$720.00 is available if the client lives in public housing.

However, the vast majority of clients do not live in public housing. Those that live in public housing get no more money than other recipients, they get no more benefits than other individuals living in public housing get.

Medical benefits are listed at \$720.00. In fact the average payment is \$600 a month, and almost half of the money goes for nursing home care for the aged. Clients do not see this money any more than a blue-collar worker sees the money Blue Cross pays out when a member of his family is hospitalized. Employers in the private sector of our economy do not cash out insurance benefits when computing a given worker's annual salary. The recipients of Medical Assistance are doctors. The Department states in research paper number 5, "While one may argue that the growth of new social welfare policies must be cautious, it is difficult to defend a policy which provides, at public expense, the greatest gains to one of the highest paid professions in the nation." P. 48.

Food stamps are cashed out at \$396.00. The Department's figure is about \$11 per month or \$132 per year average per client. Three-tenths of ADC clients are unable to make use of food stamps so that they do not even get the \$132 value. In addition, the only market facilities available to many recipients wipe out most of the food stamp bonus. Union members who make use of group purchase plans do not have the added value of such savings to the dollar amount of their average salary.

School lunches are cashed out at \$118. Many clients do not have access to school lunches. NWRO had to file a court suit to make lunches available this year in Detroit. No employer cashes out the value of reduced rate lunch programs in computing annual wages, including Congress, where reduced rate meals with no sales tax are available to congressional employees.

VA, Social Security, Workman's Compensation and Unemployment Benefits do not help the individual on assistance. Any money from these programs is deducted from the grant.

REAL AVERAGE GRANT

The average ADC family in Wayne County with their \$1.75 a month raise by the legislature in January 1972 get \$2,928.00. This is a far cry from \$4,894. The real figure reflects support payments, social security benefits and the fact that many recipients work, getting only ADC supplementation. Two blind people get almost as much as an ADC family of four. \$238 vs. \$244. Although we need a 20% increase in social security, we even more need a 20% increase in Public Assistance levels. Not all social security beneficiaries are indigent, all Public Assistance beneficiaries are. The Michigan Welfare Study Commission made abundantly clear the inadequacy of Michigan grants. It recommended raising grants up to the poverty line.

In keeping with the Governor's Welfare Study Commission recommendations, the Michigan Department of Social Services in Research Paper #4 supported the Bureau of Labor Statistics figures for a low-cost budget.

August 1970 BLS

Food -----	\$1,921
House -----	1,453
Transportation -----	471
Personal -----	844
Other -----	351
Total (medical not included) -----	5,040

We would multiply by 6% annual inflation for the nearly two years since the computation of the statistics. By August of 1972, the recipient would need a cashed out grant of \$5,420.25.

SUMMARY

The poor are getting poorer. There is little hope for employment and less hope for training leading to employment. Until employment comes we must adopt the BLS standards.

STATEMENT BY ANN KRAEMER, CHAIRWOMAN, EDUCATION COMMITTEE, CITIZENS FOR WELFARE REFORM

Good Evening. We, of Citizens for Welfare Reform, are happy to have the opportunity to spend a few minutes with you sharing our concerns about Mrs. Griffiths' hearings and about an area we believe to be critical to the rationale of all pending proposals for "reform" of the welfare system. And that area is "work".

In December, 1971, President Nixon signed a national "workfare" bill that is scheduled to take effect on July 1, 1972. He intoned as he signed it: "We are a nation that pays tribute to the working man and rightly scorns the freeloader who voluntarily opts to be a ward of the state."

In our view, Nixon's analysis of the role of "work" in our society is incomplete and needs to be re-examined when thinking of work and the welfare situation.

To begin, we believe that it is not true that our nation rewards the working person. In fact, two other realities appear to remove credence from this part of Nixon's philosophy.

The first is that because our country only needs a limited number of persons in the work force to produce the goods and services necessary to maintain our standard of living, our nation systematically denies opportunity for certain potential participants in the work force to work. In addition to the disabled who are defined as unable to perform on a job regardless of the reality of the situation, certain less obvious groups of persons who are encouraged not to work come readily to mind. The elderly, married women and young people are three groups of potential workers who are usually denied the opportunity to work. The mechanism for denial differs with these groups. For the elderly, so-called incentives for early retirement (which lowers the age of being old from 65 to 62 or 60); forced retirement at a certain age, and discrimination in employment are among the forces which join together to keep this population from participating in the work force even when they want to work. For women, cultural norms against work have developed since the 2nd World War when women were, in fact, desired workers. These norms support the role of middle class women as wives and mothers who remain in the home. And, of course, these cultural norms lead to employment practices which are designed to keep women from "making it" in the work force. Young persons, of course, are subject to norms of readiness for the labor market. By continually raising the entry requirements for positions, we systematically keep out of the work force a population which can work and, in fact, is working in other countries.

And our culture has developed a norm which says that it's all right for these groups of people not to work. We agree to subsidize them—for they are defined as surplus labor, while low-income women and men are a must for the labor force. Why is it all right for some groups not to work? Why must low-income people work?

This leads me to our second concern with the belief that we are a nation which rewards the working man and scoffs at the freeloader. And that is the role that certain institutions play in regulating the work force. Let's examine the welfare institution as an example of how the work force is institutionally controlled.

It seems that the primary role of the welfare system is to guarantee a pool of workers for the substandard industries—through the use of low grants, work rules, and restrictive eligibility rules disqualifying those able to work. Indeed, the work incentive techniques—which allow welfare recipients to keep a certain proportion of earnings until earnings reach a certain level and thus encourage work—have the same effect as subsidizing low-income labor. Marginal and substandard industries need not pay higher salaries, for the government provides the workers in these industries with a subsidy—welfare check—to keep them alive. And so, it seems that if we, as a nation, were really concerned about

rewarding the working man, we would not develop institutions like the welfare system which have a dual function of regulating a marginal work force, and of subsidizing substandard industries. And yet, since most persons addressed by welfare/workfare legislation are not old, disabled, young or middle class women, our culture sees no problem in forcing low-income women to accept substandard employment.

We, of Citizens for Welfare Reform think that, if we were really concerned about reducing the welfare rolls by increasing the work rolls, there would be a number of steps we would take:

(1) The minimum wage would be raised from its present level of \$1.60 per hour to the approximately \$4 an hour required to maintain a Detroit area family of 4 at the BLS low cost budget of \$7,200 a year.

(2) All workers would be protected by health and safety measures now available to only some workers as fringe benefits.

(3) Public Works bills would not be vetoed; money to pay for such needed public services as clean up of lakes and air; money to pay for badly needed child care and recreation programs—in short, money to meet human needs would be provided for persons who meet these needs.

(4) Tax loopholes would be plugged and more equitable tax system would be developed so that money would be more readily available for those most in need.

(5) Work that is presently unrewarded, like housework, would be rewarded.

(6) Discrimination against racial and sex minorities would no longer be permitted.

(7) Training for today's jobs would be provided to all who want it.

In short, if we really wanted to provide work for all persons who want to work, we wouldn't try to force low-income people to work for \$1.20 an hour at jobs which are not protected by fair labor practices, in situations where the livelihood of the adult recipient's family is threatened if he refuses to take the employment offered as Sen. Long has recently proposed.

It is clear, then, that the "work problem" is not a personal problem of welfare recipients. The 23,000 recipients who applied for the 6,000 WIN job slots and the few jobs which came from that training program certainly attest that the work problem is not a recipient problem as Mrs. Griffiths and her colleagues want us to believe.

No, the problem is one of national needs and priorities. And so, we of Citizens for Welfare Reform challenge our legislators to begin to provide the seven guarantees which I have mentioned as items considered as critical work-related measures for middle class workers. And we challenge the Administration to wipe out Detroit's 50% unemployment rate for black youth and our 33% unemployment rate for all our workers.

For, when our Government provides all of these things, a discussion of workfare and welfare will be more in order; and we no longer will have to worry about those "lazy bums" who won't work; and we won't have to pay another \$500,000 to Mrs. Griffiths' Committee to study welfare clients and their cheating.

TESTIMONY OF DAVID WINEMAN, DETROIT METROPOLITAN BRANCH, AMERICAN CIVIL LIBERTIES UNION

THE RESTORATION OF "RIGHTLESSNESS": NEW TRENDS IN REPRESSING CONSTITUTIONAL RIGHTS OF THE PUBLIC WELFARE RECIPIENT

The Metropolitan Detroit Branch of the American Civil Liberties Union welcomes the opportunity to appear before the Citizen's Hearing on Welfare and to testify as to some of our grave concerns about the rising threat to the constitutional rights of welfare recipients growing out of certain legislative and policy trends at the Federal level of government.

Although we are aware that the flashpoint for the organization of these hearings has been a policy study by James R. Storey subtitled, "Public Income Transfer Programs: The Incidence of Multiple Benefits and Issues Raised by Their Receipt," it is also our understanding that the concerns of the hearings' sponsors extend beyond this study prepared for the Sub-Committee on Fiscal Policy of the Joint Economic Committee of Congress chaired by Martha Griffiths of Michigan. The Detroit ACLU, accordingly, wishes, therefore, to direct its testimony to the eroding impact upon the rights of public assistance recipients signaled by the report of the Ways and Means Committee on H.R. 1, committed to the Whole House on May 26, 1971.

ACLU's traditional advocacy of due process and equal protection of the law for all citizens provided a natural linking point with the tireless efforts of welfare lawyers and the courageous activism of the National Welfare Rights Movement toward the goal of uplifting the constitutional rights of welfare clients during the decade of the 1960's. Critical, hardfought battles on this front were won. Working in both the administrative arenas of local and HEW welfare structure, and within the courts as well, a significant attack was made on the lawlessness of the national welfare bureaucracy. There resulted for the first time in our welfare history a modicum of realization, for the welfare recipient and his or her family, of the rights of privacy, fair procedure and equal protection of the law. H.R. 1's revisionist trend in law and policy menaces the bitterly won gains of this decade of struggle. It blueprints the erosion of certain of these rights and while this is not even mentioned in the Storey policy study, nor obviously is it part of Congresswoman Griffiths' game plan, it remains a deep and combative concern of ACLU as it should be of all fairminded citizens of our land.

Roughly, the eroding impact of H.R. 1, should it be enacted into law, is visible on three levels: (1) hearing procedures, (2) privacy, and (3) forced work.

Hearing Procedures

One of the great victories in public assistance has been in the right to prior hearing (*Goldberg v. Kelley*). This right provides that a recipient may not suffer a grant reduction or termination before a hearing. Further, should the hearing turn out adversely, the client is not required to reimburse for the overpayment that has accrued during the hearing process. Nowhere in the sections of H.R. 1 dealing with aid to the aged, blind, disabled or family care (the sections of the report dealing with what are now categorical relief programs) does the term "prior hearing" even appear. It is provided for, but in language so veiled that if one were not vigilant it would simply be missed in the reading. Still worse, H.R. 1 reverses the non-responsibility of the client, contained in present procedure, for overpayment that has been made during the hearing process. If the hearing does turn out adversely, the client is collectible for such overpayment. Since H.R. 1 permits the client 30 days to file for such a hearing and the hearing officer as long as 90 days to render a decision, severe penalties could accrue from an adverse decision. For example, imagine a client losing in a hearing in which he was contesting termination of a \$300.00 per month grant. He could be collectible for as much as \$1200.00! Aside from its utter, asinine absurdity when applied to the poorest people in the society, if this feature of the hearing is designed to have any other effect than to intimidate and punish people for exercising a right, it boggles the imagination to conjure up just what any such intent might be.

Not only does H.R. 1 emasculate the prior hearing principle, but equally it skimps on and shys away from the scope of contestable issues which the client may now bring before hearing officers or panels. Now, for instance, HEW policy provides for hearings on any decision the agency makes that a client may regard as inimical to his interests. In H.R. 1, the sections covering old age, the blind, the disabled and family assistance provide hearings only on the issues of eligibility denial and grant level changes.

Privacy

Deeply onerous to ACLU doctrine and to the Bill of Rights has been the flaying of welfare recipients' private lives in agency practices too numerous to mention herein. Here, too, important gains made in the battles of the 60's are wiped out in H.R. 1. For example, whereas now the client has the right of consent to collateral contacts of an investigative nature (e.g. interviews with neighbors, etc.) H.R. 1 eliminates such protection.

Forced Work

The training and work requirements of H.R. 1 present, as a package, serious, arguable violations of the right to privacy (4th and 9th amendments) and of the right to be free from involuntary servitude (13th amendment). By extension, given the low paying, dead end jobs that the forced labor recipient is likely to fall prey to, it is within the range of permissible debate to raise the question as to whether or not we are in the early stages of the formation of a "slave labor" class of Americans. For instance, the kinds of protections that are now available in the WIN program against unsavory jobs are alarmingly vague in H.R. 1. The privacy question clearly arises in the enforced (no hearing provided) separation of able bodied mothers from children over six in H.R. 1 (to be lowered to a cut-off age of three by 1974) by the work training requirements. Add to this attack on privacy the dismal outlook on decent day care for the pre-school

child who will surely be ensnared in program machinery if H.R. 1 is enacted into law. Where is to be found the child-citizen's right, as the Supreme Court has assured us he has, to be protected from arbitrary and capricious actions of the State in compulsory programming that will consign, under threat of grant level penalties, children to dingy enclaves of growth-destroying sub-custodial care?

These are some of the major erosions to rights envisaged in H.R. 1. Close reading will reveal more. An irate polity screams for "welfare reform." The political and governmental processes, at points clumsily and stupidly, occasionally with sophistication and polish (Griffiths and her economic analysts), seek accommodation to the public ire against the poor. But no "reform" can justly gauge from the recipient his rights under law. Such reformation is, properly, quite something else: deformation. The ACLU pledges to continue the fight against such dangerous and destructive forces ranged against the rights of the poor. It urges all fellow citizens and concerned organizations to do the same.

TESTIMONY OF DR. CHARLES LEBEAUX, MEMBER, NATIONAL ASSOCIATION OF SOCIAL WORKERS

(Reprinted from Detroit News, May 3, with approval of author)

In The News recently we read that a man in Pontiac got on ADC illegally. And on TV, Rep. Martha Griffiths observed we are spending "\$85 billion for welfare and other transfers." The public was left believing we are spending almost \$85 billion for welfare, much of it illegally.

Both items were grossly misleading but Rep. Griffiths—because she knows better—was more reprehensible.

That \$85 billion in the current fiscal year includes about \$36 billion of social security benefits, \$9 billion for Medicare, \$6 billion for medicaid, \$5 billion for unemployment compensation, and so on.

Only about \$11 billion goes for cash grants to relief recipients; and of that, only \$6 billion to ADC families. It is important the public understands that—only \$6 billion for ADC out of a gross national product running over \$1,000 billion a year.

Regarding the experiences of the Pontiac man, we should have some sympathy for his efforts, even though the inferences the public may draw from the story are largely misleading and maybe destructive.

In an effort to save on administrative costs and humanize relief eligibility investigation, the state (under orders from HEW) has greatly simplified and relaxed the investigation process.

But the public shouldn't be led to believe there is much of any other way for those 8 million kids on ADC to be fed, clothed and housed. It is true, we have too many people on relief. But it is caused by our economic depression, by the movement of jobs out of central cities and Southern rural areas, where so many of the ADC families live, and by a cultural pattern of fathers not supporting their children—which is very widespread in our society and which we do not know how to control.

Spare the children; the sins are not theirs.

TESTIMONY OF SPEAKER OF THE HOUSE WILLIAM RYAN

REPORT OF SPECIAL HOUSE SUBCOMMITTEE ON WELFARE FRAUD, FEBRUARY 29, 1972

The following report on the activities of the special House Subcommittee on Welfare Fraud is hereby respectfully submitted to the Michigan House of Representatives.

Representative DAVID S. HOLMES, Jr.
 Representative JAMES F. SMITH¹
 Representative DALE I. WARNER
 Representative WILLIAM B. FITZGERALD.

The subcommittee also wishes to acknowledge the special contribution and interest shown by Representatives William R. Copeland, James J. Damman,

¹Please note: An addendum to this report authored solely by Representative Smith is attached to this report following the subcommittee's recommendations.

F. Robert Edwards, James S. Farnsworth, Thomas G. Ford, Harry Gast, Raymond C. Kehres, Bela Kennedy and Thomas G. Sharpe. Although not official members of the subcommittee, all of these men made special effort to attend at least one of the subcommittee hearings.

REPORT OF SPECIAL HOUSE SUBCOMMITTEE ON WELFARE FRAUD

A special Subcommittee on Welfare Fraud was created on May 4, 1971 by William A. Ryan, Speaker of the House, at the request of the House Subcommittee on Social Services Appropriations. Representative Raymond C. Kehres, chairman of the Subcommittee on Social Services Appropriations, appointed members to the Welfare Fraud Subcommittee based on their expressed concern for that issue and their willingness to take on additional responsibilities beyond their regular committee assignments.

The charge given to this temporary committee was to investigate charges and documented incidents of welfare fraud within the public assistance programs administered by and partially funded by the State of Michigan. Further, the Subcommittee was to determine, with the limited resources at their disposal, the extent of fraud within public assistance programs and the principal causes of such fraud. Finally, the committee was to report back to the House of Representatives the results of its study and make recommendations for appropriate legislative and administrative action, if remedies were considered necessary.

The need for creating such a committee grew out of several factors:

(1) Caseloads were increasing at an unprecedented pace; putting an enormous administrative burden on the staffs of county departments of social services to insure that procedures were properly and reliably followed in determining eligibility of new applicants. With unemployment running consistently at or above 8% statewide and 10% in Wayne County, where 45% of those on public assistance reside, it was certain that welfare caseloads and costs would continue to increase sharply during the coming months.

(2) The Legislature was being asked to approve a supplemental appropriation of \$50 million for a 1970-71 social services budget of already record size.

(3) Public confidence in and support for our public welfare system was rapidly diminishing and being replaced by open hostility. The negative remarks in letters and conversations with legislators were becoming increasingly more frequent. Many constituents hinted that they had personal knowledge of several families and/or individuals who were ineligibly receiving welfare benefits.

(4) A report, issued March 9, 1971, of an audit of the Ingham County Department of Social Services revealed that for one eighteen month period (July 1, 1969 to December 31, 1970) more than \$202,000.00 was expended for the replacement of welfare checks which were reported as either lost, stolen, or undelivered. At that time, the State Treasury Department, which conducted the audit, concluded that approximately 60% of the checks in question were either "... actually received and cashed by the relief recipients to whom payable or were cashed by someone else in behalf of or for the benefit of the recipient." The report also charged that more than \$36,000.00 intended for the use of categorical assistance recipients to purchase dentures and dental services was misappropriated by the recipient. This conclusion was based on the estimate that approximately 28% of the recipients who received supplemental checks for these services were not spending the checks as intended during the calendar year 1970.

(5) Initial reports from both Nevada and New York City that significant portions of welfare recipients were ineligible for their benefits. In New York City, when 20% of those on Home Relief (comparable to General Assistance here in Michigan), who were classified as "employable", failed to comply with requirements for picking up their welfare checks at state employment centers, the assumption was made by many (including some officials in Governor Rockefeller's office) that these people were ineligibly, if not fraudulently, receiving welfare. A more thorough evaluation of these recipients' circumstances found that less than 4% of those receiving home relief should have been "terminated" in view of the new requirements for picking up checks and accepting work.

The Nevada situation closely paralleled that of the New York experience. There, the Nevada Welfare Department made a special review of the eligibility of those receiving Aid to Families with Dependent Children (AFDC). They determined that more than 22% of those receiving AFDC were ineligible and promptly terminated their grants. A Federal study of the Nevada Welfare Department's actions revealed that the ineligibility rate was actually 7.4% and

that nearly half of these would have been routinely declared ineligible by the State as they were in the process of normal termination. This reduced the number of ineligible recipients attributable to the State's special review to 3.8% of the total Nevada caseload for AFDC.

The Federal study also found that contrary to the State review, which attributed errors of ineligibility solely to the recipients, the state agency itself was either totally or partially responsible for one-third of the errors.

It was in the context of such circumstances then that the Michigan House of Representatives decided that a careful analysis of our own system of relief must be conducted. The members of the subcommittee were united in their belief that public confidence in the welfare system would only be restored if they could be assured that benefits were only extended to those people who met the eligibility requirements. The subcommittee was also aware that the integrity of all welfare recipients was being unfairly maligned in public and private by the persistent stories of welfare fraud. It was hoped that the findings of the subcommittee would put allegations of fraud in their proper perspective. Finally, the subcommittee believed that if fraud could be eliminated or significantly reduced that this will make available more funds for those recipients who are genuinely eligible. In summation, the intention of the subcommittee was that its activities be of benefit to both recipients and non-recipients alike.

The subcommittee met in early June to decide on procedures by which it would carry out its task. At that time, it was agreed that it was essential that the committee provide ample opportunities for input from citizens about specific instances of alleged welfare fraud or abuse. This format was later found to have the effect of providing not only a source of collecting information for the committee but also a vehicle for disseminating information to the media and the public thereby correcting mistaken notions about what constitutes fraud. Committee members also saw the need to provide for confidential meetings with Department officials at both the state and county levels in order that they be able to discuss their experiences and modes of operation with complete candor. It was also decided that all levels of agency personnel be consulted so that those caseworkers and supervisors and bookkeeping staff who must implement agency policy have the opportunity to give their evaluation of how policy is really working.

With these objectives in mind, the subcommittee selected a variety of outstate counties as sites for both public hearings and private consultations with Department officials. People were asked to keep their public testimony to the description of specific instances of alleged fraud and to submit the names of persons involved privately to the subcommittee chairman. Those counties selected as sites were Allegan (jointly with Van Buren County), Berrien, Genesee, Ingham, Kent, Oakland, and Wayne. Public hearings were held in each county except in the cases of Ingham, Kent and Berrien Counties. Originally, only afternoon hearings were scheduled but the subcommittee was anxious to accommodate those who wished to testify but found it impossible to attend daytime hearings. Therefore, another round of hearings were held during the evening in Allegan, Genesee, and Oakland Counties. It was discovered, however, that attendance at these evening hearings was even less than the lightly attended afternoon sessions.

Counties were chosen on the basis of their size, population characteristics, and location.

Public testimony and private discussions with Department officials made one thing quite evident: the public is confused by the complex rules and regulations governing welfare eligibility with the result that many people erroneously conclude that fraud is occurring where, in fact, someone may be legitimately receiving welfare or may simply be abusing their grant. Fraudulent receipt of welfare benefits can be successfully prosecuted only if the "willful" intention to defraud is legally evident. Honest errors by the recipient or by the agency cannot be prosecuted as fraud. Section 60 of the Social Welfare Act of Michigan details the circumstances under which someone is liable for prosecution of fraudulent receipt of welfare benefits and is reprinted in the appendix of this report for the readers' information.

Testimony by citizens generally fell into three categories: (1) Incidents of actual fraud; (2) Cases which are abuses of welfare grants (e.g., misappropriation of money intended for the purchase of dentures, dental services or optometric services), but which are not subject to prosecution because of federal regulations or supreme court decisions; and (3) Situations which are perceived by the public as fraud or abuse but which are quite legitimate. Many people, for instance, don't realize that you can work up to 50 hours in a two week

period and still receive some degree of public assistance. People are also surprised to learn that the stepfather is not liable for the support of the children of his wife and that she may collect ADC to cover their living expenses if their natural father does not provide adequate child support. Several people also expressed their amazement that the government cannot dictate to people how they can conduct their social lives unless it adversely affects the well-being of their children. Still others were critical of the food stamp program because they believed it allowed people to purchase "frivolous" food stuffs.

The following section of this report is a brief summary of the testimony in each county :

ALLEGAN COUNTY

(Two hearings)

Afternoon of September 27.—Attendance was 45 to 50 people including the press and members of the county departments of social services from the two counties. A total of 4 people testified who are residents of Allegan County, while 8 people testified who are residents of Van Buren County.

Evening of October 21.—Attendance was 40 to 45 people including the press and members of the county welfare agencies. A total of 3 people testified of whom 2 were from Allegan County while the other person is a resident of Van Buren County.

SUMMARY

The officials of the Allegan County Department of Social Services reported that during the 7-month period of February 15, 1971 to September 27, 1971 they had received and investigated 50 complaints of alleged welfare fraud. Of the 50 complaints, 11 were found to have received grants or benefits ineligibly (9 of these were "categorical" recipients, while the other 2 were food stamp recipients).

Three of the 11 cases were referred to the Prosecutor's office for legal action, while the other 8 agreed to make restitution to the department for the amounts in question on a specific repayment plan.

Allegan County has a special service worker in the Social Services Department whose task it is to investigate cases of alleged welfare fraud or other irregularities which are brought to his attention by fellow workers or by members of the community-at-large. This worker estimated that roughly 50% of the complaints about ineligible recipients come from relatives of those recipients.

Testimony at the 2 hearings revealed complaints regarding 10 people who were either receiving public assistance grants or food stamp benefits. In only 1 instance was there a clear determination of a client receiving benefits ineligibly. In this case, a woman was still receiving benefits for a daughter who had not been living with her for 3 months (September, October and November of 1971). The recipient will be given the opportunity to make arrangements for repayment of the \$132.00 which she received ineligibly. If she is unwilling to make regular payments until restitution is complete, the matter will be referred to the Prosecuting Attorney for legal action.

Thus, it appears that during a 7-month period (February to September, 1971) for Allegan County there have been a total of 12 cases where recipients have received public assistance benefits or food stamps ineligibly. For the purpose of analysis, we have separated the 10 cases of families or individuals who received cash grants from the 2 cases which received food stamp benefits ineligibly.

During that same 7-month period, the total average caseload of welfare recipients for the county (excluding those who receive Medicaid benefits only or food stamp benefits only) was 1,745 cases.

By dividing the average caseload of 1,745 into the total number of cases in which cash grants were received ineligibly, we arrived at a percentage of slightly less than .6%. It should be remembered that in none of these cases has the "intent" to defraud the government been proven in a court of law. Thus, the .6% cannot be taken as a proven incidence of welfare fraud.

Because those who receive food stamp benefits overlap to some extent with the population of recipients who receive cash grants, we analyzed the percentage of ineligible food stamp beneficiaries separately. There were 2 conclusive incidents of food stamp benefits being received ineligibly. During the same 7-month period (February to September, 1971), the average monthly number of households purchasing food stamps in Allegan County was 1,695.

By dividing the number of ineligible food stamp cases by the average number of households purchasing food stamps during this period, we arrived at a percentage of .11%. Again, actual fraud was not proven in a court of law for these 2 cases.

Conclusion.—The subcommittee has been unable to find any evidence which even suggests a rate of welfare fraud higher than .6% (or 6 cases out of 1,000) for those receiving public assistance grants in Allegan County.

The subcommittee also was unable to establish any evidence of fraudulent receipt of food stamps beyond 2 cases which constituted .11% of the average monthly number of participating households (or approximately 1 case per 1,000 recipient households).

VAN BUREN COUNTY

(Two hearings)

The public hearings for Van Buren County were held concurrently with the Allegan County hearings on the afternoon of September 27 and on the evening of October 21. As indicated elsewhere, there were 8 residents of Van Buren County who testified on the first day of hearings and 1 person from Van Buren who testified on the second day.

SUMMARY

The testimony produced complaints of alleged welfare fraud or abuse with respect to 9 recipients. Five of these recipients are alleged to be ineligibly receiving or mismanaging their cash grants. Three complaints were directed toward people receiving food stamp benefits and 1 complaint was made regarding the misappropriation of a supplemental check intended to pay for dental services.

There were at least 4 other individuals who testified about instances of alleged fraud and who indicated they would direct specific names and other information to the subcommittee chairman through the mail. To date, we have received none of the promised information through the mail.

The Van Buren County Department of Social Services' investigation of the 9 names submitted at the hearings revealed that 4 of the people in question were not currently receiving public assistance and had not received any assistance in the past. In 3 other cases, which were gleaned from the testimony, there was some indication of misinformation used to obtain higher food stamp benefits, but there is evidence that both the recipient and employer (farmer or grower) may have participated in this deception. The testimony in rural counties indicated that the growers will often sign wage slips for presentation to the County Department of Social Services which state wages that are lower than the employee actually received. This enables the growers to compete for the scarce labor available and, in some instances, pay them a lower wage than they might have to if their employees were not eligible for the food stamp bonus.

In 4 additional cases that were reviewed, the complaints of fraud were found to have no substance. The eligibility of 3 cases was upheld and a fourth case involving payments to a dentist revealed that the recipient gave the check for these services to a second dentist rather than the one who did the original estimate on the work needed.

The County officials reported to the subcommittee that during the fiscal year 1970-71 they discovered 13 cases in which there was strong evidence of welfare benefits being fraudulently received. When confronted with the evidence, 9 of these cases chose to take restitution of the amounts in question to the Department. Four cases were turned over to the Prosecutor's office for further action.

Of the 13 alleged fraudulent cases, 2 involved the ineligible receipt of food stamp benefits and 1 of these cases involved an individual who had been receiving food stamps in both Allegan and Van Buren Counties (Allegan assumed the primary responsibility for investigating this case).

CONCLUSION

Comparing the 11 known cases of ineligible receipts of cash grants against the average monthly caseload of public assistance cases for the 1970-71 fiscal year (1,697 cases), a percentage of slightly more than .6% is derived, or cases out of 1,000.

Again, to compute the percentage of known ineligible receipt of food stamps, we divided the number of cases, 2, by the average monthly number of participating households, 1,378. This yields a percentage of .14%, or approximately 1½ per 1,000.

BERRIEN COUNTY

(One private meeting with County Department officials on the day of October 21)

SUMMARY

The Berrien County Department of Social Services made a total of 70 referrals to the County Prosecutor's office "over a several months' period of time". Warrants were authorized by the Prosecutor in 36 cases.

Of the 32 cases enumerated by the department in their report to the subcommittee, 16 involved the alleged fraudulent receipt of food stamp benefits and 16 involved the alleged fraudulent receipt of cash grants.

Eight of the 32 cases entered pleas of "guilty", 7 entered pleas of "not guilty", 2 stood mute and 1 case was dismissed by the Prosecutor with the understanding that restitution be forthcoming. Warrants were still outstanding in 14 of the 32 cases.

CONCLUSION

The average monthly number of households purchasing food stamps for FY 1970-71 for Berrien County was 3,880. By comparing this with the gross total of 16 potential food stamp convictions, a possible incidence of fraud of .41% is derived.

Similar analysis of the 16 alleged fraudulent receipt of cash grants with the average monthly caseload of 4,730 for FY 1970-71 yields a possible incidence of fraud of .34%.

GENESEE COUNTY

(Two hearings)

Afternoon of September 28.—Attendance was approximately 15 people including staff members of the County Department of Social Services and members of the press. Testimony was received from 8 people, but specific allegations were made only by 2 witnesses.

SUMMARY

One person detailed his experience with trying to collect house payments from a family on public assistance. Circumstances surrounding the separation of the family receiving ADC in this case were so complex that the County Department was unable to determine if the public assistance grant had been received ineligibly. These does appear to be fairly strong evidence that the grant was mismanaged and misappropriated by the recipient family.

The other specific allegations were presented by the nurse employed by 2 oral surgeons in the City of Flint. These involved complaints of 16 patients and potential patients who had either had some dental work done or estimated and sent to the County Department of Social Services for approval of vendor payment for the necessary dental services.

Checks were issued to 14 of the 16 clients to cover the cost of services which had been estimated. None of the checks were ever received to cover either partial or full payment of the services. No work was started by the dentists in at least 12 of the 14 recipients to whom checks were issued.

The subject of misappropriation of checks for dental services was the point of the testimony of 2 other doctors: one representing the Genesee District Dental Society and the other an optometrist in the City of Flint who reported that he has failed to collect \$400 of \$2,300 billed for services rendered in 1970. The optometrist also estimated that his collection rate for welfare clients had dropped from 100% to approximately 50% when the State Department was forced to discontinue its policy of dual endorsements for vendor checks. He went on to say that the amount of collections not received from private-paying patients has never exceeded 2%.

A random survey of 24 dental authorizations for Genesee County from July of 1970 to December, 1970 to try and estimate the extent of abuse of supplemental checks was conducted. It was found that \$64,922 was given to clients for payment of dental services, but only \$37,858 or 58.3% of the money was ever received by the dentists. In addition, it was discovered that 70% of all checks in the amount of \$401 or more were never used to pay for dental treatment by the dentist who did the initial estimate.

One hundred and thirty-eight of the 241 clients, or 57.3% of them, completely paid for the authorized dental services.

CONCLUSION

The subcommittee learned from Genesee County Social Services officials that during an 8-month period (January 1971 to September 1971), 70 cases were referred to the County Prosecutor's office for further evaluation of possible welfare fraud. Of these 70 cases, 52 orders were issued to the police department for investigation; 18 cases were considered to be lacking the "intent" to defraud and no order for investigation was issued. Two dismissals by the court, and 21 recipients were convicted and ordered to make full restitution.

The total amount of assistance received ineligibly was \$22,060.38, while the total amount of payments received to date is \$2,445.66.

The 70 cases for the first 8 months of 1971 represent an annual rate of 105 cases. In comparing this with the average monthly caseload of public assistance recipients for FY 1970-71, an incidence of possible fraud in slightly more than .7% of the cases (or 7 cases in 1,000).

KENT COUNTY

(One private meeting with Department officials on the morning of Saturday, October 23)

SUMMARY

Officials of the Kent County Department of Social Services made the following information available to the subcommittee:

For all of calendar year 1970, there were 25 cases of alleged client fraud. In 13 of these cases, prosecution was recommended, in 9 cases suspension was recommended and in 3 cases reimbursement was agreed upon.

For the first 9 months of calendar year 1971, there had been a total of 21 cases of alleged welfare fraud.

Of these 21 cases, 11 cases were recommended for prosecution, 2 cases were recommended for suspension, in 3 cases reimbursement was recommended and 5 cases were still pending.

An Assistant County Prosecutor had been specifically assigned to work with the Social Services Department as of July, 1971. Since that time, 7 warrants have been issued for misdemeanor or felony prosecution. Two cases have entered pleas of "guilty" and the remainder await trial. If the rate of 7 warrants per 3-month period holds constant, this will amount to 28 warrants issued for FY 1971-72. In fact, the 21 referrals to the Prosecutor's office during the first 9 months of 1971 does project to a rate of 28 referrals for a 12-month or year's period.

CONCLUSION

Comparing his rate of 28 referrals of alleged welfare fraud per year with the Kent County average monthly caseload of 8,764 for FY 1970-71, an incidence of possible fraudulent receipt of benefits of .34% is derived.

Even if the average monthly AFDC caseload (4,087) is used as basis for comparison, the rate of possible fraudulent receipt of benefits is .68% or less than 7 cases out of 1,000.

OAKLAND COUNTY

(Two hearings)

Afternoon of September 29.—Attendance was approximately 20 people including staff from the County Department of Social Services and members of the press. Six people chose to testify and allegations of welfare fraud involving 3 cases were received by the subcommittee.

Evening of October 18.—Attendance was less than 10 people including members of the press. Two people testified, but neither made specific allegations of recipient-initiated fraud.

Additional allegations of welfare fraud involving 5 other cases were received by the subcommittee through the mail and forwarded to the County Department for further investigation. Thus, a total of 8 cases were suggested by members of the public as being instances of ineligible receipt of public assistance benefits.

SUMMARY

A public health nurse from Wayne County testified that she knew of 125 cases of people who had fraudulently received medical assistance (Medicaid)

benefits in Wayne County. She was to send the list of names and other specifics to the subcommittee, but never did, although a letter was sent from the chairman to remind her of her allegation and promise.

Of the 8 cases about which allegations were made, eligibility for public assistance was reaffirmed in 5 of the cases, although in 1 instance an ADC recipient has accepted both court-ordered child support and public assistance for a period of 3½ months until her divorce became final. At that time, 8 months ago, her divorce was finalized and support payments were sent directly to the Friend of the Court and then forwarded to the State Department of Social Services. The amount of assistance received ineligibly was \$245.

Of the 3 remaining cases, 1 was denied assistance at the time of application, 1 was unidentifiable because no last name was given in the testimony (workers conducted a case-by-case search in the area of the street address given, but to no avail) and 1 case still involves the possibility of fraudulent receipt of benefits. In the last case, a father receiving ADC-U benefits for his family over a 13-month period was determined by the department to be uncooperative in allowing further investigation of his assets and in following through with employment opportunities.

CONCLUSION

Of the 8 cases presented in public testimony and received through the mail, 2 suggest the possibility of fraudulent receipt of benefits.

During the first 8 months of 1971, 57 referrals for alleged welfare fraud were received by the Oakland County Prosecutor's office from the County Department of Social Services. Of these 57 cases, 4 individuals agreed to make restitution in lieu of prosecution, 9 cases were dismissed and 44 cases are still pending action by the Prosecutor.

If the 57 cases are combined with the 2 cases received by the subcommittee, this yields a total of 59 cases where fraudulent receipt of public assistance benefits may have occurred for the first 8 months of 1971.

If this rate were projected over a 12-month period, this would amount to an annual rate of 89 cases.

In comparing this with the average monthly caseload of 12,789 for the 1970-71 fiscal year, an incidence of possible fraud of slightly less than .7%, or 7 cases out of 1,000.

WAYNE COUNTY (TWO HEARINGS)

The afternoon of September 30.—There were approximately 35 people in attendance. Testimony was received from 7 persons, none of whom made any specific allegations regarding recipient-initiated fraud. Four of the people who testified, including 1 eligibility examiner for the Wayne County Department of Social Services, were critical of the administration and, to some degree, the substance of public assistance policy. A former employee for another county department of social services, in the western part of the state, made the following remarks as part of her statement:

"It is my opinion that the Department of Social Services in this state should not place emphasis on the investigation and prosecution of alleged fraud on the parts of individual clients until it has first investigated and eliminated the myriad of illegal and unethical practices carried on within the Department itself.

"During my 20 months as a caseworker, I encountered only 1 welfare recipient who perpetrated deliberate fraud against the Department. I do not mean to infer that no other violations were ever committed. But, in all these cases, I was satisfied that the violation was a result of administrative error or a lack of knowledge of the rules and regulations recipients are expected to abide by. It has been my experience that clients are seldom, if ever, adequately informed of their rights and responsibilities in regard to welfare. Furthermore, the caseworkers are generally as uninformed as the recipients."

The worker then went on to enumerate her experience as documentation of her statement above.

Of the other 3 people who testified on September 30, 1 man complained that he had been forced to go on relief because of rigid implementation of state regulations governing the issuance of drivers' licenses by the Secretary of State. Another man from United Community Services in Detroit presented information regarding the New York experience with requiring general assistance recipients to personally pick up their relief checks at branches of the employment office.

The other person to testify, a woman, complained that she had been on general assistance too long while waiting to be declared eligible for ADC.

The morning of October 1.—The attendance ranged from 25 to 30 people. Ten of these people chose to testify. Of those 10 who testified, only 2 instances of possible welfare fraud were brought forth. In addition, 1 husband of a mother on ADC testified that his wife was living with another man and not giving proper care to the children, and 1 landlord complained that 1 tenant, who was on public assistance, only paid rent for 2 of the 7 months owed.

The remainder of the testimony was primarily critical of Department administration of various aspects of social services policy.

In addition to the 2 cases received at the hearing, the subcommittee has received additional complaints about 3 recipients. None of these allegations were found to support evidence indicating that benefits were either ineligibly received or fraudulently obtained.

SUMMARY

Based on information from Wayne County officials, the subcommittee learned that during the 8-month period of January, 1971 through August, 1971 there were 628 referrals received by the Department's Special Investigative Unit (S.I.U.) which does the preliminary investigation before any action is requested from the Prosecutor's office.

During this same 8-month period, there were 551 investigations of referrals completed and 501 referrals still pending a final evaluation by the S.I.U. staff.

Of the 551 completed investigations, 149 were referred for prosecution. Only 62 referrals to the Prosecutor's office were accepted. Thus, 87 cases were refused prosecution. The primary reasons for refusing prosecution were "minimal or borderline amounts involved" (40 times) and "insufficient evidence" (29 times). Minimal or borderline amounts are considered to be those approximating \$500.

If the total of 628 referrals for 8 months is assumed to be a constant rate for the 12 months of the 1970-71 fiscal year, the corresponding total number of referrals for FY 1970-71 would be 942.

Even if all of these 942 referrals were indeed found to be fraudulent receipt of welfare benefits, this amounts to be .9% of the 101,906 average monthly caseload of welfare cases.

Again, if the 62 cases referred for prosecution and accepted by the Prosecutor are used as an indicator of "solid" evidence of "intent" to commit fraud, this total would extrapolate to 93 for a 12-month period.

In comparing the extrapolated total of 93 cases referred and accepted for prosecution as a minimum number of instances of welfare fraud, this would amount to .09% of the average monthly caseload of the 1970-71 fiscal year.

Using these figures along, the subcommittee estimates that the incidence of welfare fraud ranges from a high of 9 cases in 1,000 to a low of 9 cases in 10,000.

The subcommittee was also informed that during the same 8-month period, a total of 3,000 referrals had been made to the S.I.U. for investigation of checks which had been reported as lost or stolen. Dispositions on 2,000 of these indicated forgery and there are approximately 800 referrals awaiting disposition. Based on data from 1970 (which indicated that in 39% of the cases involving reportedly lost or stolen warrants, the payee either cashed the check or had some knowledge regarding the disposition of the check), it can be estimated that 1,170 of the 3,000 checks may have involved attempted fraud.

Again, by use of extrapolation the number of checks involving the possible attempt of fraud for a 12-month period would be 1,170. If the number is compared to the average monthly caseload for FY 1970-71, a percentage of slightly more than 1% possible fraud is derived. (It should be cautioned that some of these 1,170 cases may involve the same recipient more than once.)

CONCLUSION

Combining all of the data gathered by department officials which indicate the possible incidence of fraud, we arrived at a range of a maximum of 2,112 cases to a minimum of 1,263 cases. When these figures are compared to the average monthly caseload for FY 1970-71, the corresponding percentages are 2% and 1.2%.

The chart below is a statistical summary of the official data reported to the State Department of Social Services on cases involving suspected welfare fraud.

SUMMARY OF ANNUAL REPORTS ON METHODS OF DEALING WITH QUESTIONS OF RECIPIENT
FRAUD IN MICHIGAN PUBLIC ASSISTANCE PROGRAMS

	1968-69	1969-70	1970-71
Total cases disposed of.....	435 (368)	497 (413)	815 (732)
Percent of average caseload for fiscal year.....	.3 .7	.3 .64	.38 .72
Facts sufficient to support "question of fraud".....	425 (365)	482 (403)	794 (719)
Percent of average caseload for fiscal year.....	.3 .7	.3 .62	.37 .71
Suspensions.....	114 (94)	115 (85)	25 (21)
Percent of average caseload for fiscal year.....	.1 .2	.1 .13	.01 .02
Decision made to refer to law enforcement agencies.....	273 (244)	329 (299)	744 (684)
Percent of average caseload for fiscal year.....	.2 .5	.2 .46	.34 .68
Disposed of without prosecution.....	147 (131)	235 (214)	531 (494)
Percent of average caseload for fiscal year.....	.1 .3	.1 .33	.25 .49
Lack of evidence.....	30 (29)	86 (83)	181 (175)
Percent of average caseload for fiscal year.....	.1 .1	.05 .13	.1 .17
Prosecution initiated.....	126 (113)	94 (85)	213 (190)
Percent of average caseload for fiscal year.....	.1 .2	.06 .13	.1 .19

(Figures in parentheses are AFDC totals.)

We have chosen to reproduce the testimony of one of the three caseworkers who testified at the hearings around the state. This person's statement was selected because it was generally representative of both the complexity of the issue of welfare fraud and the dilemma in which most caseworkers find themselves. This statement concisely reflects the caseworker's desire to serve both the taxpayer and the recipient. It also touches on the reality that the public cannot expect to have a welfare system relatively free of errors and fraud unless that system is understood by both those who administer the program and those who directly benefit from it. This objective of an efficient yet humane and just welfare system demands that caseworkers be given a caseload of manageable proportions, that sufficient auditors be provided to check for and locate errors, and that the necessary corrections be taken. The following then is the testimony of the caseworker.

Representative HOLMES. This is the subcommittee on fraud of the House of Representatives. Is there anyone that would like to testify?

CASEWORKER. My name is ----- I represent no organization. I happen to be a caseworker in the Department of Social Services here in this county and I came more to defend the caseworker, the professional caseworker, than to try to illustrate welfare fraud, even though in my work I feel that I'm in a position to see it better than most. I came, as I said, to defend the integrity of the professional caseworker, but also as long as I'm here, I concede that there is welfare fraud and I think that the welfare recipient, to some degree, may be guilty of fraud. I think there are frauds perpetrated on him to a greater degree. This should have publicity. I feel that the public is misinformed. I feel that they're ill advised. I don't think that they realize what constitutes fraud in the eyes of the law. I respect their attitude; that is, I respect their right to speak out on this matter. But the fact remains that a lot of things that pass for fraud are not fraud at all. The alleged frauds that I have seen, in many cases, are cases of poor judgment and ignorance on the part of the recipient. In some extreme cases involving no small amount of money, we have people running loose expect to use good judgment and sustaining themselves with the public assistance grant, and because of their incompetence, because of certain practices among the business people, the landlords and so on, they find themselves without funds two, three or four days after their check is received. To the person that doesn't realize the incompetence of the person to handle his own money, these are the people who might legally be described as spendthrifts. They need controls; they need a guardian; they need some restrictions on the unwise spending of the money. The money is not going for shelter and food as it's intended. It's going for frivolous things—taxi rides, booze, pleasures of all kinds. I suppose legally if the person is competent that would constitute fraud to spend money that way and then come back and ask for somebody to take care of them for the balance of the month. But with an incompetent person, I think he's being judged wrongly. We have people who are so, I don't know the exact word, but it's no secret that we've had people who come out to pick up an assistance check or to request assistance riding in style, come out in a late model Cadillac, Olds 98, Buick 225, some of the higher-priced Dearborn

products. I hear these things when I pass through the city. It's getting so that I hate to even sit down for a glass of beer because I'll hear it from someone about situations similar to the ones I've described above. It certainly isn't fraud to ask a neighbor or a relative to take you out to request assistance, but in the eyes of the misinformed taxpayer, that's just the first conclusion that he's liable to reach.

Getting down to a more personal thing, I might say that we have channels for reporting fraud on any level in our organization. It took me a little too long to find out how easy or how difficult it might be to be heard about suspected fraud and I intend to make better use of the channels available. I have already reported in writing six good, solid cases of fraud among my clients. My normal caseload had been running over three hundred people and it has taken me something like two years to gather up six fraud complaints with an average caseload of over three hundred people. I don't say that I see it all, but if that is indicative of the total amount, I have to say that the noise we hear about this in this area is ballooned all out of proportion.

Again, I want to say that I'm here to stand in defense of the caseworker for that reason and also because I have seen printed in the local paper and the Detroit papers that occasionally a spokesman for one state office or another, including our own, will lay part of the blame at the doorstep of the caseworker himself, inferring that the caseworker has not investigated an application fully or hasn't investigated the application, perhaps does not look behind the statement. I might say there that in many cases our hands are tied, the department and the caseworker, we feel that our hands are tied in going behind the facts and proving or disproving some of the statements on the application. Now, here is true fraud in my way of thinking. But without the tools to pursue this, it's not fraud until it's proven, and without the tools to prove it, I feel that we're going to go on as we are right now with more of it going on than we will know about.

Representative HOLMES. Do you have any recommendations to this legislative body as to how you might deal with this particular problem from the standpoint of public relations?

CASEWORKER. I think you just hit two points there. Number one would be that there is need for more and better public relations. I would give you an example. When a driver is arrested and charged with impaired driving or drunken driving and maybe later it might be reduced to impaired driving, there's little publicity on it at the time. In fact, I understand the law prohibits such publicity until conviction. But once that conviction has been made, there is publicity and that violator's name is published, and his age and address and the circumstances of the charge. I have yet to see, and I understand that there have been only 25, 30 or so welfare fraud convictions, I have yet to see this publicized in the way that someone would be more or less charged and punished and the fact publicized in the paper. I feel that it's every bit as serious a crime to defraud and particularly in the amount that some people apparently do and not have the stigma of publicity attached to it. I'm tying this in with public relations because I think it's a part of it, making the public more aware of what is happening. We all know there are speeders; we all know there are drunk drivers and there is a public relations effort there to educate people, to make it known to them what is against the law and what isn't.

Representative HOLMES. Let the records show that Rep. ----- entered. Also, let the records show that this session was called for at 7:30. It is now 7:50 and the only people present are newspaper reporters, a member from the Prosecutor's office, the director of the County Welfare Department, the staff of the House Subcommittee and Rep. ----- With that, I will declare this meeting adjourned. Also, a member of the Urban League was present to witness the hearing.

On January 3 of this year, the U.S. Department of Health, Education and Welfare (HEW) released a preliminary survey of the categorical assistance caseloads for 41 states including Michigan. The HEW analysis was part of a continuing quality control check to determine the percentage of eligibility and payment errors in the welfare system. The study looked for the incidence of overpayments and underpayments of benefits as well as the degree to which ineligible persons are receiving welfare payments.

The 41 states together represented approximately half of the total caseload for the nation during the period studied, April 1971. It was found that 4.9% of the adult cases (Old Age Assistance, Aid to the Blind, and Aid to the Disabled) were ineligible and another 5.6% of the AFDC cases were receiving benefits to which they were not entitled.

In addition, the HEW survey found overpayments and underpayments in 24.3% of the AFDC cases and in 17.8% of the adult cases to those who were eligible for some cash grant.

Of the 28.6% who either received incorrect AFDC payments or were ineligible altogether, 13.2% of the errors were due to agency mistakes, 12.0% were due to client error, and both parties were at fault in the remaining 3.4% of the cases.

In the adult categories, of the 17.1% who either received incorrect payment or were ineligible, 9.6% were due to agency error, 5.8% were due to client error and 1.7% resulted from a combination of client and agency errors.

As mentioned previously, this survey by the federal government is only a small component of a continuous Quality Control system. This is an administrative device which is mandated by the federal government for those programs in which they contribute funds. As directed by the federal government, all states must operate a Quality Control system for two minimum objectives:

1. To determine whether the number of ineligible recipients and incorrect payments remain below established minimal percentages of the caseload. This aim is accomplished by a continuous and systematic investigation of a sample of the total cases. When errors are too high, the system provides for taking corrective action.

2. To determine whether all eligible applicants are granted assistance in accordance with the agency's policies. This is determined by including in the sample cases in which assistance was denied or discontinued, as well as the cases in which assistance was given.

In carrying out the regular Quality Control review, the QC staffs of the State Department of Social Services (DSS) uses scientifically valid random samples. Face-to-face interviews with the clients in question are utilized in order to verify and document each factor used in deciding eligibility and level of payment.

Quality Control is a system which was adapted from use in reducing errors in industry. It is based on the assumption that a certain amount of error will exist at all times. The objective is to reduce that error as nearly as possible without reaching a point where the cost of Quality Control checking becomes greater than the dollar amount of the errors. Thus, an "acceptable" or "tolerable" level of error is established depending on the size of the caseload and the inherent characteristics of the population within that caseload. Tolerance limits for eligibility errors are presently set at 3% and for payment errors at 5%.

In Michigan, the workload for one QC reviewer averages about 15½ cases per month. The state currently has 52 staff people working exclusively on Quality Control, of which, 44 are auditors doing the field work. There are plans to hire 20 more auditors within the coming months. The caseload for Wayne County is analyzed and reviewed separately from the rest of the state because of its size. This is also the case for 13 other large urban areas in the United States. Thus, in October of 1971, there were 544 cases analyzed for the state. Of these, 294 were from Wayne County: 340 cases of the total 544 were AFDC cases, while 143 were adult assistance cases, and 61 were medical assistance cases who do not receive any cash grant.

One of the difficulties with the Quality Control system as it is presently designed is that it may be difficult to spot the exact location of an administrative error, i.e. which county office, supervisor, or caseworker is making the errors. This can be overcome by reviewing a saturated sample of cases from the suspected location of the error source. Of course, if this is to be accomplished, it may entail the expenditure of more funds for additional auditing staff.

Finally, we wish to deal briefly with the subject of lost and stolen checks and the policies governing the replacement and followup of these checks. As mentioned earlier, one of the prime reasons for convening such a special subcommittee to investigate welfare fraud was the audit of the Ingham County Department of Social Services by the State Treasury Department.

As a result of that audit, it was decided by the State Department of Social Services to adopt as policy all of the recommendations made by the State Treasury Department. The new procedures are summarized in Public Assistance Manual Item 514 which is reprinted for the readers' information following this section. These procedures and the forms which must be filled out by a recipient making a claim were mandated by the State Department on March 8, 1971.

It is hoped by Department officials that these procedures, together with the system of mailing checks to recipients on staggered dates (rather than all checks being mailed on the 1st and the 15th of each month as was done in the past), will significantly reduce the need to replace checks.

State Treasury Department officials, however, have indicated that the current four-day waiting period before local departments can submit a "stop payment" request may be too long. They report that they are receiving "stop payment" requests at the rate of 1,100 per month and that 55% of the checks in question have already been cashed by the time such requests are implemented. (After receiving a request, the State Accounting Division of the Department of Social Services can usually secure a stop payment by the next working day.) It is their opinion that "stop payment" requests and forgery claims are simply not coming in to the state office quickly enough for effective action and prosecution when indicated.

Treasury Department officials also report that over 5,000 forgery claims were received for the 1970-71 fiscal year and approximately 75% of these were from Wayne County. They predicted that total expenditure for replacements of lost or stolen warrants would exceed \$750,000 for calendar year 1971 and estimated that ". . . approximately 60% . . ." of the claims made by recipients that checks have been lost, stolen or undelivered are false claims. It should be cautioned here that the figure of 60% is an estimate based on the investigation done by State Police handwriting experts for the Ingham County audit. If 60% is an accurate estimate of false (or fraudulent) claims and if \$750,000 is an accurate estimate of the total amount of replacement checks, then this would mean that approximately \$450,000 was received by recipients under false pretenses during the 1971 calendar year.

Unfortunately, the Treasury Department did not break down the check claims received so that an actual count of the number of recipients involved in these claims could be determined. This would be helpful because recipients may have submitted more than one claim. The only relevant data on this question showed that 114 welfare clients were issued 2 or more replacement checks during a six-month period from October 1970 through March 1971.

One of the most controversial questions involved in the whole area of lost and stolen checks is whether the state is justified in their new policy of issuing only one replacement check to a recipient during any consecutive twelve-month period. It has been the position of some that this policy is unreasonable, uncalled for and that it imposes an undue burden on the bulk of welfare recipients. A representative from the Michigan Legal Services, for example, testified that there are several instances in which this policy would work an unwarranted hardship on recipients.

For instance, even if the caseworker is completely convinced that there is no fraud, the recipient is not entitled to a second replacement check.

If the caseworker should find that the recipient was held up at gunpoint and her check taken, or that her landlord refuses to repair a broken mailbox, or the recipient lives in an area where the incidence of theft is especially high, the recipient will not be able to obtain a second replacement check.

If the recipient's home should burn down and her check is destroyed, under Item 514 she cannot obtain a second replacement check.

And, if the postman should say that he is positive he did not deliver the check, the recipient is still denied the replacement.

He went on to say that he believed this single check replacement policy to be in violation of the equal protection clause of the Constitution in that it "arbitrarily and without basis . . ." classifies recipients into two categories and proceeds to unreasonably discriminate against them. Because counties are free to issue replacement checks without state matching or reimbursement, this may also be a violation of the Social Security Act's requirement that the states have a uniform policy.

Although there has been no legal challenge of this policy to date, the Department of Health, Education, and Welfare has ruled that a recipient who makes a claim that his or her check has been lost, stolen, or destroyed does have the right to appeal a decision to not replace a lost or stolen check. In this same letter from HEW, it was also pointed out that Federal welfare policy does not require a state to replace lost or stolen checks. It is the hope of this committee that alternatives to the single replacement policy be created and implemented along with the development of more stringent internal administrative and accounting controls.

ITEM 514. PROCEDURES FOR HANDLING WARRANTS REPORTED LOST, STOLEN, DESTROYED, FORGED, OR UNDELIVERED

State public assistance warrants which are reported lost, stolen, destroyed, forged, or undelivered may be replaced under the conditions described below

after all steps have been taken to determine what happened to the original warrant. The following procedures have been established in order to assure conformity in obtaining replacement warrants.

1. Undelivered warrants

If a recipient reports a warrant has not been delivered, the worker must first check the county warrant register to confirm that the warrant was issued. If so, the worker must obtain the amount of the warrant and the warrant number. If the county department warrant register has not arrived, the necessary information may be obtained from the Payroll Records Section in the state office. (Telephone number 373-3437)

The recipient must be advised that he must contact the post office to see if the postman for his area can verify delivery.

a. If the postman cannot verify delivery, the recipient must be informed that no action can be initiated from the county department until the warrant is at least four days past due. If the recipient has had a recent address change, he should allow ten days for delivery. Holiday mailing may also be somewhat behind schedule, and may justify an even longer waiting period.

b. If after the waiting period of four or ten days as described in a. above, the warrant remains undelivered, the procedures for stopping payment and for obtaining a state warrant replacement are handled in accordance with Section 3 below.

c. If the postman indicates that he delivered the warrant, the recipient should immediately contact his worker. Warrants delivered to a recipient are considered "received" by that recipient and are handled in accordance with Section 2, below.

2. Warrants received and subsequently reported lost, stolen, or destroyed

If the recipient knows that the warrant was delivered, or if the postman verifies it was delivered, but the client did not receive it, or it was subsequently lost or destroyed, action must be taken immediately to stop payment on the warrant. Stop payment actions are handled by telephone to state office, Accounting Division, 373-2026.

In all such cases, the recipients must contact the local police department and report the warrant lost or stolen.

Warrants reported lost, stolen, or destroyed after being endorsed may not have payment stopped by the Treasury Department, since they are negotiable instruments. *They may not be replaced by another state warrant* when they have been endorsed before they were lost or stolen.

3. Procedures for State warrant replacement

State warrants may be replaced only when the client has not endorsed the warrant before it was lost. *No more than one warrant in any twelve consecutive calendar months may be replaced for any client* (even when the client may be payee in two or more grants). The recipient must complete both:

Form T-1049, Affidavit Claiming Lost, Destroyed, Undelivered, or Stolen State Treasurer's Warrant.

Form DSS-82, Recipient's Payment Replacement Request.

Both forms must be completed according to the instructions given below.

The county must immediately telephone the Accounting Division, state office, to "stop payment" on the warrant, as described above.

To replace the warrant, the worker is to prepare Form DSS-13, Authorization for Supplementation, and to staple it securely to the T-1049 and DSS-82, forwarding all three to the Accounting Division of the state office, following approval by the appropriate local supervisor.

When the DSS-82 indicates the warrant had not been endorsed, a replacement state treasurer's warrant will be issued, provided "stop payment" has been carried out as indicated above. No replacement warrants will be issued where "stop payment" has not occurred. All telephone "stop payments" must be confirmed in this manner.

Although no more than one replacement warrant will be issued during any 12 consecutive calendar months, clients who experience frequent losses of public assistance warrants are to be encouraged to request future warrants mailed to the county department office until such time as the problem causing the loss can be corrected. This can be accomplished only by client completion of the DSS-82, and no other state or local form may be used. In this instance, the form is to be filed in the case file, and change of address effectuated by the DSS-5. The county

department address may not be used on the DSS-5 unless the DSS-82 is properly completed, and placed in the case file. The DSS-82 file copy will also serve as the county control insuring no more than one replacement warrant in 12 consecutive calendar months.

4. *Forgery procedure*

When a warrant has been cashed, although the recipient states he did not endorse it, the county is to submit Forms T-1049 (properly notarized) and DSS-82 without the DSS-13, since it is not possible to issue a duplicate warrant for a cashed warrant. The state office will return to the county a copy of the signed warrant, and six copies of Form T-1028, Affidavit Claiming Forged Endorsement. In such cases, the county must within five working days contact the client and have him complete this form in the presence of a notary, to verify he has not endorsed the warrant. All copies of Form T-1028 are to be returned immediately to the Accounting Division, state office. See also Administrative Handbook, VI-11.

5. *County warrant replacement*

When the county department has authorized full or partial advance payment to the recipient by issuing a county replacement warrant pending the receipt of the state replacement warrant, the county must request the recipient to have the state replacement warrant forwarded to the county department. This is accomplished by the recipient marking Item 18 on the DSS-82.

Only Form DSS-82 may be used to authorize state replacement warrants to be sent to the county department. County forms will not be accepted for this purpose.

When any such advance funds are issued by the county department, the Items 10 through 13 must be completed on the DSS-82. All counties with an imprest cash account must also follow all procedures described above when disbursing funds from that account as advanced payment pending the receipt of a state warrant replacement for the recipient.

Note: Any funds issued to replace warrants which were endorsed by the recipient and subsequently lost, stolen, or destroyed are not matchable as categorical supplementation or general assistance. Imprest cash funds may not be used to replace endorsed warrants which have subsequently been lost. No GA, categorical supplementation, or imprest cash may be used to replace any warrant which cannot be reissued as described in 3 above.

6. *Returning replaced warrants*

In issuing a replacement warrant the State Treasurer must stop payment on the original warrant. If the original should turn up after a replacement has been requested, the client must not cash it but must return it to the county department immediately as agreed on the DSS-82.

As these particular checks are not credited to the recipients' accounts, they must be returned to the state office by memorandum from the county department, and not by DSS-12. See Administrative Handbook, V-54.

Instructions for completing Form T-1049 (and T-1028 as applicable)

1. The top portion of the affidavit must be typewritten or printed in ink.
2. Indicate the nature of the claim by circling one of the reasons in paragraph 4 of the affidavit section, i.e., either lost, destroyed, undelivered, or stolen.
3. The client must be requested to read and study the affidavit stipulations carefully, or if he requests, the affidavit is to be read to him and the content explained.
4. Each copy of the affidavit must be signed separately by the client in the presence of a notary public and the person notarizing the affidavit must be satisfied that the recipient fully understands its contents.
5. The client must complete the report section regarding the alleged loss or theft in his own words and in ink in his own handwriting on each copy. Or, if the client is unable to write, this section may be completed by the worker recording the statement of the client. In addition, the worker must indicate that the section was not completed by the client. However, in all cases the client must sign or enter his mark.
6. Copies of the T-1049 are distributed as indicated on the form.

Instructions for completing Form DSS-82

1. Items 1 through 9 are completed by the worker entering the necessary data as indicated.
2. Items 10 through 13 are completed by the worker only when GA or category supplementation (or imprest cash) is authorized to replace the lost warrant

as an interim measure until the replacement is issued. However, this section must be completed in all such instances to receive state fund matching.

3. Items 14 through 22 are completed by the recipient. The recipient must complete the report section (Item 17) regarding the alleged loss or theft in his own words and in ink in his own handwriting. Or, if the client is unable to write, this section may be completed by the worker recording the statement of the client. However, in any case the client must sign or enter his mark in Item 22.

4. The worker, his supervisor, and client must sign the form on the lines provided.

5. Copies of the DSS-82 are distributed as indicated on the form.

Michigan Department of Treasury
T-1049 (2-71)

AFFIDAVIT
CLAIMING LOSS, DESTROYED, UNDELIVERED, OR STOLEN
STATE TREASURER'S WARRANT

STATE OF MICHIGAN)

COUNTY OF)

Warrant No.		Date	Amount
Program	County	Case No.	Account No.
Payee			
Street Address			
City State ZIP Code			

I, _____ being duly sworn, depose and say: (Print or Type Name of Payee)

That I am the payee named in the above State Treasurer's warrant issued by Allison Green, State Treasurer, and said warrant has not been assigned, transferred or set over by me to any person whatsoever and I am the true, lawful and only owner thereof.

Further, That I have not received directly or indirectly the money nor any portion of the money directed to be paid to me in the warrant.

Further, I agree that should the lost/destroyed/undelivered/stolen State Treasurer's warrant be found or come into my hands, I will promptly deliver or cause the same to be promptly delivered to the State Treasurer to be cancelled.

Further, if any of the statements contained in this affidavit are false or misleading, I acknowledge that the State of Michigan or the County may demand immediate reimbursement for any funds expended in reliance on the truth of the statements in this affidavit.

Further, if any of the false or misleading statements were made with an intent to defraud the State of Michigan or the County, I acknowledge that the State or County may request that such an act be prosecuted to the full extent of the laws of this State.

(Payee on Warrant sign in ink)

Subscribed and sworn to before me the _____ day of _____ A.D. _____

(Signature of Notary Public)

Notary Public in and for the county of _____ Michigan. My commission expires _____

The following report must be written in ink by the Payee

Report of lost, destroyed, undelivered or stolen State Warrant: **KNOWN FACTS**

White - State Dept of Social Services
Yellow - County Dept of Social Services
Blue - State Treasury
Gold/bronze - Payee - Recipient
Pink - Police Dept
Green - Postal Inspector

Signed by Payee

RECIPIENT'S PAYMENT REPLACEMENT REQUEST

State Michigan
Department of Social Services

INSTRUCTIONS:

(1) Public assistance refer to PA Manual Item 514.
(2) General assistance refer to county instructions.

1. NAME (Last, First, Middle Initial)					FOR COUNTY COMPLETION ONLY The last payment was replaced by:			
2. STREET ADDRESS							10. <input type="checkbox"/> CHECK NO. <input type="checkbox"/> SUNDRY ORDER NO.	
3. CITY, STATE, ZIP CODE							11. AMOUNT	
4. PROG.	5. COUNTY	6. CASE NUMBER			12. DATE			
7. <input type="checkbox"/> PUBLIC ASSISTANCE <input type="checkbox"/> GENERAL ASSISTANCE (Check one) <input type="checkbox"/> GA CHECK <input type="checkbox"/> SUNDRY ORDER NO. _____				8. AMOUNT	9. DATE	13. PERSON AUTHORIZING/ISSUING		

RECIPIENT COMPLETE

14. Check statement which applies (give explanation in 17 below):

- I have not received the item indicated above and I have no knowledge of its whereabouts.
- The item was lost BEFORE being endorsed.
- The item was lost AFTER being endorsed.
- The item was destroyed.

15. I have contacted the post office and the postman for my area: Indicated he delivered the warrant
 Could not verify delivery

16. I have contacted and reported the lost or stolen warrant to the local police department: Yes No

17. The following report must be written in ink by the payee. It must indicate the KNOWN FACTS about the lost, stolen, or undelivered warrant. If the warrant was destroyed, the payee must indicate how.

18. REPLACEMENT DISPOSITION

In recognition of full or partial advance payment by the county department of social services, I authorize my store replacement warrant to be sent to the county department office.

Yes No

19. FUTURE DISPOSITION

Due to mail delivery problems at my address, I wish my future warrants be sent to the county department of social services. I understand I may discontinue this at any time I choose.

Yes No

20. RECIPIENT'S AGREEMENT

I agree that if the warrant, check, or sundry order in question is delivered to me or found, I will immediately return it to the county department of social services, and I will not attempt to obtain payment as I am requesting a replacement.

21. DATE OF STATEMENT

22. RECIPIENT'S SIGNATURE

White - State Office
Candy - State Office
Pink - County Office
Goldenrod - County Office

ON THE BASIS OF THE RECIPIENT'S STATEMENT, I RECOMMEND THAT THE WARRANT (GENERAL ASSISTANCE CHECK, OR SUNDRY ORDER) BE REPLACED.

23. WORKER'S SIGNATURE (ALSO SERVES AS A WITNESS)		24. WORKER NO.
25. UNIT	26. REGION	27. DATE
28. SUPERVISOR'S SIGNATURE		29. DATE

DSS-82 (3-71) Obsolete 52-71, DSS-82WC

OUTLINE OF RECOMMENDATIONS TO THE LEGISLATURE AND
DEPARTMENT OF SOCIAL SERVICES

1. The state must develop a uniform policy on dealing with fraud and then provide the necessary resources to insure that counties follow this policy. Training of agency personnel is an absolutely vital part of any implementation and it should be given prior to any application of such policy.

2. Local departments should appoint specific staff to function as a liaison with the prosecutor's office and the court. (In the larger counties, attorneys might be hired to fulfill this role.) Caseworkers and supervisory personnel should have access to such a liaison person and they should be kept advised of the status of referrals made to the liaison person.

3. The Legislature should continue to increase money for local prosecutors for both child support actions and fraud prosecution.

4. The Department of Social Services should develop a training mechanism for both new worker orientation and inservice training in order to insure that department policy is uniformly applied.

5. A study should be undertaken to determine what caseload levels per worker should be in order to insure that public assistance programs are fairly and efficiently administered.

6. The special audit team of 47 auditors approved in the 1971-72 Social Services budget should concern itself with determining whether or not Department policy is being properly applied throughout the state.

7. An agency manual which is simplified enough and readable enough to be used as a "working document" by agency personnel should be developed.

8. A coherent and comprehensive set of policy statements should be developed which can be used in communications with the public. Essential to such a document should be a positive approach to explaining the reasons behind the federal regulations and Supreme Court decisions.

9. The Department should create a Public Relations program which provides factual information to the media and the public. An information bureau with a special telephone line should be instituted where citizens can call to get questions answered and register complaints. Radio and TV programs should be produced which would discuss public assistance programs, court decisions, and federal regulations much the same as is done with the public service programs about Social Security benefits. Efforts should be made to emphasize the "total" picture of the local social services department. Volunteer programs such as the "family-to-family" program should be highlighted to encourage other volunteers from the community to fill in the gaps of the public welfare system.

10. A system of mailing checks to other social agencies, such as Model Cities or family service agencies, could be used to curb the effects of theft of assistance checks. By bonding certain designated personnel and establishing other proper controls, this could be used as another alternative to picking up one's check at the county department or having it mailed to a post office box.

11. The state Medicaid (Title XIX) plan should be revised to make services from vendors available under this program. This would prevent the present problem of misapplication of supplemental checks intended to pay for vendor services.

12. The DSS Quality Control staff should make themselves available to the total Legislature for a thorough explanation of that system in order to reestablish a higher degree of public confidence in our public assistance programs.

13. Identification cards should be issued to all public assistance recipients for the purpose of cashing checks and making food stamp transactions. In addition, a public information campaign should be developed which is aimed at reminding merchants to require positive identification of those wishing to cash welfare checks and that the checks be endorsed in their presence. The Legislature should explore the feasibility of having the Secretary of State's office issue general identification cards.

WELFARE FRAUD REPORT RECOMMENDATIONS

(By Rep. James F. Smith)

As one member of the Committee, I believe the facts and materials as presented in this report are accurate and reflect a true picture of what transpired at both the public and private meetings which the subcommittee held on the matter of welfare fraud. This report contains a lot of good material and a lot of good recommendations.

It also has some very fine recommendations as to what should be done to help in the future with acquainting the public with the problems of the social services and to assist all concerned in doing a better job. However, I do not think the outline of recommendations to the Legislature and the Department of Social Services goes far enough.

I believe that the Department of Social Services should be required to do certain things that are very easily done and are not now a matter of policy in that Department. In my judgment, the very least of these should be the fact that any recipient should be checked through the Withholding Division of the State Treasury income tax section to see if, in fact, they are working or have worked recently and to attempt to ascertain whether there is any income to the recipient which is not being reported.

This seems to be a rather basic step that could be taken by the Department without a great deal of work or expense to the State. In fact, it might even save us some money if this were to be implemented.

In addition, the bill which was introduced as a direct result of these hearings (House Bill 5752), and which has already passed the House, should be pushed

in the Senate to make sure that that body gets this piece of legislation on the Governor's desk and signed into law.

Also, it is my judgment, as a member of this Committee, that the State of Michigan should require financial institutions to handle food stamps. There are certain of these that do process food stamps at the present time, but there are others that refuse to do so. We have a distribution problem in this program and it could easily be solved at no great expense to the State, by passing that sort of legislation—and this is embodied in House Bill 5764.

I disagree with certain of the recommendations made in this report in that it suggests that the program should be presented to the public in such a manner as to give it the most favorable publicity. I think the public should be made aware of the program and the limitations under which this State operates, but I don't believe the program should be in any way clouded to give it either an air of respectability or the opposite effect. Such a program would have to be extremely factual and be careful not to go heavily in one direction or the other.

Although I do not dispute the figures presented in this report as to the incidences of fraud in this State, I wish to make it a part of this report that it is my opinion that very little, if any, mechanism exists in this State for determining whether fraud does take place. Under the rules by which our social workers operate, there is very little effort made to ascertain whether the applicant is, in fact, telling the truth. There is practically no machinery available to check on the applicant after the initial contact. In fact, many applicants are never seen for many months after their initial contact with the social worker even though they may have been drawing checks all during that time.

For us to (attempt to) tell the public that less than one percent of welfare cases, particularly in the A.D.C. section, are fraud is a travesty. All we can say is that that's the number of cases which have been investigated and come to light. I don't think the general public believes this and I think it would be insulting to them to even suggest such a thing. If we really had any means of finding the cases which exist, I believe the incidence would be much higher.

I have received many letters (some anonymous and some signed) that have shown clear evidences of fraud. These have been turned over to the proper authorities and have been investigated. However, the American public and Michigan citizens do not feel that they should police this program by turning into informers. The State must adopt some rules and regulations so that recipients can be checked upon to learn whether there is fraud. Presently, the investigation is so limited as to be practically worthless.

I want to compliment the chairman of the Committee, the aides and all those involved in the hearings. I think the hearings served a useful purpose, and I believe we will all do a better job in this area as a result.

MICHIGAN LAW PERTAINING TO WELFARE FRAUD

THE SOCIAL WELFARE ACT

400.60 Relief, falsely obtaining; liability, penalty. [M.S.A. 16.460]

Sec. 60. (1) Any person who by means of wilful false statement or representation or by impersonation or other fraudulent device obtains or attempts to obtain, or aids or abets any person to obtain (a) assistance or relief to which he is not entitled; or (b) a larger amount of assistance or relief than that to which he is justly entitled; or any officer or employee of a county, city or district department of social welfare who authorizes or recommends relief to persons known to him to be ineligible or to have fraudulently created their eligibility; or any person who knowingly buys or aids or abets in buying or in disposal of the property of a person receiving assistance or relief without the consent of the director or supervisor of the state department, shall, if the amount involved shall be of the value of \$500.00 or less, be deemed guilty of a misdemeanor, and shall, if the amount involved shall be of the value of more than \$500.00, be deemed guilty of a felony, and upon conviction shall be punished as provided by the laws of this state. The amount involved as used in this subsection shall be defined as the difference between the lawful amount of assistance or aid and the amount of assistance or aid actually received. If anyone receives assistance or relief through means enumerated in this section, in which prosecution is deemed unnecessary, the state department or county departments may take the necessary steps to recover from the recipient the amount involved, plus interest at 5% per annum. On conviction of the viola-

tion of the provisions of this section of any officer or employee of any county, city or district department of social welfare, such officer or employee shall be removed or dismissed from office.

Information furnished by recipient; failure.

(2) There is imposed upon every person receiving relief under this act either upon his own application or by his inclusion, to his knowledge, in the application of another the continuing obligation to supply to the department issuing the relief: (a) the complete circumstances in regard to his income from employment or from any other source or the existence of income, if known to him, of other persons receiving relief through the same application; (b) information regarding each and every offer of employment for himself or, if known to him, of the other persons receiving relief through the same application; (c) information concerning changes in his circumstances or those of other persons receiving relief through the same application which would decrease the need for relief; and (d) the circumstances or whereabouts, known to him, of relatives legally responsible for his support or for the support of other persons receiving relief through the same application if changes in such circumstances or whereabouts could affect the amount of assistance available from such relatives or affect their legal liability to furnish support. Any person who shall neglect or refuse to submit to the department issuing relief the information required by this section shall, if the amount of relief granted as a result of such neglect or refusal be less than \$500.00, be guilty of a misdemeanor, and if the amount of relief granted as a result of such neglect or refusal be \$500.00 or more, shall be deemed guilty of a felony, and upon conviction shall be punished as provided by the laws of this state.

History: Am. 1950, p. 22, Act 18, Eff. Mar. 31, 1951; Am. 1969, p. 359, Act 179, Imd. Eff. Aug. 5.

COURT DECISIONS AFFECTING THE ADMINISTRATION OF PUBLIC ASSISTANCE PROGRAMS—DATE AND CASE

June 17, 1968; *King vs. Smith*: 392 U.S. 309, 20 L.Ed. 2d 111S, 88 S.Ct. 2128. Alabama denial of federally funded assistance to mother who cohabits with a man, who is not responsible for support, violates the Social Security Act. The economic need of the children cannot be denied relief because they were conceived in a nonmarital relationship. A Louisiana case (*LEVY vs. LOUISIANA*) declared that "The immorality of the mother has no rational connection with the need of children on welfare."

January 13, 1969; *Snell vs. Wyman*: 393 U.S. 323, 21 L.Ed. 2d 511, 89 S.Ct. 553. New York statute requiring repayment by welfare recipients not violative of due process or equal protection. Case was dismissed.

April 21, 1969; *Shapiro vs. Thompson*: 394 U.S. 618, 22 L.Ed. 2d 600, 89 S.Ct. 1322 (1968). Connecticut statute prohibiting welfare benefits to residents of less than one year created a classification that constituted discrimination, denying residents equal protection under the law (14th Amendment).

January 26, 1970; *Doe vs. Shapiro*: 396 U.S. 488, 24 L.Ed. 2d 677, 90 S.Ct. 641 (1970). A mother's refusal to name father of her illegitimate child did not disqualify the child from receiving ADC benefits.

March 23, 1970; *Whccier vs. Montgomery*: 397 U.S. 280, 25 L.Ed. 2d 307, 90 S.Ct. 1026 (1970). California welfare termination regulations which did not afford recipient an evidentiary hearing at which he could personally appear to offer oral evidence and confront and cross-examine the witnesses against him did not satisfy requirements of due process clause. This reversed the decision of a three judge federal district court in northern California.

March 23, 1970; *Goldberg vs. Kelly*: 397 U.S. 254, 25 L.Ed. 2d 287, 90 S.Ct. 1011. New York termination of public assistance without prior evidentiary hearing violates due process.

April 6, 1970; *Rosado vs. Wyman*: 397 U.S. 397, 25 L.Ed. 2d 442, 90 S.Ct. 1207. New York elimination of special needs grants from welfare violates Social Security Act.

April 6, 1970; *Dandridge vs. Williams*: 397 U.S. 471, 25 L.Ed. 2d 491, 90 S.Ct. 1153. Maryland limitation of maximum amount of A.D.C. grant is not violative of equal protection.

April 20, 1970; *Lewis vs. Martin*: 397 U.S. 552, 25 L.Ed. 2d 561, 90 S.Ct. 1282. H.E.W. regulation providing that income of "man-in-the-house" is not a basis for reduction of benefits in absence of proof of actual contributions was held valid.

January 12, 1971; *Wyman vs. James*: --- U.S. ---, 27 L.Ed. 2d 408, 91 S.Ct.

381 (1971). Caseworker's visit to welfare recipient's home held not an unreasonable search. Refusal to permit search is grounds for termination.

May 3, 1971; *Richardson vs. Perales*: ___ U.S. ___, 28 L.Ed. 2d 842, 91 S.Ct. (1970). Written reports of physicians who have examined Social Security Disability claimant who chose not to cross-examine them by exercise of subpoena right, can satisfy substantial evidence requirement of Social Security Act Section 205 (g) even though contradicted by direct medical testimony.

June 14, 1971; *Graham vs. Richardson*: ___ U.S. ___, L.W. 4732. Welfare benefits cannot be denied to resident aliens on the basis that the applicant is not a citizen or has not lived in the United States for 15 years. Such a requirement violated the equal protection clause of the constitution and encroaches upon exclusive federal power to regulate aliens.

TESTIMONY OF WESTSIDE MOTHERS—PART I

Why are people on welfare called cheats. No mother on welfare receives enough to support her family, because the cost of need is not there. We all cheat because when our children need a pair of shoes, a pair of pants, a dress or coat, we take money from the food budget, the light bill, and the gas bill to buy them. That is the only way we can cheat. Our children watch television and see that there are other children in America that are being well fed, clothed, and housed, and they say to their mother, "Why can't we have the same?" All that mother can do is drop her head and cry because she doesn't have an answer to give that child.

I feel that we have been punished for too much now. To have someone that doesn't know what it is like to be poor spend a half million dollars to investigate something that isn't there is very cruel. Unless you are poor you don't know what it is like to live on less than a dollar a day like I do. From a poor person's and society's view the welfare system is a hopeless failure. It's unfair, degrading, and strips you of your dignity. The mothers are encouraged to seek divorces so they can become eligible for aid and to leave their children and go to work without child care centers to take care of them.

Money has been appropriated quite frankly for defense and space without too much complaint, because citizens see results. But when money is spent on welfare to feed the poor, the public does not see the results because nobody has clearly outlined the goals of public assistance. Since the taxpayer doesn't know where the welfare system is headed, he reacts by calling for cutbacks in spending. A complete federal funding of income maintenance and health care would force state and local resources to deal with pressing problems. Policies and law should be heard and clearly stated for the poor and their voices should be heard. Then 35 million people's dreams of opportunity and freedom from poverty would come true.

What is wrong with giving a poor person a chance to live without being branded as lazy and a cheat? The rich cheat. They have all kinds of loopholes to get out of paying income taxes, while the poor working class of people pay all the taxes. Our representatives, after working five years or more, can retire on \$34,000 a year with free medical care, life insurance for almost nothing, and many other benefits when they are able to pay for these things. Now who is doing the cheating—the poor or the rich? The people that need to be investigated are the people that are representing us.

If there are people cheating, find them. Cut them off and increase the grants of the ones that need it.

MAMIE BLAKELY,
Chairman, Westside Mothers.

TESTIMONY OF WESTSIDE MOTHERS—PART II

My name is Selma Goode. I am a resident of Redford Township. As a volunteer, I am the Coordinator of Westside Mothers—a welfare rights group with members who are black and white, young and senior, male and female, on public assistance and working.

As a woman and a taxpaying citizen, I am concerned with the welfare program in this country. I use the term "welfare" to include all forms of subsidies paid by our government to individuals, families and businesses. The welfare paid to businesses is hidden in a great many laws and regulations. ITT, Lockheed and

Pennsylvania Railroad only hint to a layman of such vast sums that it will take diligent, honest toil for the Joint Economic Committee to expose the fraud on that level. We suspect that stopping that fraud could quickly erase our national debt.

We are also aware that fraud exists amongst recipients of categorical assistance. This is a truism for recipients are human. What we need do is evaluate fraud amongst poor people.

(1) When is it administrative error as opposed to client lying? Our impression is: a great deal of the time. A case worker in Wayne County has 20 minutes a month available for each case assigned to him. It is just amazing that there is so little error.

(2) When is it a misunderstanding on the part of the client? All too often for there is no printed material explaining categorical assistance available for clients. Forms for Old Age Assistance are many pages. It is unusual for a senior citizen to be able to cope with the form adequately.

(3) Is fraud dealt with when uncovered? Criminal prosecution results whenever fraud is discovered. The law is quite explicit.

The scientific studies, which are well known, show up to 4% fraud, which includes every possible reason for a recipient to receive more funds than he should. Willful fraud amounts to less than 1%. We have no notion of how great the fraud is amongst the medical profession, but 46% of Michigan's welfare dollar goes to pharmacists, doctors, hospitals and nursing homes.

Let us use this subcommittee's half million dollars to document again the basic problem of poverty and, hopefully, set in motion some real solution of that problem. What is poverty: lack of money. Nowhere in this country do welfare recipients receive anywhere near the BLS "lower budget" figure of \$7,214 a year for a family of four, except welfare recipients in nursing homes. (Unfortunately, some 15,000,000 working poor people also survive on much less than that "lower budget" figure.) ADC families raising children never have enough money to keep those children in shoes let alone coats and underwear. \$46.75 per person in Michigan in 1972, does not cover food, clothing, toilet chest articles, school expenses, entertainment, transportation, etc.

Please use your time, talent and money to lead us all out of the welfare morass into a system which attends to human needs in crisis situations. Remember: poverty is a crisis.

TESTIMONY OF WESTSIDE MOTHERS—PART III

Those of us on welfare who live with our families, why don't we get the same benefits as those who don't?

I live with my mother and daughter in my mother's home. I pay rent, yet I don't get Food Stamps. Why?

I have a daughter in a school for emotionally disturbed children; she is 7½ year old. Why doesn't the welfare program provide funds for this purpose?

Why is it the only time welfare will pay for dental care is when you need dentures? I had to have dental work done. It was done at the U. of D. Dental School. A statement was submitted to the Department of Social Services four months ago and never approved for \$350.00. I had the work done and paid \$120, which I had to borrow. My grant is only \$144 per month.

BRENDA HELFMAN,
Westside Mothers Club, A.D.C.

DETROIT METROPOLITAN WELFARE REFORM COALITION.
Detroit, Mich.

PERSONAL TESTIMONY FOR CITIZENS HEARING ON WELFARE

To: Dr. Robert Bonovich, Chairman, Citizen's Hearing on Welfare
From: Dian Wilkins, Detroit Welfare Reform Coalition

My name is Dian Wilkins; I am a mother of two children, and I am on Aid to Dependent Children. I attended the Congressional Subcommittee Hearings today, and I heard the chairwoman of that subcommittee talk about all the A.D.C. mothers who had air-conditioned houses and swimming pools. I wanted to stand up and tell them that I certainly didn't have a swimming pool, that I was lucky to have a bathtub, let alone a swimming pool; but, of course, I was not allowed to speak.

The thrust of the hearings seems to be to investigate what are called "multiple benefits," programs such as food stamps, childcare, and Medicaid. My experience with these programs has been that they're scattered, little-publicized, and difficult to use.

Food stamps, for example. Less than half of all welfare recipients in the state can afford them. (1) You have to buy the stamps during the designated period, rather than when you can afford them. (2) You have to buy a prescribed amount; in other words, you cannot buy \$5 or \$10 worth of stamps but have to buy the whole amount prescribed for a half-month period. It is often difficult to get that much money together. (3) The Food Stamp Centers are difficult to get to. There are only a few centers in the city, and as most recipients do not have cars, getting your stamps often means dragging 3 or 4 children on the bus across town, waiting in line for the stamps, and then back again on the bus with the kids—a very expensive trip both in time, money and patience.

The first thing I noticed about my Medi-caid card that I got was that none of my doctors would accept it. The children's pediatrician and our family doctor, didn't want to bother with it. Consequently, we usually wind up in the emergency rooms of general hospitals for everything.

Congresswoman Griffiths generally seems to be pitting the working woman against the non-working woman, saying that because the hardworking employed don't receive any extra benefits, neither should the non-working receive those benefits.

It seems to me that the Congresswoman, instead of faulting ADC mothers for taking advantage of what meager programs there are, she should be working to improve them and to extend them to all people who need them.

TESTIMONY OF MR. BRAD RANDALL, EDUCATION DIRECTOR, UNITED AUTO WORKERS LOCAL 306

I represent the workers of the Budd Plant, located in Detroit at Charlevoix and Conner. At our plant as of April 8, 1971, we were faced with the layoff of some 850 workers, out of a work force of 3000. Today, most of these workers are still laid off—they're young workers—they have exhausted all SUB benefits. This means Supplemental Unemployment Benefits, to subsidize them if they are ineligible for unemployment compensation. Now, these workers have exhausted all health care benefits. They have nowhere to turn. We have tried to get them enrolled in certain programs, in job training, which have been unsuccessful. They have no health care insurance, the corporation will only pay for the month they are laid off in and the month after. And if they don't qualify for that year's paid premium benefit. And these workers are young workers, with three years or less seniority in these plants. Not only the Budd plant, it's most of the plants in the city of Detroit.

I myself have been on welfare—ten years ago. I wasn't a welfare cheat, I raised five kids, and I had to have some assistance in doing this for a period of 15 months. We know there are a minimum amount of cheats, but in the overall, the population that receive welfare benefits, ADCU, they are not cheats and therefore I recommend to you that we not cut out welfare for the people of this city and state because they are deserving.

TESTIMONY OF ROBERT PREUSS, EMPLOYEE, WAYNE COUNTY DEPARTMENT OF SOCIAL SERVICES

Section 406(d) of the Social Security Act requires that the Department of Social Service provide family services. "The term family services means services to a family or any member thereof for the purpose of preserving, rehabilitating, reuniting, or strengthening the family, and such other services as will assist members of a family to attain a retaining capacity for the maximum self-support and personal independence."

As of March, 1972, there were 4,781 Basic Family Services cases. 7.6% of the ADC caseload was receiving services. There were 78 workers holding an average of 60 cases. The average worker closed 20 cases and thus had a "turn over caseload" of 80 cases which he solved during the month. The average case was active for 3 months.

GOALS OF ADMINISTRATION

Basic Family Services as set up in Wayne County, is a tangible, short term, crisis oriented service for ADC families. The service worker provides counseling in such areas as family planning, use of health resources, paternity and support, housing, and use of educational resources. The majority of workers and supervisors have college degrees. None however have a master's in social work. The average worker has been with the Department 6 years. The average supervisor has supervised for 15 years. Training for services has essentially been in-service training.

CASELOAD ACTIVITY

9.4% of closed cases showed activity in the area of family life. 6.7% showed activity under good health. 41.9% showed activity under financial, 34.2% showed activity under housing and 7.7% showed activity in the area of education. Services tend to be tangible such as helping a client prevent foreclosure on the home.

COST BENEFIT ANALYSIS

It may be possible to cost account the increase in paternity and support payments as the result of Basic Service intervention. It is however extremely difficult to cost account prevention of family break-up? How do you cost account keeping a youth in school rather than dropping out at age 16? How do you cost account prevention of child abuse or child neglect? How do you cost account preventive health care?

One of our Basic Service workers in our Southwest office worked with a woman who was an alcoholic. She was able to help this woman get involved with Alcoholics Anonymous. Resultantly, this woman became full-time employed and went off assistance. Shall we consider this a saving of \$3,600.00 for this fiscal year? Or, shall we consider it a saving of \$36,000.00 over the next 10 years?

ADMINISTRATIVE PROBLEMS

The administrative problems tend to result from low priority on services. All service programs together serve less than 25% of ADC families. This ignores the federal requirements that there be a service plan on every ADC case. This falls far short of the state target of providing services to 50% of the ADC cases which have a plan. Service supervisors and service workers spend all too much of their time doing what should be clerical work. There is no clerical support to answer phones. There is no clerical support to index and register cases. There is an inadequate clerical support to provide typing for necessary records. There is not adequate clerical support to file closed cases.

THE NEED FOR SERVICES

The problems of poverty are not easily solved. Money alone does not solve all problems. Drug addicts and alcoholics, for example, do not solve their problems simply by having access to money. Money may help solve problems of neglect but it does not solve problems of abuse.

Social work profession has long advocated the separation of services from Income Maintenance. The goal was to provide a higher quality of services. In a sense the 1962 Social Security Amendment failed because workers were not freed from their paper work to provide the in-depth type of social services need to prevent family breakdown and to promote independent financial functioning. Unfortunately separation appears to be bringing about a reduction in services. The choice has become a choice of having impossible caseloads and giving no services or giving restricted services to a small target group of people. We find ourselves making the latter choice and weeping over the fact that we cannot provide services to all in need in a spirit of the Social Security Act.

TESTIMONY OF MR. JAMES BISH, WELFARE EMPLOYEES UNION

This will be very brief. I might say that we are a bit weary of testifying before committees but we keep coming back, hoping that at some time the people's cry will be heard, although I must admit we are exceedingly cynical at this point. The Michigan Department of Social Services has over the last year and a half

engaged in what they call a "reorganization." This is the result of a national mandate and is repeated in city after city in this country. The reorganization is allegedly to separate social services and income maintenance so that we can improve our services to the poor people in the community.

I'm here to tell you that that concept is a fraud, that it's a lie. I'm here to tell you that what has happened, and we have in the past stated that it was designed to happen, is that the separation of income maintenance and social services is actually decreasing the money services and the social services to this community. I would just like to give an indication of some information I came upon today. The Department of Social Services in Wayne County finally is beginning to reorganize or separate the services and eligibility in the adult categories. That's for the elderly, the disabled, and the blind. There are some 26,000 elderly, disabled and blind in Wayne County. On April 1st it was mandated that by May 1st this separation should occur. As of today, because of that separation, 4000 elderly, disabled and blind people have no caseworker or income maintenance worker to call. This has been so for two weeks—it may continue for who knows how long. These folks are totally dependent, economically, upon the Department of Social Services. They have no one to turn to at this point.

What has happened, in addition, is that under this reorganization, which can be described only in terms of a gigantic work speed-up, the caseworkers are totally overwhelmed with cases of individuals who are suddenly dependent upon them. Prior to this reorganization of the elderly, the disabled, and so forth, the case loads were very high—each worker carried perhaps 300 cases. Upon the completion of this reorganization, each worker will carry as a minimum 400. But now we get to even a more serious problem. The stated reason for the separation of social services and income maintenance was to provide needed social services for the poor who are dependent on the Department of Social Services for housing, for child care, for protective services. In the past, professional social workers supervised five workers in terms of child welfare services and protective services and child abuse. The Department now has mandated that each supervisor will now supervise 12 workers. What that means, I think, is pretty clear: while on paper the statistics show that services are increasing, the quality most certainly is deteriorating.

The gigantic speed-up is translated to reduced services, and, if you come into the welfare office, the intake centers, you will note that the tensions in those offices are at an unprecedented level. And I am predicting that unless there is some resolve very quickly it's only a matter of time until a real tragedy will occur. What I think about is the pressures that were on James Johnson in Chrysler when he shot and killed several people. I fear it may be only a matter of time before there are some James Johnsons in the welfare department.

TESTIMONY OF RALPH JUDD, EIGHTH DISTRICT WELFARE REFORM CHAIRMAN

The Sub-Committee on Fiscal Policy is to be congratulated for holding hearings in Detroit this week. It is not often our town is honored with such esteemed guests as these who are interested in the policies and administrative workings of the welfare department. We can support their idea of trying to evaluate the day to day programs that are the basis for many far-reaching decisions on welfare assistance. We also hope that this select Sub-committee comes here with open minds and no pre-set conclusions. We especially hope that the human side of welfare will not be overlooked. We are not evaluating a missile project, a port facility, or a chemical study, but a program that deals personally and directly with people. Let us not forget that many on welfare are at the bottom of the economic mountain and many of these have not the resources to make the long climb upward.

The worst part of the welfare program is the lack of a real definition that best explains it in relation to other terms. Welfare is a synonym for subsidy, and as such should be evaluated with other subsidies like the oil-depletion allowance, the farm subsidy, and subsidies to corporations. It makes little sense to accuse welfare recipients of not deserving public funds on one hand and with hardly a bat of an eye for subsidies for this or that project. This is also not to be construed as cutting back on welfare. Rather in the increasing automation and computerization of whole segments of our society some permanent solution to income problems must be approached before tardy and bad legislation is enacted that only patches rather than cures the problem.

There is little incentive for even those on welfare who could get off when no jobs or day care centers are available, taxes are increasing at levels of income above the poverty line, and the effort to rise above all this would try the faith of a saint.

There are many ways the administrative aspects of the welfare system could be changed to make it more efficient, humane, and less costly. We could computerize much of the present process. After an initial application a person never would have to report again. Much of the multiple-grant program could be combined under one agency, making less work for the government and less trouble for the recipient. Others here will deal with the specific details. But in total not much change will take place unless a basic change in attitude toward income comes to public thinking.

Although welfare reform is in all probability going to be far down on the list for discussion in the political arena this year, it shouldn't be thought of as not worthy of consideration. On the contrary it is a very important issue. Politicians can bury it as an issue. But when welfare legislation is inadequate as far as need, or any reform seems to be regressive, then it should be discussed as a viable issue this year.

For the sake of the hungry mother of children in the ghetto, the Indian living in a squalid, leaky cabin, the elderly who wish they would die because on their incomes it is a living death, and the rural poor who long ago realize pride doesn't fill your stomach, can we wait for years for a possibility that conditions will improve? We dare not wait. Justice demands we change the situation. Hopefully this committee will consider that human beings in less fortunate circumstances than some of us need our assistance in reforming the present system. That the needy can receive adequate income with dignity and assurance is the essence of the system. The administrative aspects, while not to be overlooked, are but a stepchild to the main thrust of the welfare department, assistance to the poor and disabled. Let us not have the tail wag the dog. Let us instead have a real study like the Governor's Welfare Study Commission which zeroes in on the crux of the problem.

TESTIMONY OF ASSOCIATION OF BLACK SOCIAL WORKERS, DETROIT CHAPTER

I am Paul Hubbard, President of the Detroit Chapter of the National Association of Black Social Workers.

My testimony will be short, factual, but will contain no figures. I have decided not to deal with figures because I am sure that my co-speakers have researched and are presenting the same figures that I would present. I do know the figures of the millions spent in Washington, D.C. to find a very few A.D.C. fraud cases! I know of the thousands spent by the Governor of Vermont to find only a few cases of fraud! I am familiar with the research done by Time magazine. I am also familiar with the research done by Newsweek. I am familiar with all of the other surveys. You see, I recently presented these figures and others on two Detroit T.V. shows called Black Talk.

Because both scholars and idiots can use figures to prove anything they want to prove, I have chosen to look at the moral and human issues involved in these welfare hearings which point the finger of fraud at the A.D.C. recipients.

First, we the Association of Black Social Workers feel that this is a racist attack on Blacks because for the first time in the history of Michigan, Blacks are in the majority on A.D.C. I learned this a few weeks ago from a very high official in the State Department of Social Services.

Second, we feel that your energies should be channeled towards saving some of the 80% of our tax money being used to kill other dark skinned people on the other side of the world.

We would also like to bring to your attention that more money has been spent on the space programs and "vacations for astronauts on the moon" than on welfare.

Third, we would like to point out that less than 1% of the total amount of money spent to discover welfare fraud was saved by the few fraudulent cases that were discovered.

Fourth, I would ask that you examine the reasons why people are on welfare. These reasons are what we call social injustices, undereducation, health problems and poor health care, police false arrest in disadvantaged neighborhoods, racism, etc.

Now let me go back and define some of these terms for you in my own words. *Social injustice*.—Groups of people not given an equal opportunity to succeed in life because the main priorities of this country are profits and power.

Undereducation.—All educational facilities in all geographical areas are not equal. Therefore, undereducated people will not be equally equipped to compete for jobs.

Health problems.—Because of poor health a person cannot function in a normal capacity to earn enough money to live on.

Poor Health care.—There are not enough free health centers to service poor people to keep them in good physical condition to function in a normal occupational setting. Add to this the fact that the majority of the poor do labor-type jobs which are more physically taxing.

Police false arrest.—Police will arrest a suspect who is poor and the Public Defender will tell him to plead guilty and he will be granted parole. Now the victim has a jail record and this alone disqualifies him from most jobs.

Racism.—An individual is not given an equal opportunity to the steps of success because of his race.

In conclusion I would like to say that if you really want to save the country money then deal with the cause of people being on welfare and not the effect, which is the need for welfare.

This country has paid a very low price to compensate for the dollar value in lives and frustrations minority and economically deprived persons have paid because of the structure of this nation which is based on social and economic injustice!

TESTIMONY OF MR. NICHOLAS HOSPAS, ADMINISTRATOR, ALEXANDRINE HOUSE

If you are not familiar with Alexandrine House, we are a therapeutic community. We operate a 44 bed therapeutic community, as well as a 100 patient outpatient clinic. We provide rehabilitative services at the present time for approximately 140 heroin-addicted individuals. Our therapeutic community is funded primarily through general assistance programs, through the Department of Social Services. With these general assistance payments we provide room and board, linens, utilities, general maintenance of our facilities, general education classes which are aimed to bring up the residents of the community to the level at which they can pass the GED exam. We provide medicine and medical care, staff salaries and treatment services such as individual and group therapy, recreational facilities, educational and vocational placements and after care and family counseling.

Our problem with the welfare system is basically related to the last phase of our program. The program has three phases to it, and in the final phase we encourage people to begin attending college again or take vocational training. Unfortunately, at this point (let me say we've been operating this program for about a year now), the final phase of our program, which generally lasts about three months for the average individual, Department of Social Services funds are cut off, and the Department says to us, if the individual is going to school or if they begin in a training program they have technically taken themselves out of the labour pool, which means they can't take a job because they're going to school during the day. Of course there are no jobs available, but if there were, they would have to be available for it, so technically they can't receive general assistance payments. This is a real problem for us. Up to now we've been able to get around it by enrolling people in programs that are only in the evening. We've been able to get around it by simply avoiding the costs ourselves, which of course we can't do indefinitely. We've been trying to get the Department of Social Services to set up a special agency that would try to deal with these particular sorts of problems. We feel that in the long run this would benefit welfare programs and it would save society a great deal of money because what they're doing is they're saying, "If you want to better yourself by going to school, if you want to take yourself off the welfare rolls, you can do it, but we're not going to help you. We're going to cut off general assistance. We're not going to subsidize the improvement of your skills." This in effect, encourages the individual to stay on the welfare rolls for life and this is our biggest beef with the welfare system as it is now. Hopefully something can be done about it—this is one of the reasons we're here tonight.

TESTIMONY OF SISTER JOANETTE METZ, LEGAL DEFENDERS OFFICE AND TEAM AID
FOR LEGAL JUSTICE—THE ARCHDIOCESE OF DETROIT

I won't take too much time because really everything I wanted to say has been said. But I'd like to speak for not only the people who are arrested who shouldn't be arrested but also those who have been involved in crime, who are suffering untold damage to their persons if they are fortunately released on probation or parole. Unfortunately, most of them are hungry all the time.

There are no jobs for the man who is released back to the street. In this city, our unemployment rate is approximately 33%, second in the nation. It is not 7%, it is 33%. Thirty-three per cent, and that means only the people we have counted in this city, and many of the people in the very poor areas, you know, we don't even count. They are unknown, unnumbered. Those men released out of Wayne County Jail or Recorder's Court of injustice go up the street if they are fortunate enough to have someone prevail upon them to apply for assistance. Some of them say, "I don't want anything to do with that department, I'm not going down there." I have been able to assist with some; "Get down there and demand what you have a right to. Get at least something into your stomach so you won't starve. Hold your head up and get down to that office, and if they're going to make you sit around and wait around for two or three hours, sit there with your head up." I suppose that's a honky talking again, because most of the men I'm dealing with are black. But I'm not saying it as a honky, I'm saying it as a human being who knows that we have a system that is killing people. And furthermore, most of the men that go down to that office, in fact most of the men who appear in Wayne County Jail, white, black and our Latin-American brothers, have been deprived from the time they were conceived. Most of them were brought up on ADC. These men are forced to live on I believe it's about \$1.23 a day, and we get good buys, and we have a car so we can go out and we can buy in quantity, we can do everything to save a dollar. Poor people can't do that. I've tried to walk to the Eastern Market and pick up enough food on Saturday. I can't do it. I have to phone home and get a ride.

Now I could speak here for several hours, but I'm just going to say the men and women coming out of Wayne County Jail going down to our welfare department are treated like dirt. Not because all of the workers down there don't recognize human beings. I don't know how anyone can stand it in that Department. I give credit to men like Mr. Bish and Mr. Preuss and anyone else who can stick it out there and remain human. But I am saying to Martha Griffiths, to those of us who can't understand what poverty is about, we'd better find out what we're doing to our people and to our nation, and I too would agree with Mr. Bish if we don't have some shootings by people who are totally frustrated and no longer are being cow-towed I'll be surprised. In fact I'm amazed that we haven't yet had a rebellion. So I'm saying, Martha Griffiths and the rest of us, let's not have a squad, let's have guaranteed income, let's have all people with a right to eat, and a right to a roof above their head.

TESTIMONY OF MILTON TAMBOR, LOCAL 1640, AFSCME

I'll be very brief. It's always very nice when you're toward the end—the points have already been made. This argument is quite clear that when we talk about chiselling, we're talking about the people who make decisions as to what the allowances are, that that is the fair kind of minimum, or that that provides for any kind of decent housing or any kind of provision for food or whatever. So when we talk about chiselers we have to define who we're really talking about. The people who make those decisions, that don't provide for clothing allowances, that don't provide for security deposits, dental care or whatever. And when we talk about fraud again we have to declare who we're talking about. That point's been well stated. We're talking about the corporations, talking about a lot of people, railways, airways, billionaires who get a free ride. Those are the people we're talking about when we talk about fraud. That's very clear, and it's also clear that when we give money to rich people we call it subsidy when we give money to poor people it's welfare.

The main point I want to direct myself to is the forced work provision—H.R. 1. What also needs to be said is that the current political and economic situation is important; the administration of Nixon, besides declaring war on the Vietnamese people has declared war, is waging war, against the labor movement in general. That means high unemployment, that means inflation, that means wage control,

that puts the worker in an untenable position. And on top of that the taxes the welfare recipient's support; that is the forced work provision which allows these people to work at less than the minimum wage. And what needs to be made very very clear is that it's time for a strong line between the worker, the poor people, to turn the whole thing around so that we can get decent income for all people and individual dignity for all people.

TESTIMONY OF ANGELINE PERRY, MACOMB COUNTY WELFARE RIGHTS ORGANIZATION

I have just one recommendation to make: if we had the experts that have spoken this evening, if we had people that are as familiar with the problems of the poor in Washington to delegate the authority and make the laws, we'd have a much more efficient welfare system.

I attended the Congressional hearings this morning, and I was rather disappointed, because it seemed like we were on trial. Furthermore let me state that I am an ADC mother. I'm one of those ADC mothers who have finally crawled out of the woodwork and come forward, and I have sworn to speak before groups and state my position because it seems like few people really want to know how we feel. They would rather throw rocks and keep us in our places. They speak of fraud. We have made our own surveys, gone to the homes, brought out examples of how some of the true frauds were being perpetuated on housing, how they've passed along a home that was inadequate, how some of those people that are being handed this fancy package will wake up a year later when they're way up to their neck and they don't know what's going on, how there's a \$24,000 home that's only worth \$10,000.

The thing that really aggravates me the most is that when we speak of fraud we don't go to the welfare recipient to find out if they're getting their service, if they're being treated like human beings, because naturally they're supposed to be getting it for nothing. They should be quiet, go into their little corner, and be satisfied. If this is the kind of a welfare system we want then it's not going to work. It's like setting up a system that is just going, driving people away from a situation that can be eliminated so easily by being realistic, by being dealt with in a more humane way.

Now most of the people on ADC that come in contact with the workers, for a while blame the worker for everything that's going on. I have talked with many workers. I end up sympathizing with them, possibly trying to help them out of a situation rather than put them into it because somehow it seems it's not the workers fault because the rate of changes in the welfare system itself means there must be something wrong. If the work situation in an industry or in a place would be conducive to good healthy thinking, then the turnover wouldn't be as great.

It seems very frustrating to us as recipients to go to a worker that knows from the beginning that he's not really going to help us. He's just helpless, to stand there and say, "No, I can't do this, I can't do that, I have a problem." He could take our problems and go in a little corner and cry; there's no need of going to a worker because a lot of workers are just out of college. This means by living the life of a poor person, by the length of time that we live we know more about what it is to be in our situation than the worker does that has just come out of college. I'm not knocking the abilities of the persons out of college. I think that many times they make recommendations that are just filed in the wastepaper basket, and they're the ones that are dealing with the problem.

I have read parts of Richard Cloward's *Regulating the Poor*, and I think that we find that the work situations and everything points to the fact that we are being kept exactly where we are. We should stay in our little corner, we should not better ourselves because every time we go to turn around and we try to take a step forward, we've taken three steps backwards. And that is not very healthy.

As a mother of eight children, I find myself trying to figure out if I were trying to run an institution or a business what would I do realistically to take and make this thing work. Sometimes it seems it's better not even to have the intelligence to think because when you try to think you just get yourself in some kind of a mess. So I really want to thank the people in the welfare reform and the coalitions and all of the organizations that come together to speak up for us, and hopefully we can make a dent, and tell our legislators that those that make the rules and regulations that control our lives don't know anything about what's going on.