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News from Senator

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FAMILY WELFARE IMPROVEMENT ACT IS "A REAL REFORM"

WASHINGTON--The following is Senator Bob Dole's (R-Kans.) opening statement at the press conference announcing the Family Welfare Improvement Act:

"I am pleased today to join with Senators Long and Talmadge to announce the introduction of the Family Welfare Improvement Act, which at last offers the prospect of real welfare reform.

This bill flatly rejects the philosophy that welfare reform should necessarily involve greater federal domination of the welfare system, massive amounts of additional federal spending, and some move, whether comprehensive or incremental, towards institution of a guaranteed annual income.

Instead, the Family Welfare Improvement Act will convert the present open-ended matching of state family welfare costs to a fixed federal block grant system.

The bill constitutes an important first step in returning control of the family welfare system to States. The States, which are closer and more responsive to the needs of the poor, should be given the authority and responsibility to manage the family welfare system. The eight-State demonstration project contemplated by the bill should establish the efficacy of this approach. Also, I am hopeful that demonstration States will be able to devise fresh approaches to our current welfare problems which may provide a useful model for other States.

The fixed block grant approach will effectively stabilize the future growth of welfare costs. The block grant will function as a spending cap which will be adjusted only to reflect inflation, population changes, and extremely high unemployment. Furthermore, the bill provides that beginning in fiscal year 1986, each States' adjusted block grant will be reduced by two percent per year. Thus, this measure will aid in long-range budgetary planning and will bring welcome relief to overburdened American taxpayers.

The fixed block grant approach will give the States a real incentive to ferret out error, waste, and fraud in the welfare system, since they will be able to retain any savings which such efforts produce. The future reduction in the block grant will allow the federal government to share in those savings down the road. On the other hand, if a State does not run a tight, efficient program, the federal government will no longer share the costs of such profligacy.

Another noteworthy feature of the bill is that it gives the States complete discretion to require work as a condition

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of family welfare eligibility. We do a grave disservice to both the poor and society as a whole if we encourage dependency on public welfare. Able-bodies persons should ordinarily be expected to work to support themselves and their families. Thus, States should be free to design their own work programs as an alternative to the ineffective work requirement presently incorporated in federal law.

In addition to features discussed above, the Family Welfare Improvement Act has two particularly important advantages over the Administration's so-called "Welfare Reform" package: (1) it does not extend a guaranteed income to all intact families, and (2) it will cost at least $4.3 billion less than the President's plan.

The Carter Administration bill would establish a guaranteed income for all American families by making the unemployed parent segment of the Aid to Families with Dependent Children (AFDC) program available to all intact families, with income as the principal test for eligibility. The Administration adhered to the guaranteed income concept despite recently completed studies which have documented the harmful social and economic effects of instituting a guaranteed income system on a broad scale.

An extensive HEW-funded experiment which was conducted in Seattle and Denver demonstrated that members of families which were guaranteed a minimum income worked substantially less than their counterparts who were not. Perhaps the most disturbing statistic to come out of the study was the 55% work reduction of young males who were just starting their own families. These are the very individuals we most want to help establish a good work record and a lasting attachment to the labor force. We do not want to make them more dependent on government.

The same experiment also revealed that there was a startling increase in family breakups for families guaranteed an income compared to families under existing welfare programs. This appears to belie the assumption that existing programs that deny benefits to families in which the father lives in the home are a major incentive for family breakup. These findings clearly cast doubt on the wisdom of the Administration's guaranteed income approach.

The Administration has estimated its bill will exceed current AFDC expenditures by $5.7 billion. However, there is every reason to be concerned abou the validity of this estimate. During the last Congress, the Administration claimed its "Better Jobs and Income Program" would cost $2.8 billion more than existing programs, but that estimate was later revised by the Congressional Budget Office to $17.34 billion. HEW cost estimates associated with other large, new welfare programs have also been extremely low. For example, HEW originally estimated Medicaid would cost $238 million annually; it is now exceeding $20 billion annually, with the federal government paying about $12 billion of that total.

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I am specifically concerned that the Administration has not costed out all the items in its bill, such as the new rules for the computation of AFDC benefits provided for under Section 109 of their bill. I also have doubts about the Administration's assertion that under its bill less money will be spent on the two-parent family program than is currently being spent, since the Administration bill would extend the intact family program to an additional 24 states and to families earning at or near the minimum wage.

While our bill is substantially less expensive than the Administration proposal, we are offering more fiscal relief to the States and providing it a year earlier. It is important to move as quickly as possible to get these funds into the hands of the States which are now crying for relief from welfare costs. The money can be used to reduce State welfare spending and at the same time increase benefits for the truly needy where necessary.

The most important thing the Family Welfare Improvement Act offers is a fresh approach to the welfare problem. Our proposal will hopefully give new life to the welfare reform debate and provide new opportunities for breaking the cycle of poverty."

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