

News from Senator

BOB DOLE



(R - Kansas)

2213 Dirksen Building, Washington, D.C. 20510

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CONTACT: BOB WAITE/BILL KATS
(202) 224-8953, 8947

WELFARE 'REFORM' PLAN HARMS THE POOR AND BURDENS TAXPAYERS

WASHINGTON, D.C. -- Senator Bob Dole (R-Kansas) today said that a Carter Administration "Welfare Reform Package" would be a social and fiscal disaster, potentially harmful to the poor and economically unsound.

"The Carter Administration's \$5.7 billion 'welfare reform' package announced today represents a giant step towards greater federalization of the welfare system and towards installation of a guaranteed annual income in the United States. Thus, the package is a step in the wrong direction that will probably do more harm than good to both the taxpayers and the truly needy in this country," said Dole.

"Last year, Congress wisely interred the Administration's massive guaranteed annual income plan, which would have added nearly 22 million more Americans to the welfare rolls. The welfare proposal announced today seems to be yet another attempt to install a form of guaranteed annual income structure. Consequently, it looks like the old 'guaranteed income' wine has been put in a new bottle," Dole added.

According to Dole, the Administration's proposal would: (1) establish a national minimum level of family welfare benefits (AFDC); (2) mandate that all states provide family benefits to two-parent intact families in which the principal wage earner is unemployed; (3) change the criterion of eligibility for intact family benefit eligibility from number of hours worked to the amount of income earned; (4) liberalize the assets test and other program elements and (5) largely retain the currently unworkable work requirements. These are the ingredients needed to move to a guaranteed annual income system.

HEW STUDY

"Recently completed studies have documented the deleterious social and economic consequences of instituting a guaranteed income system on a broad scale. An extensive HEW funded experiment that was conducted in Seattle and Denver demonstrated that the institution of a guaranteed income system would cause a substantial reduction in work effort among recipients. The same experiment also revealed that there was a startling increase in marital dissolution for families guaranteed an income. These findings clearly cast doubt on the wisdom of the Administration's guaranteed income objective," Dole said.

"Another particularly unwise aspect of the Carter welfare package," Dole said, "is the plan to give 1.6 million supplemental security income recipients (the aged, blind and disabled) increased cash benefits in lieu of food stamp eligibility. This looks like the first step in an attempt to dismantle the whole food stamp program. The food stamp program has been vital in insuring that the needy receive a minimum level of nutrition. An increased cash benefit offers no assurance that the benefit will be used in the purchase of food. We should not abandon the nutritional needs of any group of the poor and least of all the aged, blind and disabled."

Dole added that, "Real welfare reform should be aimed at stabilizing the welfare costs to American taxpayers and at passing on at least a portion of the cost savings to the truly needy. The Administration's welfare program, however, will cost the taxpayers at least an additional \$5.7 billion, all in the name of reform."

BIG PRICE TAG

"Moreover, the Congress and the American people have ample reason to be skeptical of the \$5.7 billion price tag that the Administration puts on its latest welfare package. HEW has had a history of woefully underestimating the cost of major programs. When Medicaid was first proposed, HEW estimated it would cost only \$238 million a year; however, Medicaid now costs about \$20 billion annually, with the federal government paying about \$12

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billion of that total. Similarly, the Carter Administration initially claimed that its 1977 guaranteed annual income plan would cost only \$2.8 billion. Nevertheless, subsequent more accurate estimates pegged that plan's costs to be at least \$20 billion. Based on this experience it is difficult to predict what the true cost of the Carter plan will be if it were ever put into place," he said.

"There clearly is room for reform of our current welfare system, but the President has selected the wrong approach. We must do everything possible to eliminate fraud and abuse, and make the system more efficient. My staff is currently developing a block grant approach to welfare reform which is aimed at reducing the amount of federal regulation and giving the states a financial incentive to run a tight, efficient welfare program," Dole concluded.

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