

# SERVICES TO THE ELDERLY ON PUBLIC ASSISTANCE

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## HEARINGS

BEFORE THE

SUBCOMMITTEE ON

FEDERAL, STATE, AND COMMUNITY SERVICES

OF THE

SPECIAL COMMITTEE ON AGING

UNITED STATES SENATE

EIGHTY-NINTH CONGRESS

FIRST SESSION

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AUGUST 18 AND 19, 1965

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# SERVICES TO THE ELDERLY ON PUBLIC ASSISTANCE

WEDNESDAY, AUGUST 18, 1965

U.S. SENATE,  
SUBCOMMITTEE ON FEDERAL, STATE, AND  
COMMUNITY SERVICES  
OF THE SPECIAL COMMITTEE ON AGING,  
*Washington, D.C.*

The subcommittee met at 1:30 p.m., pursuant to notice, in room 4200, New Senate Office Building, Senator Edward M. Kennedy (chairman of the subcommittee) presiding.

Present: Senator Edward M. Kennedy.

Committee staff members present: William E. Oriol, professional staff member, and Gerald P. Nye, minority professional staff member.

Senator KENNEDY. The subcommittee will come to order.

Today this subcommittee opens hearings on "Services to the Elderly on Public Assistance."

Within the next 2 days we will hear from witnesses who will help us determine whether Federal, State, and local administrators have made the best possible use of the Public Welfare Amendments of 1962 in their daily work with our older citizens.

The amendments of 1962 were advanced by the President and endorsed by Congress because they seemed to offer hope that welfare programs could be used—not only to pay out money to those in need—but to offer social services that would help break the patterns of dependence.

Congress and welfare experts gave much thought to the forms that such services should take.

They envisioned programs to help elderly in housing projects.

They wanted to help older persons who need services in order to remain in their own homes instead of going to institutions, and they wanted to help return the elderly from institutions to their own homes.

They foresaw that volunteers could provide services to the elderly, and they made proposals that would bolster protective services to individuals who, because of mental or physical condition, are incapable of managing their own affairs.

Here was a direct affirmation by Congress that the true meaning of welfare is, as our dictionary tells us, "the state of faring or doing well: thriving or successful progress in life."

It was to be the task of our welfare administrators to give momentum for "successful progress in life" to those who, through neglect or impersonal social change, need the assistance and understanding of their Government.

Three years later, we see some progress. But we must stop now to ask whether that progress is sufficient, and we must ask other questions, too.

Are shortages of trained manpower stopping some programs before they can really begin?

Are we taking full advantage of opportunities for coordination and cooperation between local welfare programs and the community action programs funded through the Office of Economic Opportunity?

Are States acting as quickly as they should to make full use of the matching funds that will make the new services useful?

What attention is given to special needs of the elderly in crowded central cities?

Can volunteer programs proposed under the 1962 amendments be coordinated with volunteer programs activated by antipoverty planners?

Has local leadership been adequately responsive to the new opportunities to provide services?

Now that we have an Older Americans Act on the books, we can expect State agencies on aging to offer more comprehensive plans and advisory services than ever before. Can we also expect that welfare administrators will make the best use of such planning and consultation in their own planning for service programs?

The final question is basic: can we really expect social welfare programs to work if the assistance grant is so low that recipients can have no real hope of self-advancement?

Any program to help elderly public assistance recipients to improve their situations—and even to get off the relief rolls—is doomed to failure if grants are insufficient to support a successful campaign to restore self-sufficiency.

Inadequacy is not the only problem. As we look around our Nation, we also see inequities in different States—the monthly welfare check is set by State legislatures in widely varying amounts.

In view of the wide latitude which States now have in determining income, we may well ask whether we should establish some “floor” or “guide,” or “standard” to the consideration of income and resources.

We will, therefore, invite testimony on the adequacy of welfare for the elderly, and we will ask for comment on the advisability of Federal legislation to place a floor under old-age assistance.

Our Nation has now, more than ever, recognized that poverty is an intolerable drain on our society and on our individual consciences.

By hearing from witnesses who are experienced and skilled in the rendering of services to the elderly on public assistance, we will explore one neighborhood of poverty, and we will determine whether legislative changes are needed to make our 1962 services provisions more effective and helpful. If necessary, we will recommend new legislation to take maximum advantage of services techniques sought by Congress when it acted 3 years ago.

We are delighted to have as our first witness today Mrs. Ellen Winston, Commissioner, Welfare Administration, Department of Health, Education, and Welfare.

Dr. Winston was sworn in as Commissioner on January 28, 1963, and had been the commissioner of public welfare in North Carolina for 18 years before that date.

She is the former Head of the Department of Sociology and Economics, Meredith College, in Raleigh, N.C., before becoming the State Commissioner.

She is the former president of the American Public Welfare Association and is the current chairman of the National Conference on Social Welfare.

Dr. Winston has really a unique background and experience in this whole field, and this committee is very much in her debt for the time she has taken to come and appear before us.

Accompanying her is Mr. Jules Berman and Miss Eunice Minton of the Bureau of Family Service, and Mr. Charles Hawkins, legislative reference officer, Welfare Administration.

Dr. Winston, you may proceed in your own way.

**STATEMENT OF DR. ELLEN WINSTON, COMMISSIONER, WELFARE ADMINISTRATION, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE; ACCOMPANIED BY JULES BERMAN AND EUNICE MINTON, BUREAU OF FAMILY SERVICES, AND CHARLES HAWKINS, LEGISLATIVE REFERENCE OFFICER, WELFARE ADMINISTRATION**

Dr. WINSTON. Thank you, Mr. Chairman.

Mr. Chairman and members of the committee, when President Roosevelt signed the Social Security Act in 1935, he called it—the cornerstone in a structure which is being built, but is by no means complete.

When President Johnson signed the 1965 amendments which includes the historic Medicare legislation in Independence, Mo., on July 30, he called it—

the most important addition to that structure in three decades.

President Roosevelt's pen established Federal programs created to meet the urgent human need for financial aid that grew out of the great depression.

President Johnson's signature established pioneering legislation that breaks new ground in providing medical care to the aged and other needy persons.

Between these two historic events—the cornerstone laying and today's vast addition—our Nation's social insurance and public assistance structure has been expanded several times to strengthen its original provisions, and to broaden its services.

Most important of these were the public welfare amendments of 1962. They constituted the most comprehensive overhauling of public assistance and child welfare services that Congress had ever made up to that point. For they broke new ground in providing important social services—human resources development techniques, you might call them, which help people achieve their potential.

When President Kennedy signed that legislation on July 25, 1962, he described it as—

a new approach stressing services in addition to support, rehabilitation instead of relief, and training for useful work instead of prolonged dependency.

Thus, three Presidents, supported by the Congress and the collective conscience of the electorate, extended the hand of broad Federal aid into three crucial fields of human need—income maintenance, social services, and health care.

Today, Mr. Chairman, I am very happy to be able to respond to your request to give testimony on the Welfare Amendments of 1962 and future welfare programs for the elderly.

Much has been done for older Americans, and we rejoice at the additional opportunities granted by the 89th Congress, but the human need is great and growing.

But, first, I would like to give you a progress report on the Public Welfare Amendments of 1962. Then I would like to discuss the floor for public assistance to which you have referred.

I have been in the fields of public welfare and of aging for 20 years. I remember very well when we only talked about food, clothing, and shelter, and very little else. Yet I can also recall starting back in 1945 to work with the North Carolina Legislature to get a bill enacted that would provide enough of a legal basis to develop a program of services for older people.

It is out of these decades—lean years of social services for the elderly—that I report progress to you today.

I think, generally, public welfare has come very lately to the realization of its responsibilities to provide services for older people. It is perfectly true that we have been giving money payments to them since the midthirties. But we haven't done much beyond providing money payments until rather recently.

This opportunity really was launched with the 1962 Welfare Amendments. I might add that Public Law 89-97 offers Federal, State, and local public welfare a magnificent new opportunity to strengthen social, financial, and medical services for older people. But that lies in the future.

Today, I want to report on the implementation of the 1962 Public Welfare Amendments as they relate to older people. Let me say that the response of the States to date is beyond expectation—as you probably know, we are still in the “tooling up” stage and will be until July 1, 1967—here are some highlights:

#### 1. INCREASED STATE INVOLVEMENT

So far, 41 States have elected to provide increased services to public assistance clients—actual or potential—in their programs for the blind, the disabled, and the aged. They are now involved in the process of fulfilling these commitments. Some of the remaining States also have plans underway to take on these responsibilities.

We certainly hope that all States will follow suit. It is not difficult, because, after all, as a result of the 1962 legislation the Welfare Administration is ready, willing, and able to offer Federal funds to meet 75 percent of the cost of special services.

I have discovered, however, that it is sometimes more difficult to get \$1 from State and local sources than it is to get \$3 from the Federal sources. Right here we have a critical problem. Without State financial participation, there can be no Federal program. The result is human suffering.

#### 2. INCREASED STAFFING

Very few States had sufficient staff to assume the full scope of potential services for older persons in mid-1962. But they have been busy trying to close the gap. Specifically, I can report the following encouraging facts and figures:

41 States have added a total of 2,721 caseworkers, with substantial numbers in Kentucky, 106; and Illinois, 298;

29 States have increased salaries for caseworkers and supervisors;

27 States have added 255 supervisors for service workers;

18 States have added 50 full-time and 20 half-time staff to strengthen program planning and development of social services;

17 States have added 50 specialists to the existing 237 specialists in aging, medical social work, and other areas;

9 States have upgraded their qualifications for casework and supervisory positions.

All States, therefore, have been deeply involved since July 1963 in carrying out their commitments to build up staff to meet the national standards of (a) no more than 60 service cases per worker, (b) no more than 5 workers per supervisor, and (c) providing some service on a statewide basis.

Naturally, there will be understandable variation and method and timetable by which the States will fulfill these commitments. But all States must reach these standards by the target date of July 1, 1967.

As further evidence of State concern, I can report their reaction to the Welfare Administration's recent 2-week training institute for State public welfare specialists in aging.

I think it is extremely significant that 25 States sent 60 specialists in aging to this training session. This institute, and the States' response, is certainly a measure of growth of our interest in, knowledge of, and professional approach to social services for older persons.

### 3. SERVICES

We are relying heavily on several services that generally provide the elderly with:

(a) Protection against hazardous living conditions;

(b) Security by enabling them to remain in their own homes or return to their home communities from an institution;

(c) Help in achieving self-care and increased independence.

The spectrum of services includes casework, community planning, group work, homemaker service, volunteer service, foster care, and training for self-support or self-care.

Here are highlights of the progress of just two of these services:

#### HOMEMAKER SERVICE

The current national interest in homemaker services is strongly reflected in public welfare. This is evidenced by the marked increase in these services in public welfare agencies.

For example, since the 1962 amendments became effective the, number of homemaker service programs in public welfare agencies has more than doubled; there were 93 such programs in October 1963, by July of this year, there were 194, about half of which include services to the elderly.

And there is growing evidence of their value, as in the case of Multnomah County, Oreg., where homemaker services resulted in savings of \$83,000 in public assistance costs by helping elderly persons live in their own homes instead of institutions.

Many agencies are interested in homemaker services not only for the direct services it can provide to aged individuals, but also because it is a potential source of employment for competent mature women who might want to supplement their retirement income.

#### GROUP SERVICES

The development of group services in public welfare agencies is still generally very limited. But awareness of its value in meeting a need is growing rapidly. Group services are designed to help groups of parents, teenagers, and older persons learn, get information, and solve problems.

It may be extremely valuable for older persons who tend to become socially isolated as their families and friends move away or become less able to get about. Some 300 local public welfare agencies are experimenting with group services.

Recently, 6 States reported that they had developed 23 new group services. Several counties employ specialists to develop group services.

I think that part of the progress we will have to make in reducing individual caseloads will result from the skills we develop in dealing with groups of older people. Counties which have tried group orientation of older people applying for public assistance are favorably impressed. Not only do group meetings help clarify questions of recipients, they report, but they also help public welfare workers make better eligibility decisions in far less time.

Another area where we are expecting to make progress is in demonstration projects. In the past 2 years, we have placed considerable stress on funds available to the States under section 1115 of the Social Security Act. This provides Federal funds, up to 100 percent, to encourage States to try new methods and approaches in giving services to older people.

I am convinced that the considerable increase in the numbers of specialists in aging has been due, in part, to these project grants.

In the current year, we expect to do more with demonstration projects. We want to encourage State public welfare departments to use these funds for protective service projects for the elderly. Once States provide this service to their older citizens, we feel they will continue them as part of their ongoing programs.

The Federal project grants, in other words, will help States sample the good they can do. Once they try, they'll buy, we are convinced.

#### 4. INCREASED FINANCIAL ASSISTANCE

Several provisions of the 1962 amendments were designed to lift some of the economic burdens borne by the elderly. Under the new formula for Federal matching funds, for example, the Federal share of the cost of old age assistance was increased enough to permit an average of \$4 more per month in payments without any increase in the State's share of the cost.

I am happy to report that in general this increase in Federal funds has gone into the pockets of the needy aged; moreover, State contributions have been added so that the national average payment to recipients of old age assistance in May of this year (the latest month

for which we have State data) was \$62.30—a \$4.16 increase over the average monthly payment of \$58.14 for May 1962.

Counting vendor payments for medical care as well as money payments, the increase is even greater—\$6.54 per recipient per month.

Another provision designed to give the aged more money for their daily living permitted them to keep up to \$30 a month in earnings (the first \$10 plus half of the next \$40) without having their assistance check reduced.

By the end of fiscal 1965, in 23 jurisdictions, these exemptions were permitted and 3 other States, Massachusetts, South Dakota, and Wyoming had enacted State legislation to permit their public welfare agencies to make these exemptions.

A third liberalizing provision made it possible for States to use Federal funds in vendor payments for medical costs incurred up to 3 months prior to the time a recipient applied for public assistance.

Since an accumulation of heavy medical expenses is often the reason why elderly persons apply for assistance, you can readily appreciate the importance of this provision.

By the end of fiscal 1965, there were 26 jurisdictions that had acted upon this provision.

To sum up my progress report on the implementation of the Welfare Amendments of 1962, let me make these points:

1. Federal funds are available to States for social services on a 75 percent matching basis. That means 3 Federal dollars for every State dollar. It means that the State dollar has doubled its power to help poor people. Unfortunately, the State dollar is hard to come by. And without it, there is no progress. The great promise of the 1962 amendments as a new departure in human development and social rehabilitation will not be realized by older citizens in many sections of the country unless all States participate.

2. The participating States are actively engaged in making progress as measured by the legislation's target dates. We plan to measure progress, you may be interested in learning, through a State-by-State review of service programs. This review already beginning will be completed in December 1966. It will help us determine where States still need help in reaching goals for providing statewide services by July 1, 1967.

3. Regarding specialists in social services for the aging, I do not think it is enough by any means to have them in the State offices. I feel that in the immediate future we must have staff with this responsibility in every local department of public welfare, or at least serving a group of departments.

We made substantial progress in the 1962 amendments by requiring that by 1975 there must be a child welfare specialist available to every jurisdiction in these United States. We now have them in 80 percent of the jurisdictions—10 years ahead of the deadline. I think the aged deserve no less than having a specialist in aging available to them wherever they may live in this country.

4. Some progress has been made in meeting the financial needs of the aged. Most recipients of old-age assistance now have a dime or so more to spend on their daily living than they had 3 years ago. But a little extra change cannot really alter the deprived conditions under which so many of them live.

So much for progress. Now for the problem. And I think the major problem which overshadows all others is adequate payments for public assistance to the elderly and others. As I travel this broad land of ours, I continually hear the concern of thoughtful and responsible Americans.

The Welfare Administration's Advisory Council on Public Welfare, which was appointed under section 1114 of the 1962 amendments, has been having hearings around the country.

In New York City, Chicago, Atlanta, Washington, D.C., Oklahoma City, and San Francisco—again and again—they have heard rumblings from people in all walks of life: clergymen, businessmen, public welfare administrators, community leaders, labor leaders. The majority stress the importance of a floor under the income maintenance payments of older people, so that the aged have enough money for food and rent, and the electric bill and the gas bill, and decent clothes, and a few bus tokens.

I may add that the temper of the testimony our Advisory Council has been hearing is strong. Such graphic expressions as "shockingly inadequate," "utterly indecent," "inhuman," are not unusual.

And, after all, it is not surprising that any compassionate person would react this way. For the most important service of all, in my opinion, is providing aged people with cash when their own income and resources are insufficient.

This is the primary function of the old-age assistance program. As President Roosevelt said in his first fireside chat, it was intended "to provide sound and adequate protection against the vicissitudes of modern life." There is serious question as to whether the objective is being met. I am afraid it is not being met in many parts of the country.

We would like to call the committee's attention to the inadequate assistance provided in many States and to the wide variation between sections of the country.

For example, as I mentioned earlier, the national average money payment in old-age assistance for May 1965 was \$62.30. But that figure includes a range of payments from a high of \$96.60 in California to a low of \$30.75 in Wisconsin. The Commonwealth of Massachusetts provided an average payment of \$70.02 a month.

No matter what level of living is used, these payments are too low to be consistent with our traditional concept of what life should be like in this affluent land. Even recognizing that some of these old people have help from relatives or receive some income from OASDI and other sources, so that "average" payments are not synonymous with the actual sums they live on, it is still true that the payments are so low as to make it impossible for many of them to maintain a decent level of living.

Indeed, some of these older people are sentenced to an existence halfway between the "poverty line" and absolute destitution.

As one woman from Georgia puts it:

When I get through with the immediate bills, I have about \$6 or \$7 for food for a month, and I have a problem trying to make ends meet \* \* \* my biggest problem is money, period; just money. I just don't have enough to live on.

We are pleased to note the interest of the Congress in this matter in the form of liberalizing the formula determining the Federal share of assistance payments under the 1965 social security legislation.

This amendment permits the States to increase the payments for old-age assistance about \$2.50 a month. This will be welcomed by the aged, but is hardly an answer to the crushing load of poverty which these people are carrying.

We believe that there is a need for careful consideration of the implications of this level of assistance for so many needy aged of the Nation. Obviously, some further steps should be considered.

One possibility, which has been suggested with increasing frequency in the past several months, is a national minimum standard. I recognize the difficulties of developing one which will, on the one hand, protect the aged in the lowest paying States and, on the other hand, does not serve as a ceiling on payments.

This is one of the most serious problems facing the needy aged and one that needs full attention. It will be given the most careful study by the Advisory Council on Public Welfare.

We are pleased to have an opportunity to appear before this subcommittee on this subject. We will look forward to your report of these hearings on the results of State implementation of the 1962 Public Welfare Amendments.

It is important, at this halfway mark, for us and for States administering the defined services for the older adults in the public assistance program to take a look at progress States have made in achieving social goals of self-care and prevention and reduction of dependency for the aged.

Where States need to do more, we stand ready to assist them in any way we can. If more is expected from the Federal Government, then this is the point at which we should know it.

We shall be glad to answer any questions which members of the committee may have on the testimony which has been presented or on the current status report which the Department has made available to the Chairman.

Senator KENNEDY. Dr. Winston, your statement was excellent. It was both comprehensive and knowledgeable and will be extremely helpful to this subcommittee.

I did have a few questions I would like to ask.

First of all, I am deeply interested in the concept of establishing a floor under income for our senior citizens. In light of your experience, as indicated in your testimony, of the difficulty in having all the States comply with the standards which have been established in the 1962 Welfare Amendments, do you feel that there would have to be an increase in matching formulas by the Federal Government to support a Federal plan guaranteeing a minimum level of income to the elderly?

Dr. WINSTON. I don't think there is any question but what if we were to move toward some type of minimum floor there would have to be readjustments in the way in which we match non-Federal funds.

We have a number of States which are making a very great effort even to provide the present inadequate payments for older people.

We have great variation among the States in the percentage of older people who fall within the old-age assistance classification.

So unquestionably, in my mind, there would have to be some basic changes in our fiscal arrangements with States for such a proposal to be given serious consideration.

Senator KENNEDY. I would gather from your observation that you feel there would be a serious drain on the financial resources of the

States if such an undertaking were to be seriously considered and enacted without higher Federal matching formulas.

Dr. WINSTON. Correct.

Senator KENNEDY. I assume as well, that you feel that the greatest initiative should be forthcoming from the Federal level for the creation of programs in this area.

Dr. WINSTON. Yes. Of course you realize, Senator, that we have wide variations among the States in their ability to provide funds and, consequently, we long ago accepted the principle in our public assistance programs that there must be some kind of equalization provisions in order to at least begin to level out some of the differences.

Senator KENNEDY. But this does not seem as an insurmountable challenge?

Dr. WINSTON. I would not think so, in terms of our present affluent situation.

Senator KENNEDY. I know you are very familiar with the figures which indicate the incomes of our senior citizens in this country. You refer to inadequate incomes in your testimony.

I think when we consider the median income levels of married couples in 1962 with at least one member over 65, or the low median annual income for unmarried persons over 65, the fact that one-third of all couples over 65 had incomes of less than \$2,200 a year, or that one-third of all unmarried persons over 65 had incomes of less than \$810 a year, we can readily see the magnitude of the problem before us.

This is, I think, a situation which is shocking, to say the least. And, when we consider that the recent Federal welfare payment increases are on the order of from \$2 to \$4 in assistance payments, it seems to me to be only really barely scratching the surface. Would you not agree?

Dr. WINSTON. Of course, this is simply an increase in terms of amount. It does not take into account the creeping up of cost of living so that you really need to adjust this in terms of how much more money it means. When you divide it by 30 days in the month you begin to see, in perspective, how little it really is.

Senator KENNEDY. I was wondering if you could tell me what kind of coordination there is between the OEO and the projects such as the homemakers projects, in the area of community planning?

Dr. WINSTON. Well, actually, we have a great deal of interrelationship with the Office of Economic Opportunity. As you know, we administer directly title V which consists of the work and training projects, and these projects have priority in communities where there are community action programs.

We also have been very much interested in, and have provided consultation on some of the proposals of the Office of Economic Opportunity that have to do with special projects, so that there is daily back and forth on all of this.

I think that it is important, when one talks about relationships between two Federal programs, both of which are very large in scope, to realize that not only are there differences in basic legislation but there are a good many other differences.

By law, a public welfare program must be carried out in every jurisdiction which means you have the program in all counties. In contrast, the OEO programs are on a project basis and are in a large number of communities but they do not have overall coverage.

Then you have the fact that the public welfare programs are administered by States or are supervised by States and administered locally, which is a difference in pattern of administration so that you have a good many administrative as well as financial differences, all of which have to be taken into account.

On balance, I think that the extent of the coordination and cooperation really has been quite remarkable at all levels of government.

Senator KENNEDY. I have just one or two other very brief questions.

The subcommittee, however, will stand in recess for 4 or 5 minutes due to a Senate vote. I have to vote and I will be right back.

(Whereupon a brief recess was taken.)

Senator KENNEDY. The subcommittee will come to order.

Mrs. Winston, why have so few rural communities adopted the service programs?

Dr. WINSTON. Actually, what happens is that a State adopts, in its State plan, a particular service which it then agrees to make available throughout the State. By and large, States have adopted a relatively small number of such statewide services and we have had project developments in our larger communities.

I think it takes a real selling job in rural communities. We also have the fact, of course, that there are certain of the problems of older people that are accentuated when they live in large urban communities.

It is our belief, however, that there should be workers who are especially trained and skilled in providing whatever types of services are needed across the State so that regardless of where an old person may live, if he has need for a special type of service, that type of service can be made available to him.

Senator KENNEDY. What, if any, indications do you have that services to improve capacity for self-support help to keep elderly recipients off the welfare rolls?

Dr. WINSTON. I would like to answer that question with regard to older people in terms of their characteristics because there is a great deal of misinformation or, at least, misplaced emphasis on this.

As far as the people on old-age assistance are concerned, you really can't talk in terms of capacity for self-support. There is tremendous potential for helping people who are older to become more independent, to increase their capacity for self-care, but let me just give you a few of the statistics here.

As far as the old-age assistance caseload is concerned, the median age is 76 $\frac{1}{2}$  years. Two-thirds of the persons on old-age assistance are elderly women, so that what we really have is a concentration of rather old people in terms of our ordinary definitions of aging and a concentration of women, many of whom have never worked.

Then when we look at their physical condition, we find that 20 percent of all the old-age assistance recipients are confined to their homes, 8 percent are bedfast or chairfast. About half of this latter group, by the way, are living in institutions.

Of those who are not confined to their homes, 1 in 9 needs actual physical help to get around outside the home.

We also have the fact that in terms of the present old-age assistance caseload, they have been on assistance for quite a long period of time, relatively, and the longer they are receiving assistance, dependent upon it, the less likely they are to be able to be restored to self-support.

The average old-age assistance recipient has been receiving assist-

ance for  $6\frac{1}{10}$  years. The period is less for those who are also the beneficiaries of old-age insurance.

For those who do not receive old-age insurance payments, the average time on old-age assistance is  $7\frac{1}{10}$  years. So I think here we must be realistic and place our emphasis on helping people to live more comfortably, in greater dignity, free from fears of insecurity, to help maintain their independence as long as possible and to relieve them of the necessity for care from others to the extent possible.

It is true that we have a few people, younger recipients of old-age assistance, who are coming on our work training programs under the title V projects but, by and large, there just is not much potential here for self-support.

Senator KENNEDY. I am wondering what your experience is with programs designed for the elderly helping other elderly people? Do you think this can be done?

Dr. WINSTON. Well, this depends, of course, first on how you define "elderly." We start with people 65 years of age and older. Certainly there is very great potential for the mature worker in many ways. I have always been surprised that we find caseworkers in the full age range from the very young to the older workers providing excellent services to older people, but there tends, perhaps, to be some emphasis on the more mature worker serving older people.

Sometimes the contact is a little easier to establish, and so on. So there is opportunity there simply in terms of older workers working with the older group.

I mentioned in my testimony "homemakers service." Here there is real opportunity for the mature woman to provide much-needed services. There is a great range of possibilities for volunteer services by older people to older people.

I don't think we have begun to exploit the possibilities that we have here.

Senator KENNEDY. Could I ask, Dr. Winston, if you could submit for the record a profile on the individual who is receiving these benefits?

Dr. WINSTON. Yes, we would be very glad to.

(The information follows:)

#### CHARACTERISTICS OF OLD-AGE ASSISTANCE RECIPIENTS (BASED ON 1960 STUDY)

Their median age is 76.4 years—4.3 years higher than the median for the total population aged 65 and over.

Women comprise two-thirds of the persons receiving old-age assistance.

Marital status of the male recipients: 46 percent are married, 30 percent are widowed, 11 percent are divorced or separated, and 13 percent were never married.

Marital status of the female recipients: 18 percent are married, 67 percent are widowed, 8 percent are divorced or separated, and 7 percent were never married.

Because of physical or mental conditions, 20 percent of all recipients are confined to their homes, and 8 percent are bedfast or chairfast; half of the latter group live in institutions. Of recipients not confined to their homes, 1 in 9 needs help to get around outside the home.

Almost two-thirds of the recipients live in quarters maintained as their own households, 16 percent live in the homes of sons or daughters, and 9 percent are in institutions; the remainder have other living arrangements.

A majority—57 percent—of all recipients live in nonmetropolitan counties.

The median time since most recent opening for old-age assistance is 6.1 years. For those who receive old-age, survivors, and disability insurance benefits the median is 3.9 years; for those not receiving such benefits it is 7.2 years.

Of all recipients having nondependent children, almost a fourth receive contributions from the children.

Old-age, survivors, and disability insurance benefits are received by about 3 out of 10 recipients—38 percent of the men and 25 percent of the women.

Senator KENNEDY. I think it would be very helpful for us to study that in some greater detail.

I want to thank you very much for coming and for your patience. I also wish to thank your good associates for joining you this afternoon. You have certainly been most responsive to all the questions and extremely helpful in providing material.

I would say that the Department of HEW is extremely fortunate to have you in your capacity supervising these programs. I want to thank you very much for appearing.

Dr. WINSTON. Thank you.

If, in the course of your hearings, there is additional information that we can supply, we will be glad to.

Senator KENNEDY. Thank you very much.

Our next witness will be Mr. Leon Keyserling, president of the Conference on Economic Progress, a nonprofit, nonpolitical organization dealing solely in economic research and publication of economic studies within the United States.

Mr. Keyserling.

#### STATEMENT OF LEON KEYSERLING, PRESIDENT, CONFERENCE ON ECONOMIC PROGRESS, WASHINGTON, D.C.

Mr. KEYSERLING. Mr. Chairman and members of the committee, I very much appreciate this opportunity to talk about some of the problems of our older people. I must confess that, although I have been interested in this matter since my participation 30 long years ago in the preparation of the original Social Security Act, I am not today as familiar with some of the details and intricacies of the various specific programs and amendments which have been discussed so competently by Dr. Winston and will be by others.

So I want to deal only with three basic questions which it seems to me are fundamental to any examination of the problems of our senior citizens.

First, what their income problems are; second, how much they need to be genuinely helped; and third, where the money can come from.

I share, entirely, Dr. Winston's views that this is basically an income problem. Old people certainly need services of various kinds; they need help, and to a degree, they can help one another. Some of them can get jobs. But, basically, what most of them need is to have enough money to buy an American standard of living in the framework of our current productive capabilities and a fair allocation of a share of our total national product. This would also be good for the whole economy for reasons which I will disclose.

All I can do here is to run very quickly over some of my charts. First of all, we see down at the bottom of chart 1, as indicated by the bars (see p. 23), that about 19 percent of the families in America are poor, and about 44½ percent of the unattached individuals.

This is based upon the criterion which the administration has advanced as to what constitutes a poverty level of income. If we take the families and the unattached individuals together, and allow for the larger size of the families, the total comes to somewhere in the neighborhood of one-fifth of all Americans.

On chart 2 (see p. 24) we see the extraordinarily higher concentration of poverty among those families whose principal family member is over the age of 65. Here, as against the 19 percent figure I cited, we have 47 percent of our senior families with incomes under \$3,000 a year.

The other bars, which we don't need to go into now, show the very much lower percentage of families with incomes under \$3,000 a year as the age of the principal family member is lower.

It may be claimed that an older family needs somewhat less to live than a younger family. This is true to a degree. But when we recognize how far below \$3,000 most of them are, which is shown on the chart, the adjustment that would have to be made for this claim is rather slight, and, as we know, the \$3,000 figure is a low figure, anyway.

The same kind of thing is shown by the median income comparisons on the chart, to which the chairman referred a while back, showing the comparisons between the average family incomes of those 65 and over, and those of other ages.

Turning to chart 3 (see p. 25) and I am merely indicating these, as I think they may be more helpful to the committee when it has more chance to examine them—this chart deals with unattached individuals rather than with families, in other words, single person families, and shows that among those 65 and over, 63 percent-plus live in poverty, as against the 44.5 percent shown on the first chart among all individuals living in poverty in America.

Of course, the 44-percent figure includes the high concentrations of poverty among the old people, so that the figure excluding the old people would be much lower than 44.5 percent.

On charts 4 and 5 (see pp. 26-27) we come to the question of how highly this poverty among the old people is concentrated among those receiving payments of one kind or another either under the old-age survivors and disability insurance program or under the welfare programs or under both.

I want to stress, in connection with the earlier charts, that the incomes which I show for these families and the number of people living in poverty include income from all sources.

In a study which I prepared not long ago, called "Progress or Poverty," I trace in detail that the preponderant part of the actual income received by these old people is from public programs. For the most part, they don't have much other income.

Among those receiving OASDI payments among married couples, as I read it here on chart 4, about 58 percent live in poverty by the definition that we have come to accept, among the unattached men about 58 percent, and among the unattached women, 64 percent.

To state it more graphically, about two-thirds of all the unattached women in the United States aged 65 and over, live in poverty, accepting the definition as "incomes under \$1,500." Let's remember, if they all have incomes under \$1,500, their average income, as I stated before, may only be \$700 or \$800.

This chart shows, for example, how many fall below a thousand dollars a year.

The bottom part of the chart shows as of April 1964 (it has changed some but not much since), the average OASDI payments to retired workers. On the right side, I have stated my belief that these

benefits should approximately be doubled by 1970 and I will come to the reasons for that later on.

Chart 5 deals with the income situation among recipients of public assistance as distinguished from recipients of OASDI payments. I am not laughing—it is a sardonic laugh—almost 100 percent of the married couples, where the principal family member is over the age of 65, are below \$3,000, about 96 percent below \$2,000, and about 20 percent are below \$1,000.

With respect to the unattached men, the situation is a little better, but not much. Three-quarters of them are below a thousand dollars. Among the unattached women, 72 percent are below a thousand dollars. There, again, in the lower part of the chart, I demonstrate my own views as to how we should move on this problem between now and 1970.

Now this is a quick portrayal, but I believe an accurate one and also a comprehensive one, as to what the income situation actually is among our older people in the United States.

I would be glad to be interrupted at any time now as distinguished from later, if you have a question, Senator.

Senator KENNEDY. Could you clear up—on this chart here, it represents the number of married couples who are over 65 years of age and have an income of under \$3,000 who do not received the OASDI; is that correct?

Mr. KEYSERLING. That is correct.

Now, as to the other chart, among those receiving OASDI, if they receive additional payments besides OASDI, that is included in the figures which are used as the basis for the chart.

Senator KENNEDY. Isn't that exclusion primarily because of State regulation?

Mr. KEYSERLING. You mean why these don't receive OASDI?

Senator KENNEDY. Yes.

Mr. KEYSERLING. No, I don't think so, Senator. I think the reason they don't receive OASDI is that when the Social Security Act was passed, there were some who were already too old or already retired, and therefore they could not make the payments which would have brought them under OASDI. That is why the pension system was set up.

In consequence, OASDI is becoming more important and the welfare payments relatively less important, although they are still of very substantial importance.

The ultimate ideal would be for everybody gradually, and especially the elderly, to be under some kind of OASDI system.

My chart 6 (see p. 28) is entitled: "The Extent of Poverty Among Groups With High Concentration of Poverty." Here we see, looking at the middle square in the second cross-section and taking those aged 65 and over as of 1962, that about 47 percent of the families, and about 63 percent of the unattached individuals, were in poverty. This repeats what was on some of the previous charts but has the additional value of comparing that with the concentration of poverty among other groups.

Aside from household workers and unemployed people who obviously have very little income, the concentration is higher among the old people than anywhere else.

Coming to chart 7 (see p. 29), this looks at it in a different way. Instead of looking at the concentration of all poverty among the old

people it looks at what percentage of the poor people are old. Here, looking at the lower half of the chart, we see that about 27 percent of all the poor people in the United States are over the age of 65.

The top bar shows that the highest concentration of poverty is among those who have education below a certain level. But if I had time, I would argue the point that lack of education cannot be isolated as a cause of poverty as clearly as inadequate income payments to our senior citizens can be so isolated. In other words, both the uneducated and the old are poor because they have too little income, but the remedy for too little income among the old is not nearly so complex as the remedy for too little income among the uneducated—since lack of education may or may not be the main reason for their having too little income.

I would say my own view is that the old people constitute the largest single group of the poor in the United States for whom a single specific program could be related effectively to the removal of their poverty. I might dramatize this a little bit, but I think justifiably: If the national conscience were awakened to the point where, through established programs which would involve no new committees, no new local organizations, no new types of administrative costs, we simply built on the OASDI system and the welfare systems, and brought them up to levels representing the changes in the price level since 1935 and the greater per capita productive capacity of the Nation—in other words, if we brought these programs over the next 5 years to the levels where they ought to be, we would be making a full-scale attack on about 27 percent of the whole poverty problem in the United States.

Chart 8 (see p. 30) brings us to a different phase of my discussion because the next question really is, if all these old people are poor, what do we do about it?

Senator KENNEDY. Excuse me. Just before we move off this last chart, is it not true that those who lack an adequate education are probably the largest percentage in this chart?

Mr. KEYSERLING. That is correct.

Senator KENNEDY. Then what is the second group? They live in the South, I believe.

Mr. KEYSERLING. Live in the South.

Senator KENNEDY. And the third?

Mr. KEYSERLING. Of course, those who live in the South have multiple factors bearing upon their poverty: some are old, some are Negroes, some are unemployed, et cetera. Living in the South is not a category in exactly the same sense as the aged are in a single category. That is to say, poverty among the aged could be dealt with almost entirely by improving the OASDI and welfare programs which provide most of their income. But getting rid of the poverty in the South involves practically every program that has any bearing upon poverty anywhere in the United States.

Coming over to the next question, after all, everybody in the United States wants to get rid of poverty and everybody wants to do justice to the old. Everybody recognizes that a large percentage of the poor people in the United States are old. The real issue is how fast we can move and, how. This is a matter of resources related to the wealth and power of the country. On chart 8 I have projected, through 1975, 10-year goals for the reduction of poverty in the

United States. These goals are not picked out of thin air. I would like to do it in 10 minutes, I would like to do it in 1 year rather than in 10 years, but these goals correlate with my examinations of the strength of the American economy, the resources of the American economy, and the cost factors.

In other words, I have made a complete economic budget—which the Council of Economic Advisers, incidentally, ought to do, but doesn't—as to what our resources are available to meet the priorities of our national needs, and how these resources will grow further under appropriate cultivation. On the basis of this, I reach the hopeful, but I think justifiable, conclusion that we should reduce the amount of poverty in the United States to nominal figures within a 10-year period, and that is shown on this chart 8—I won't go into the details at this point.

Coming more specifically to the means, some of what I have to say now which relates to policy will not meet with the concurrence, perhaps, of the majority of economists and might not even meet with the concurrence of the majority of people in the Government, but this does not bother me, because 5 years from now they will be writing monographs in support of what I am saying now. I base this comment on 35 years of experience in observing the persistent lag of the body of the economics profession behind the needs and realities of the times.

The main reason why we as a Nation are not thus far allocating enough resources to the removal of poverty among the old, nor to the removal of poverty among other groups, is that we have made a partial but serious misappraisal of what the country most needs by way of national policies and programs.

This misappraisal extends not only to the ultimate social objective of serving the needs of our people, which is the ultimate purpose of any economy, but also extends to the economic front as more narrowly defined.

In fact, when we analyze the matter properly, what is best to do in economic terms and what is best to do in social terms is really the same thing, because in the final analysis in a country like the United States what we can afford to do in economic terms determines what we should do in social terms. We want to get a balance which measures our social efforts per se against their effects on the economy, and how they are paid for out of the resources of the economy. This has led me to say that, if we made a sufficiently comprehensive list of what we need to do to get rid of poverty in the United States and what we need to do to have full economic growth and full employment these two lists would come to practically the same items.

We all know, and I will not linger on the point, that we are not using our resources fully now. After 12 years of efforts since the end of the Korean war, and more extensive efforts within the past few years which I applaud, we still have 4½ to 5 percent unemployment measured in one way, and more than 8 percent measured in another way. We now have 15 to 20 percent unemployment among our young people, and 10 to 12 percent among our Negroes. My chart 9 (see p. 31) indicates, 1953-1964, the idle manpower and idle productive power which we have suffered and are still suffering on into 1965.

The problem of economic growth is intimately connected with the problem of meeting our social needs because growth provides the

means, and, looking at it the other way, providing better incomes to the people who are in want would stimulate economic growth because the economy is stimulated basically by demand for the goods and services that people buy with their incomes. Chart 10 (see p. 32) sets forth our inadequate growth record, 1953-64.

The main big error we have made is that we have put too many resources into reduction of taxes and not enough into meeting our great needs. Even the Congress, and certainly the average informed person, seldom stops to think that, since 1962 alone, not taking into account what we did in 1954, we have enacted or otherwise initiated tax reductions having an annual value of about \$20 billion. Of this \$20 billion, a large part of it has been useful; but a large part of it, I estimate about \$10 billion, has gone to those who really didn't need tax reduction on social grounds and who didn't need it for investment purposes either and, therefore, it went overseas to increase our balance-of-payments difficulties, or went to bid up the stock market, and so forth and so on.

This is not crying over spilled milk. I am looking to the future, we cannot repeal the past. We should begin now to think of using in far more constructive ways the increased revenues or most of the increased revenues which result automatically from economic growth.

The usual estimates are that economic growth will give the Treasury \$6 to \$7 billion more a year in tax collections of current tax rates. We should use this not for further tax reductions responsive to the clamor of those who obviously always like to have tax reduction, but to serve our national needs.

If we don't do this, no matter how much the economy grows, and no matter how much tax revenues increase, we will never have the money to do these high-priority things because we would be using the money for other purposes.

Let's examine a bit more closely why we have fallen so far short of maximum economic performance; why, even according to the estimates of the Council of Economic Advisers—which I think probably much too low—we have about a \$30 billion production gap between what we are actually producing annually and what we could produce, which is the same thing as a \$5 or \$6 billion tax collection gap at existing tax rates.

The main reason for the default is that we have allowed the growth of our productive facilities to run far ahead of the demand for ultimate products. This is not a new idea, but it is just as valid as it was when it was first advanced. The demand for ultimate products takes two forms, what do 195 million people spend individually and what governments spend for the priorities of our national needs. Chart 11 (see p. 33) shows the long-term shortfalls in private consumer outlays and their significance. Chart 12 (see p. 34) shows the downward trend in the Federal budget, realistically measured, which has added to the shortfall in ultimate demand. What chart 13 shows (see p. 35) without going into it in detail, is that, during every period when the economy has been moving upward as it is now, investment in plant and equipment which adds to our productive capabilities has tremendously outrun the joint expansion of private consumption and public demand for goods and services.

The only way to cure this and thus to bring the whole economy into better balance, would be to enlarge faster the demand on the

part of 195-odd-million people, and to expand faster the demand on the part of the Government for products which people need and cannot buy individually. This is the heart of the whole economic problem.

It is also the heart of the whole social problem, because this same approach which would help the economy more would meet our great national needs more, even if it would be argued that the two methods were equally valuable from the viewpoint of stimulating the economy.

Of course, it would be theoretically possible—I do not believe that it would be feasible in practical operations—to stimulate the economy enough to use our resources fully, even while allocating these resources in ways not responsive to our great national priorities. But the essence of translating the quality of the Great Society into the quantitative measures which will bring it to fruition are to apply enough quantitatively to the greatest national needs and in accord with our resources.

The avalanche of tax reductions of all kinds since 1962 has been economically wrong and socially indefensible. I submit charts 14 and 15 (see pp. 36-37), which analyze the 1964 tax cuts, and chart 16 (see p. 38), an older study which shows that our tax system is far less progressive than most of us realize. Chart 17 (see p. 39) presents a balanced picture of the types of expansion we need through 1970 and 1975. The only part of it I want to concentrate on at the moment is this last square on the right, in the middle section [indicating], which shows that we ought to increase our transfer payments about \$30 billion by 1970 and about \$48 billion by 1975 above the current levels. Again, this is not pie out of the sky; this is reconciled with all of our other national objectives and needs, in terms of our current resources and potential for growth.

Very simply, this means that since transfer payments constitute some of the payments to agriculture by one device or another, and the transfer payments embodied in welfare programs and payments embodied in the old-age survivors, and disability insurance programs, it follows that one of the biggest catalytic factors in helping our economy and helping our people would be a long-range, broad-scaled, properly rationalized and integrated program to do much more for our older people whether they are receiving OASDI benefits or whether they are receiving welfare payments.

This finding as to transfer payments, is reconciled with my earlier chart which indicates within the same tableau that it is feasible and proper and therefore desirable to move on a long-range plan approximately to double these payments in terms of recipients within a 5-year period.

Charts 18 and 19 (see pp. 40-41) contain my estimates as to the role of the Federal budget in meeting those needs which it should properly serve both on a per capita and percentage of GNP basis. These charts include estimates in the fields of all of the types of programs most relevant to the subject matter under consideration today. I will not go into any more detail, except to say that these charts in the Federal budget are reconciled with all of my other charts, and are an integral part of my "American Economic Performance Budget."

Now, I want to refer, lastly, to a few of the questions raised by the chairman since I have been here.

First, the reasons why the Federal Government needs to assume a large relative responsibility as against the States and localities, are

very plain. First, over the last 10 or 20 years, or any way you want to figure it, both the debts and the expenditures of the States and localities have increased enormously, running up to 100 or 200 or 300 percent, while we are all familiar with the fact that Federal outlays have increased relatively slightly, and on a per capita basis or in ratio to GNP have actually declined.

Senator KENNEDY. Let me ask you on that: you take a position generally with regards to Federal programs, that there should not be a matching formula?

Mr. KEYSERLING. I think some matching formula has value, but I think it needs to be greatly reconsidered.

For example, the Federal Government now does not make any contribution in the general welfare category, and I think it should, because it is from the general welfare that a significant part of the aid in one form or another reaches old people, and also broken families and others in need.

I think that the matching formulas with respect to many welfare programs and pensions should be changed, with a larger Federal relative contribution, which would also provide a stimulus to the States and localities.

Senator KENNEDY. Would that include the use of general revenues for social security?

Mr. KEYSERLING. I think the Federal Government should make a larger contribution in the case of old-age pensions. The old-age insurance system, of course, is not on a matching basis. It is on a payroll tax basis. My own view, increasingly shared by others, is that if the old-age insurance benefits were brought up to the levels they should be, we should no longer continue to rely entirely on payroll taxes. In part, they are a bootstrap operation. They take the money from the same people that need help most. They are regressive. I am not saying they should be abandoned. But as the benefits are increased, a larger portion of the costs in my view should be by general Federal contribution, which would enable the financing of these contributions through the general progressive income tax system, which I think we still need to rely heavily upon, other people to the contrary notwithstanding.

Actually, getting back to what I said before, if we had used half of the \$20 billion annual value tax reduction for all these different programs I am talking about, if we had used \$2 or \$3 billion of it as a Federal contribution to increase the benefits under the OASDI system, we could have rendered a powerful assist to that program.

Certainly, I think that in the future we should use the increased Federal tax revenues derived from economic growth for these types of high priority programs.

Another reason why enlarged Federal contributions are necessary with respect to the old-age insurance system, and why the increased Federal contributions are also necessary in the welfare payments field, is the equalization principle, which is a basic principle of all government.

I happen to come from the South, and Mississippi and Louisiana are paying more for education and for welfare relative to their per capita wealth than New York or Massachusetts or Illinois or a lot of the more prosperous States.

My chart 20 (see p. 42) indicates some of the trends in welfare outlays over the years, and indicates again their inadequacy.

Exactly the same principle which justifies within a State the use of government to equalize county situations justifies in my view the use of the Federal Government to equalize nationwide situations, particularly with respect to the types of programs we are discussing today.

These are the main elements of what I have wanted to say.

I appreciate the opportunity to be heard.

I think the charts will be helpful to you. I hope that our Government someday may get from a specialized and particular consideration of problems to the consideration of the total picture, which means looking at problems all together and seeing how they fit into one another.

Thank you very much.

Senator KENNEDY. I want to once again commend you for your presentation today.

I would like to ask you what your suggestion would be for a minimum income standard? What would be your estimate of the minimum income that would be necessary for a person over 65?

Mr. KEYSERLING. Well, I am very much in favor of floors under many types of incomes in the United States. They have been used in some other well advanced countries.

In a sense, the old-age insurance system, so far as it goes, is a floor, because if at any time it provides a benefit of so much, that benefit is a floor.

What I am really saying as to that particular program, is that the floor should progressively be raised through enlarging the benefits under the old-age insurance system, because we now have the wealth and the economic power to do this.

As to my specific recommendation, I believe that by 1970 we should approximately double the average benefits under the OASDI and public assistance to the aged programs.

The consequence would be that the floor 5 years from now would be twice as high as it is now. It would still not provide a majority of these people with an income much above the poverty level. It would not provide them with a truly American standard of living, which is very far above the poverty ceiling.

Now, with regard to the welfare payments as applied to the old people, I don't think there is any way, taking history into account, for the welfare payments to the old people quite to catch up with the old-age insurance payments. They have a different history. However, they are far behind now, and there ought to be a partial catching up.

This should also involve the concept of a floor. In other words, what is the average welfare payment that old people through Federal and State action, with appropriate variations based on family size and other factors, should receive? Here also my proposal is that over a 5-year period we should take as a rough gage the approximate doubling of these welfare payments, with appropriately expanded aid through the Federal budget.

This would absorb only a part of the increased tax revenues resulting from economic growth. So this is how I would attempt to set these floors.

Now, there are other welfare payments besides the old-age pension systems which enter into the incomes of the aged. The people who receive old-age assistance in the form of pensions, also receive payments by the States in the general welfare category, and various other types of aid that Mrs. Winston referred to.

I think we need to set standards or floors for these payments also, and as I said, I think the Federal Government should contribute in the general welfare category, which it has not done yet.

Senator KENNEDY. Do you see any inconsistency between the concept of social security as a public insurance program and welfare programs? If we were to follow your recommendations, and Dr. Winston's, it seems an individual would be drawing funds from two different kinds of sources.

Do you see any problems, such as motivational problems, if a person is going to be assured that one way or the other he is going to have a guaranteed income after age 65?

Mr. KEYSERLING. I see problems, for all worthy efforts require problems, but I don't see insuperable problems.

Theoretically, as I said before, we ought to have an old-age insurance system, and not a welfare system for the aged. I see no way of blanketing under the OASDI system the millions under the welfare system. In time they will die off, and the new people coming up from the lower years will be under the old-age insurance system, but I don't think, pending the time when they die off, that they should be neglected.

There are too many of them. They are going to live too long. It is not good for the whole economy that they be neglected. Therefore, one has to reconcile the two systems. One has to take the two floors into account, and get a reasonable relationship between them.

In one sense, this is nothing novel. We have gotten results that are too low, but all along we have been trying to make the two match, in one way or the other. We did from the beginning.

Senator KENNEDY. And you don't anticipate a problem in motivation?

Mr. KEYSERLING. Frankly, Senator, talking about the people over 65, I am really not very much worried about their motivation.

We are going to have a hard enough task to find jobs under the new technology for the people coming up from the bottom. I am not worried too much about a person 66, and soon going to be 70, not having enough motivation.

This problem of motivation may apply in random cases, to 10,000 or 20,000 people, but I don't think it is a general problem in the case of our senior citizens.

Senator KENNEDY. I want to thank you very much, Mr. Keyserling for coming.

I have had an opportunity of hearing your testimony before Senator Clark's Subcommittee on Manpower. I appreciate your appearance here.

(Transcript resumes on p. 43.)

(Mr. Keyserling's 20 charts, referred to in his testimony, follow at this point.)

CHART 1

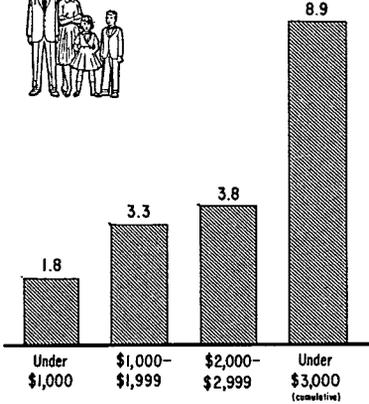
# AMERICANS LIVING IN POVERTY, 1963

Annual Incomes, Before Taxes. In 1962 Dollars<sup>1/</sup>

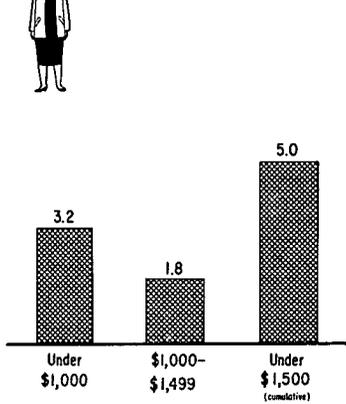
## NUMBER OF FAMILIES AND UNRELATED INDIVIDUALS

(In Millions)

### FAMILIES



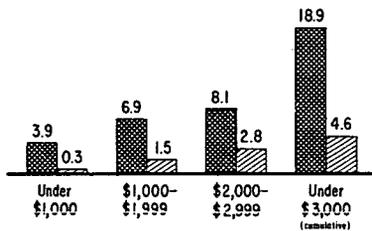
### UNRELATED INDIVIDUALS



## PERCENTAGE DISTRIBUTION

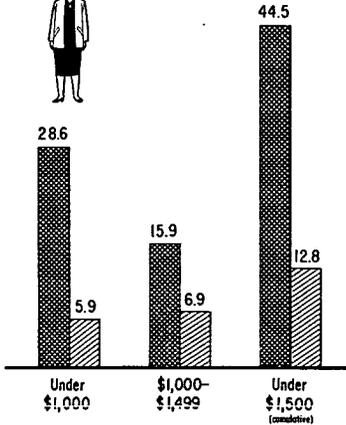
### FAMILIES

- Percent of All Families
- Share of Total Income of All Families



### UNRELATED INDIVIDUALS

- Percent of All Individuals
- Share of Total Income of All Individuals



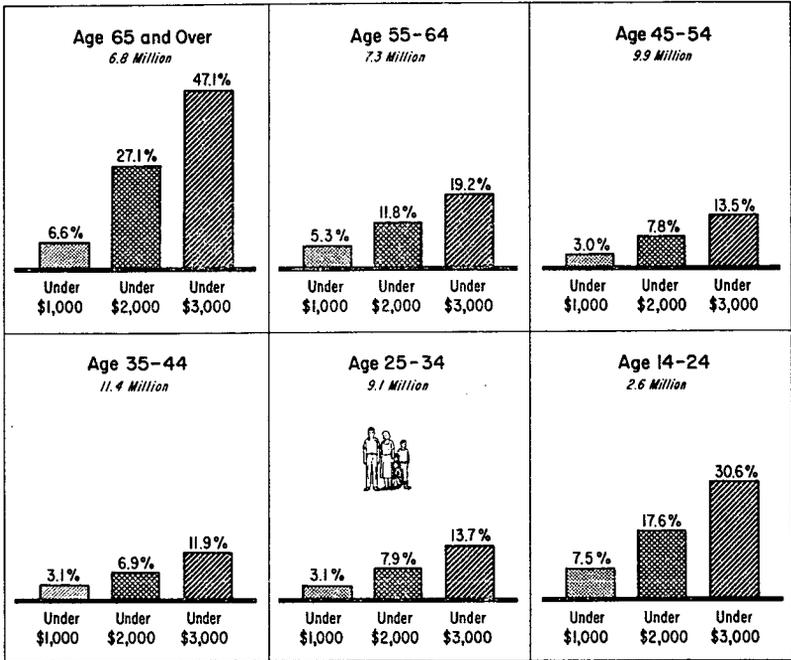
Data: Based on Census Bureau concept of money income received.

<sup>1/</sup> The income distribution analysis is stated in 1962 dollars because the original determination of poverty income levels was made in terms of 1962 dollars.

CHART 2

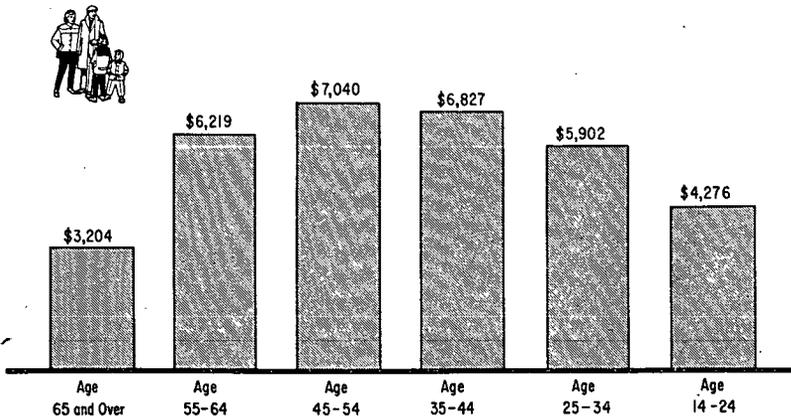
### AGE AS A FACTOR IN POVERTY AMONG FAMILIES, 1962

All Families Grouped by Age of Family Head, and Percent in Each Group Living in Poverty



### MEDIAN ANNUAL MONEY INCOME OF FAMILIES

Grouped by Age of Family Heads

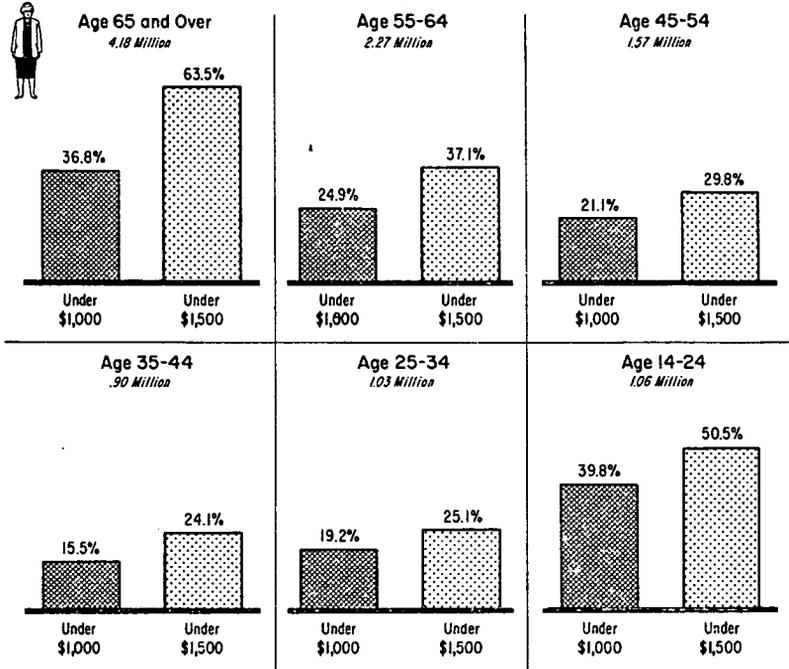


Data: Bureau of the Census.

CHART 3

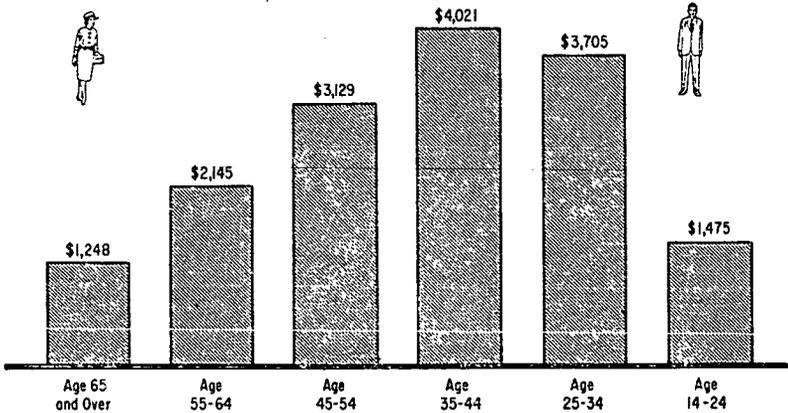
## AGE AS A FACTOR IN POVERTY AMONG INDIVIDUALS, 1962

All Unattached Individuals Grouped by Age, And Percent in Each Group Living in Poverty



## MEDIAN ANNUAL MONEY INCOME OF UNATTACHED INDIVIDUALS

Grouped by Age of Unattached Individuals

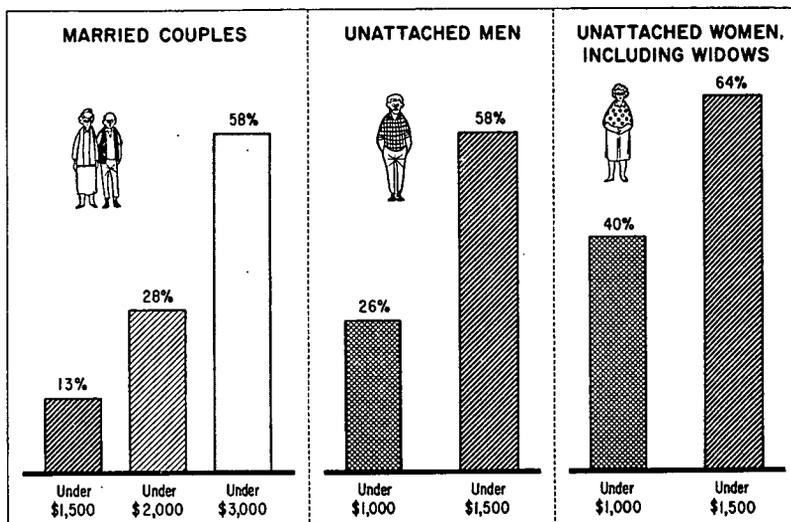


Data: Bureau of the Census.

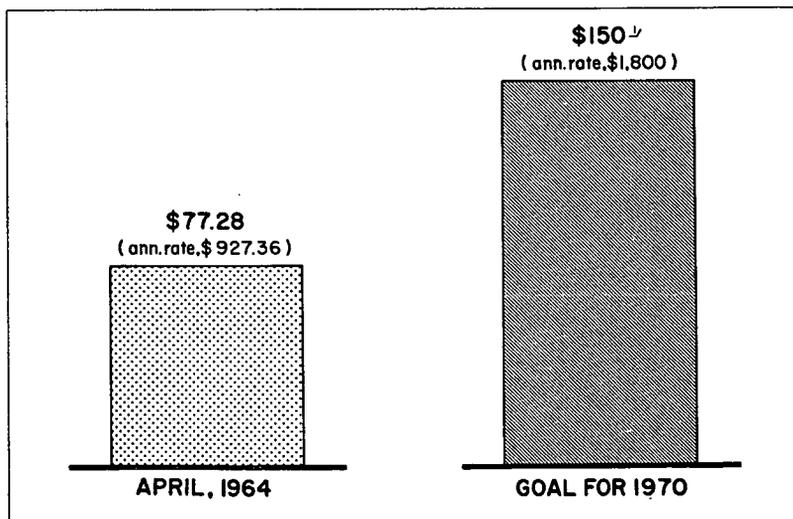
CHART 4

## POVERTY AMONG OASDI BENEFICIARIES AGED 65 AND OVER, 1962

Percent of Indicated Money Incomes From All Sources



## AVERAGE OASDI BENEFIT, RETIRED WORKER



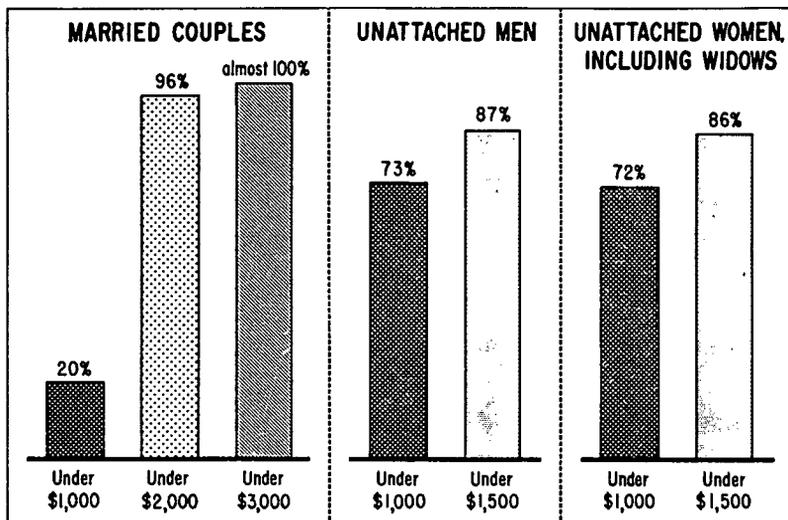
Benefits for wives and widows should be comparably increased, to lift married couples and unattached women out of poverty.

Data: Dept. of Health, Education, and Welfare. Projection, CEP.

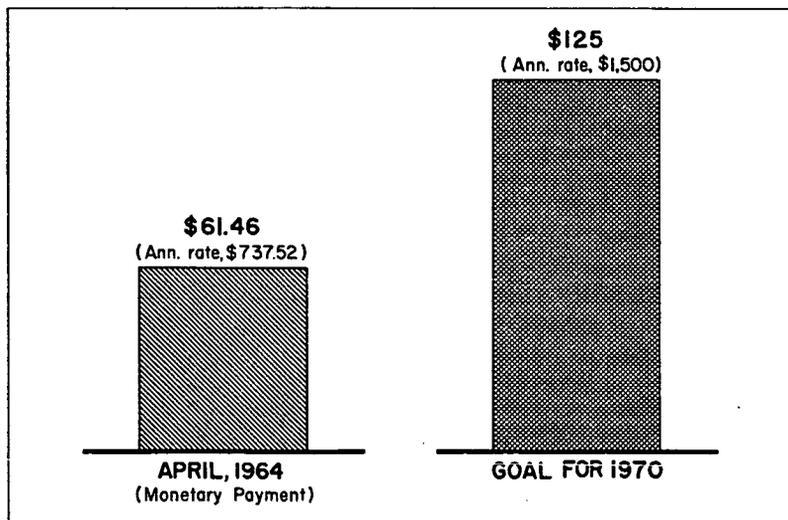
CHART 5

# POVERTY AMONG RECIPIENTS OF PUBLIC ASSISTANCE, AGED 65 AND OVER, WHO DO NOT RECEIVE OASDI BENEFITS, 1962

Percent of Indicated Money Incomes From All Sources



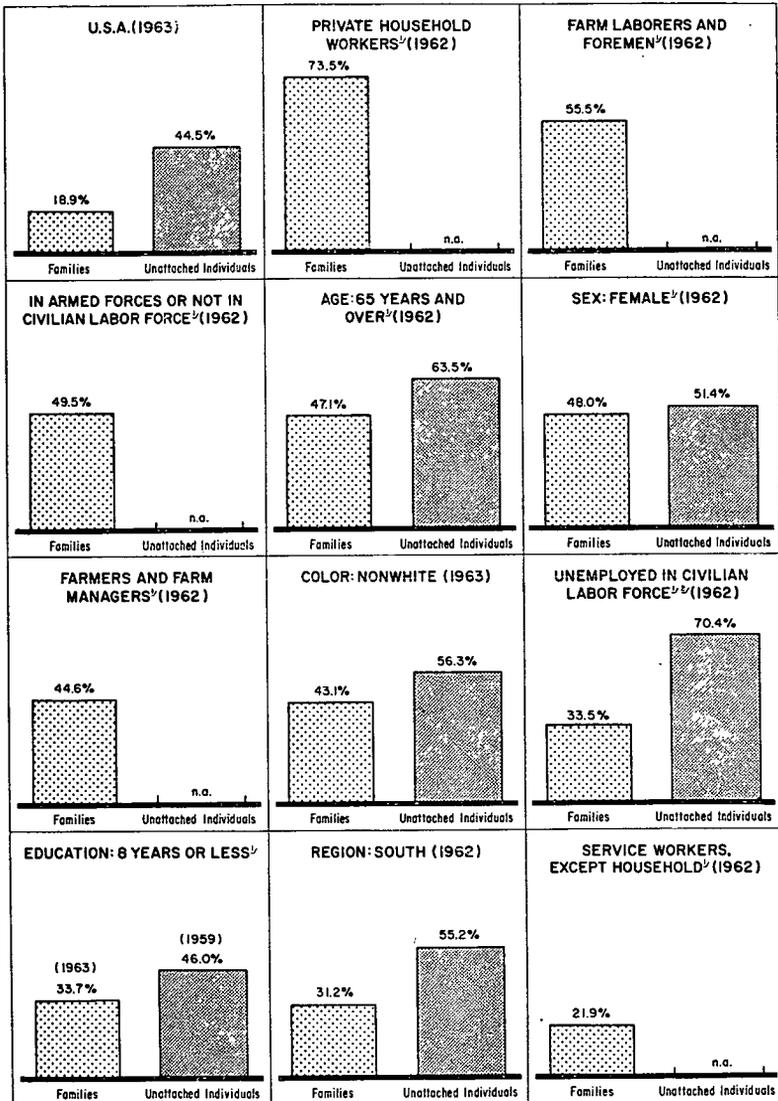
## AVERAGE PUBLIC ASSISTANCE BENEFIT TO THE AGED



Data: Dept. of Health, Education, and Welfare. Projection, CEP.

CHART 6

## EXTENT OF POVERTY AMONG GROUPS WITH HIGH CONCENTRATION OF POVERTY 1962 AND 1963



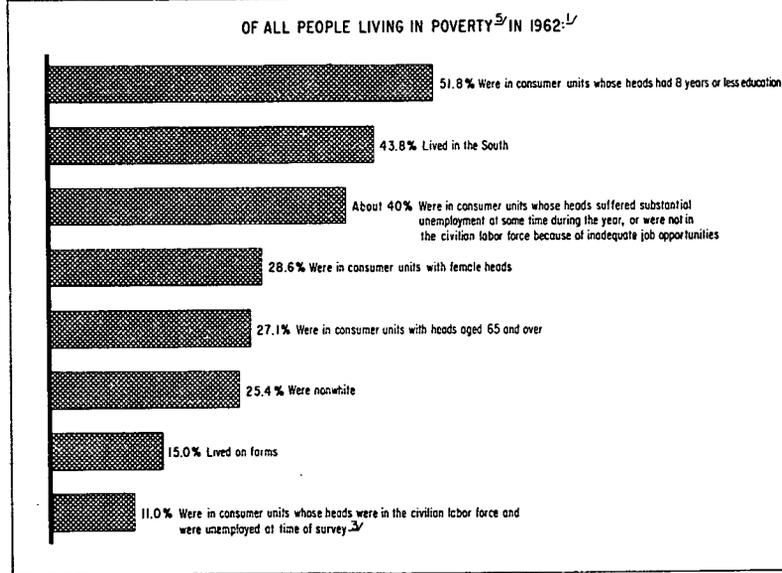
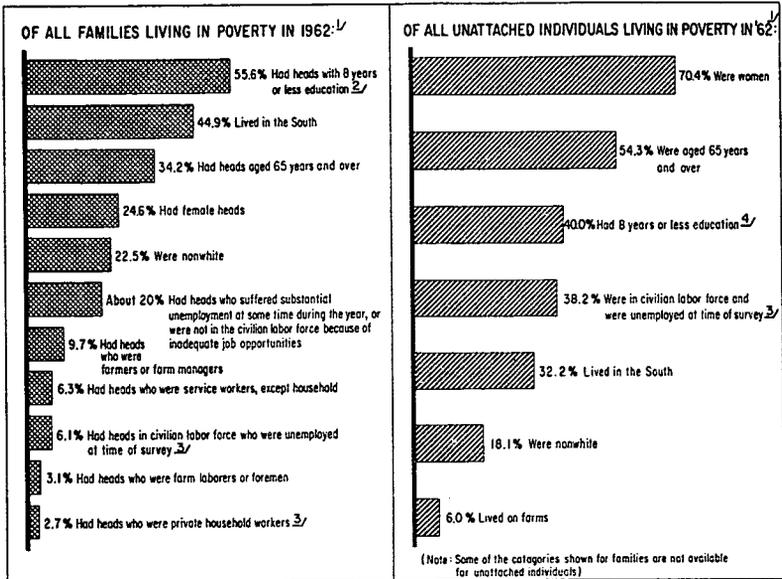
<sup>1</sup> For families, the characterization applies to the family head.

<sup>2</sup> This data, based on unemployment at time of survey, does not include those who suffered substantial unemployment at some time during the year but were employed at time of survey, nor those who were not in the Civilian Labor Force because of inadequate job opportunities, and therefore underestimates connection between unemployment and poverty.

Data: Bureau of the Census

CHART 7

WHO LIVE IN POVERTY IN THE U.S. ?



<sup>1/</sup> 1962 used because 1963 data too fragmentary for these comparisons.

<sup>2/</sup> Estimate based on 1963 data.

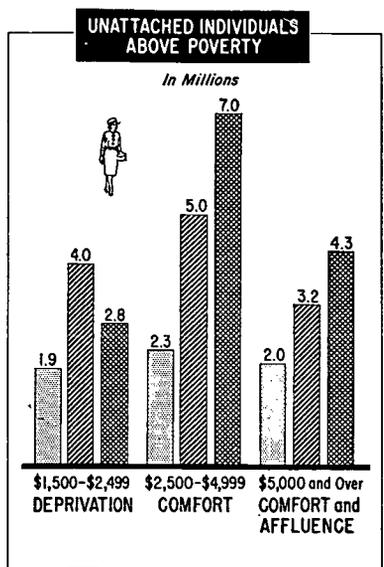
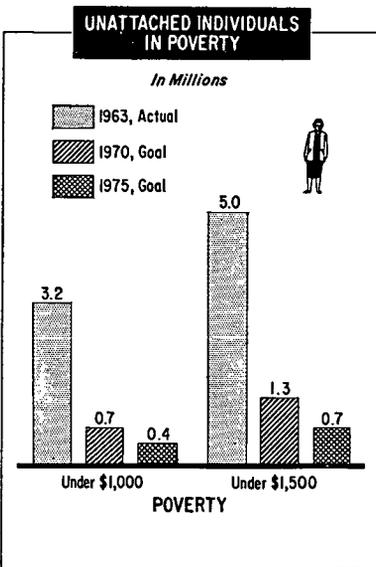
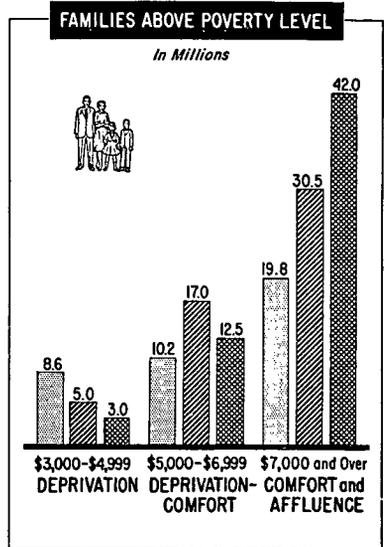
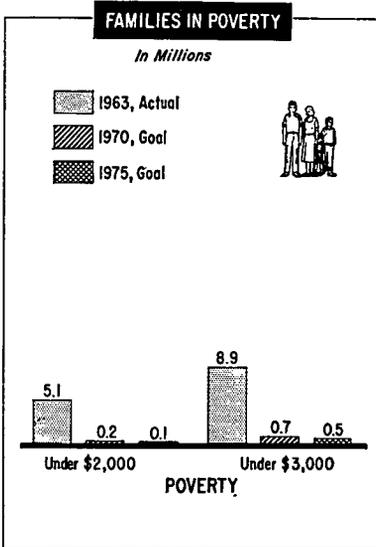
<sup>3/</sup> This does not take account of those who suffered substantial unemployment at sometime during year, or were not in civilian labor force because of inadequate job opportunities, and therefore underestimates connection between unemployment and poverty.

<sup>4/</sup> Estimate based on 1959 data.

<sup>5/</sup> All people living in families with incomes under \$3,000, plus all unattached individuals with incomes under \$1,500.

CHART 8

# GOALS FOR REDUCTION OF POVERTY IN U.S. AND FOR OVERALL INCOME GAINS, 1970, '75<sup>1</sup>



<sup>1</sup>Annual Money Income Before Taxes, in 1962 dollars.  
Data: 1963, Bureau of the Census. Projections, CEP.

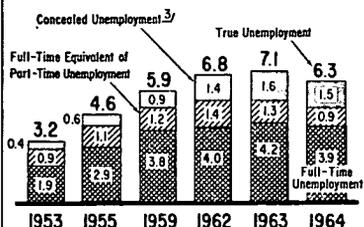
CHART 9

# CHRONIC RISE OF UNEMPLOYMENT AND OF IDLE PLANT, 1953-1964<sup>1/</sup>

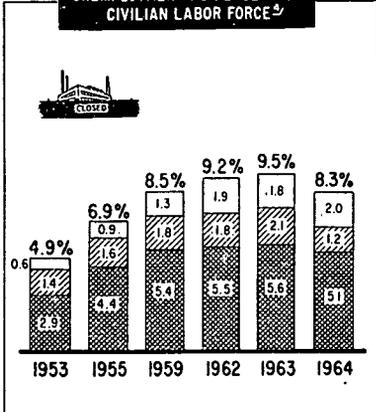
## TRUE LEVEL OF UNEMPLOYMENT

(Millions of Workers)

(Total True Level, 1953-1964  
67 Million Man Years<sup>2/</sup>)



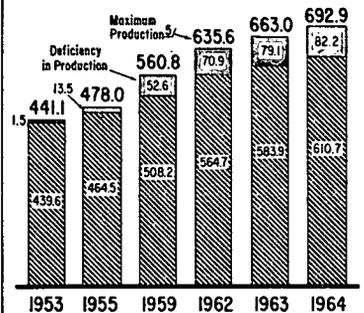
## UNEMPLOYMENT AS PERCENT OF CIVILIAN LABOR FORCE<sup>3/</sup>



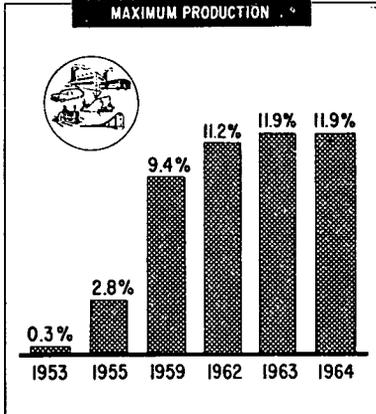
## DEFICIENCIES IN G.N.P.

(Billions of 1963 Dollars)

(Total Deficiency: 1953-1964  
\$590.4 Billion)



## DEFICIENCIES AS PERCENT OF MAXIMUM PRODUCTION



<sup>1/</sup>Except for the base year 1953, no year during which a recession was in process is included.

<sup>2/</sup>About 33 million man-years of unemployment (true level) would have been consistent with maximum employment.

<sup>3/</sup>Estimated as the difference between the officially reported civilian labor force and its likely size under conditions of maximum employment.

<sup>4/</sup>In deriving these percentages, the civilian labor force is estimated as the officially reported civilian labor force plus concealed unemployment.

<sup>5/</sup>Based upon sufficient annual rate of growth in G.N.P. to provide full use of growth in labor force, plant and productivity under conditions of maximum employment and production.

Note: In 4th Quarter 1964, seasonally adjusted, True Unemployment was 6.2 million workers, or 8.1% of the Civilian Labor Force; the GNP deficiency was \$67.2 billion, or 12.4% of maximum production.

CHART 10

# GROWTH RATES, U.S. ECONOMY, 1922-1964

Average Annual Rates Of Change In Gross National Product  
In Uniform 1963 Dollars

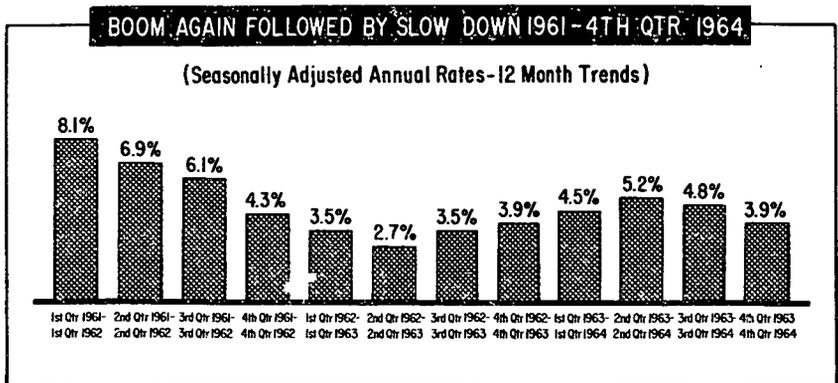
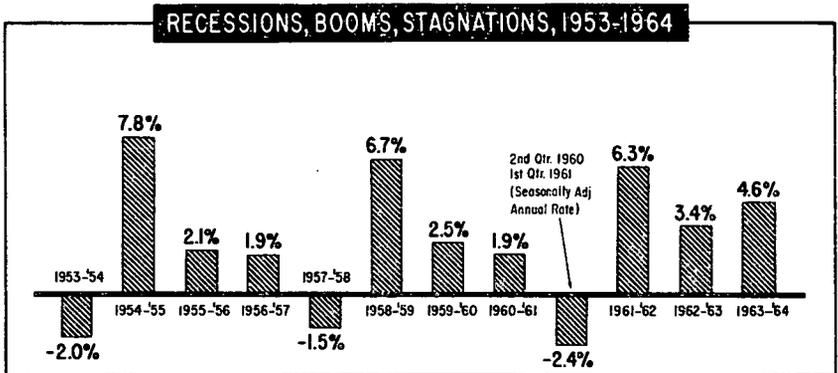
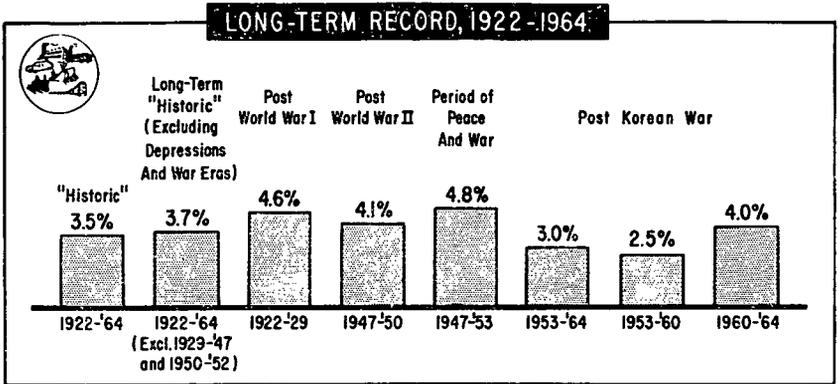
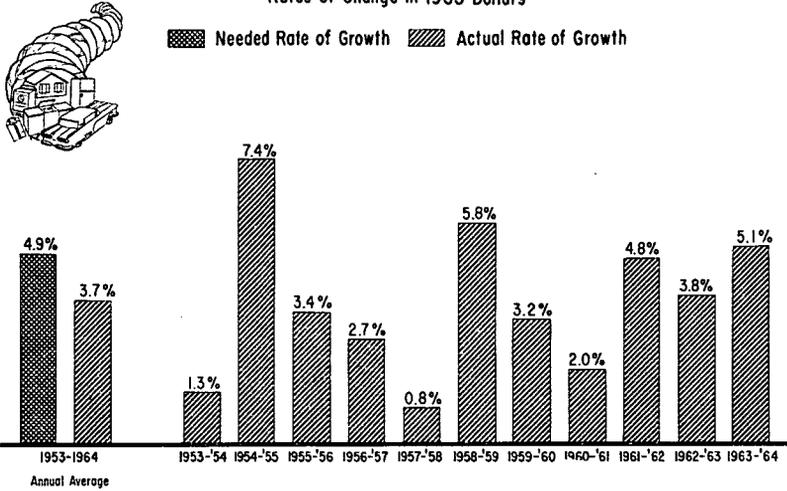


CHART 11

# DEFICIENT RATE OF GROWTH IN PRIVATE CONSUMER SPENDING, 1953-1964

Rates of Change in 1963 Dollars



## THE PRIVATE CONSUMPTION DEFICITS DOMINATE THE DEFICITS IN THE TOTAL ECONOMY

Billions of 1963 Dollars

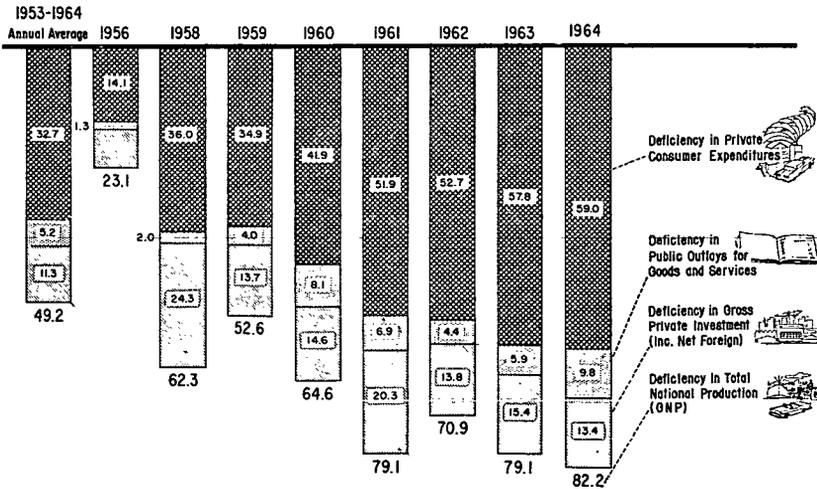
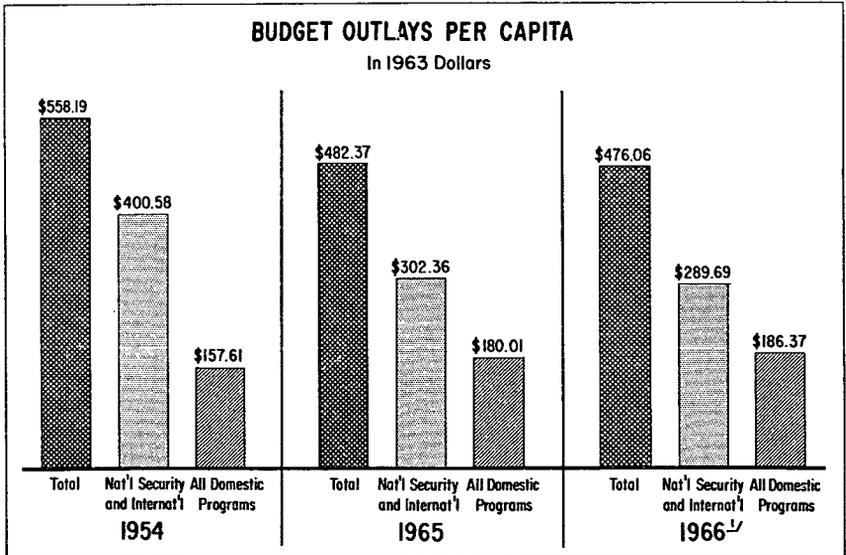
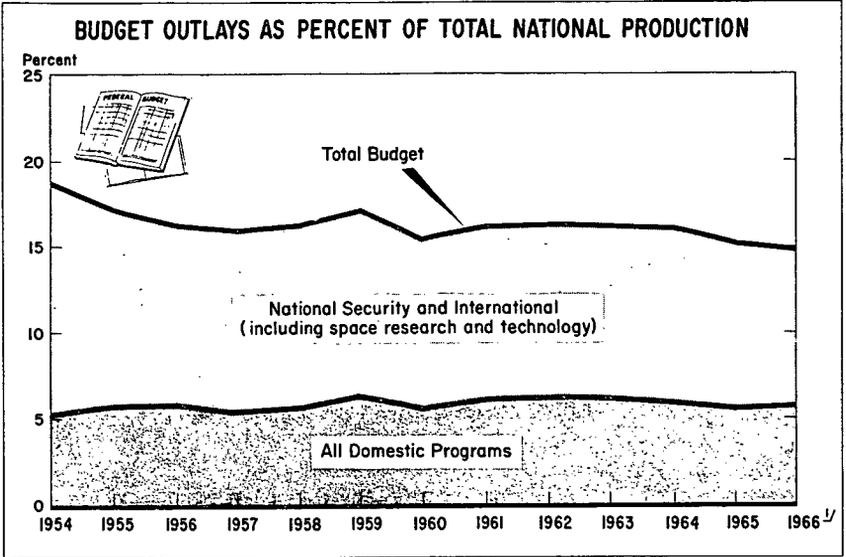


CHART 12

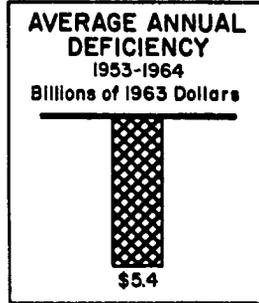
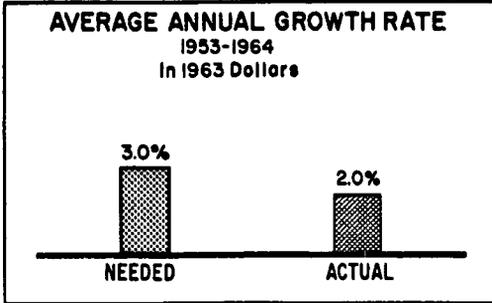
FEDERAL BUDGET HAS SHRUNK RELATIVE TO SIZE OF ECONOMY AND NEEDS, 1954-'66  
Fiscal Years



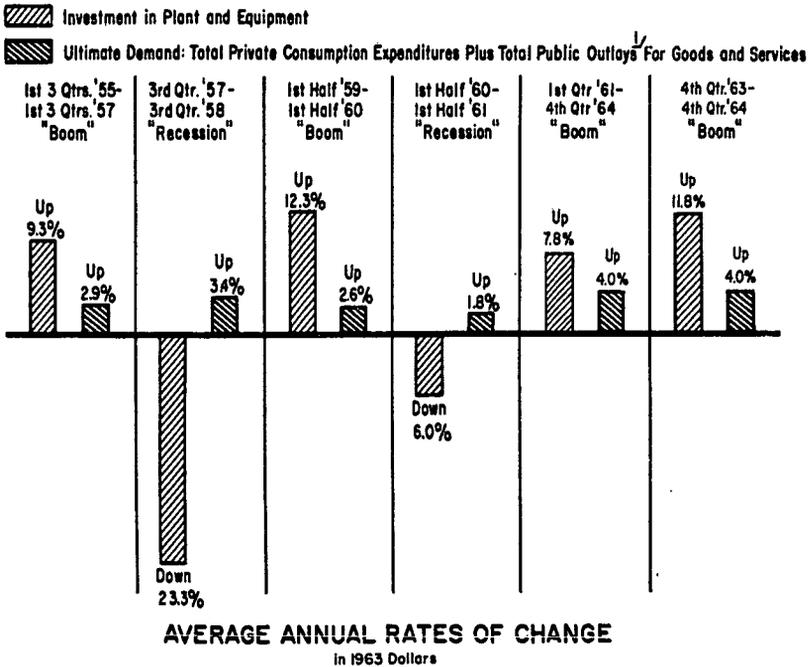
⌋ Administration's proposed Budget as of Jan. 25, 1965; G.N.P. estimated at \$675.0 billion, CEP.

CHART 13

# INVESTMENT IN PLANT AND EQUIPMENT WAS DEFICIENT - 1953-1964 AS A WHOLE



## BUT INVESTMENT IN MEANS OF PRODUCTION AT TIMES OUTRAN DEMAND; HENCE INVESTMENT CUTS AND RECESSIONS



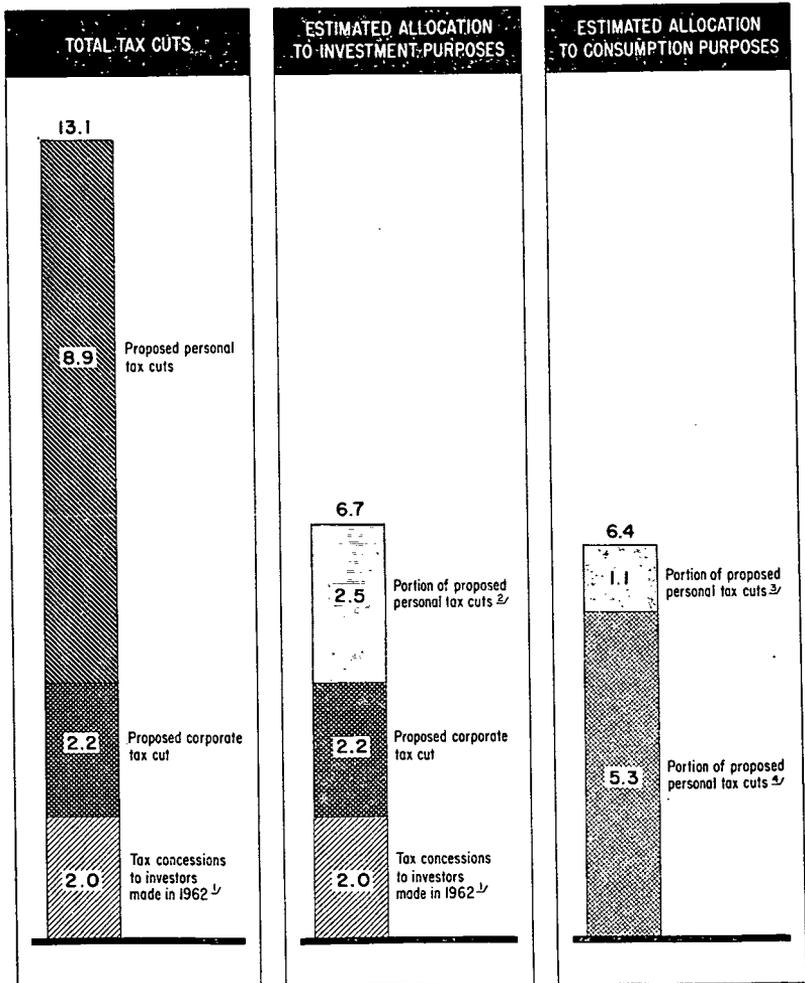
<sup>1/</sup>Federal, State and local.

CHART 14

# 1962 and 1964 TAX CUTS: ESTIMATED DIVISION BETWEEN CUTS FOR INVESTMENT PURPOSES AND CUTS FOR CONSUMPTION PURPOSES

(Including-Tax Cuts of 1962)

Billions of Dollars



1/ Through Congressional and Executive action.

2/ Estimated portion of personal tax cuts, for those with incomes of \$10,000 and over, which they would save for investment purposes.

3/ Estimated portion of personal tax cuts, for those with incomes of \$10,000 and over, which they would spend for consumption.

4/ Personal tax cuts for those with incomes under \$10,000.

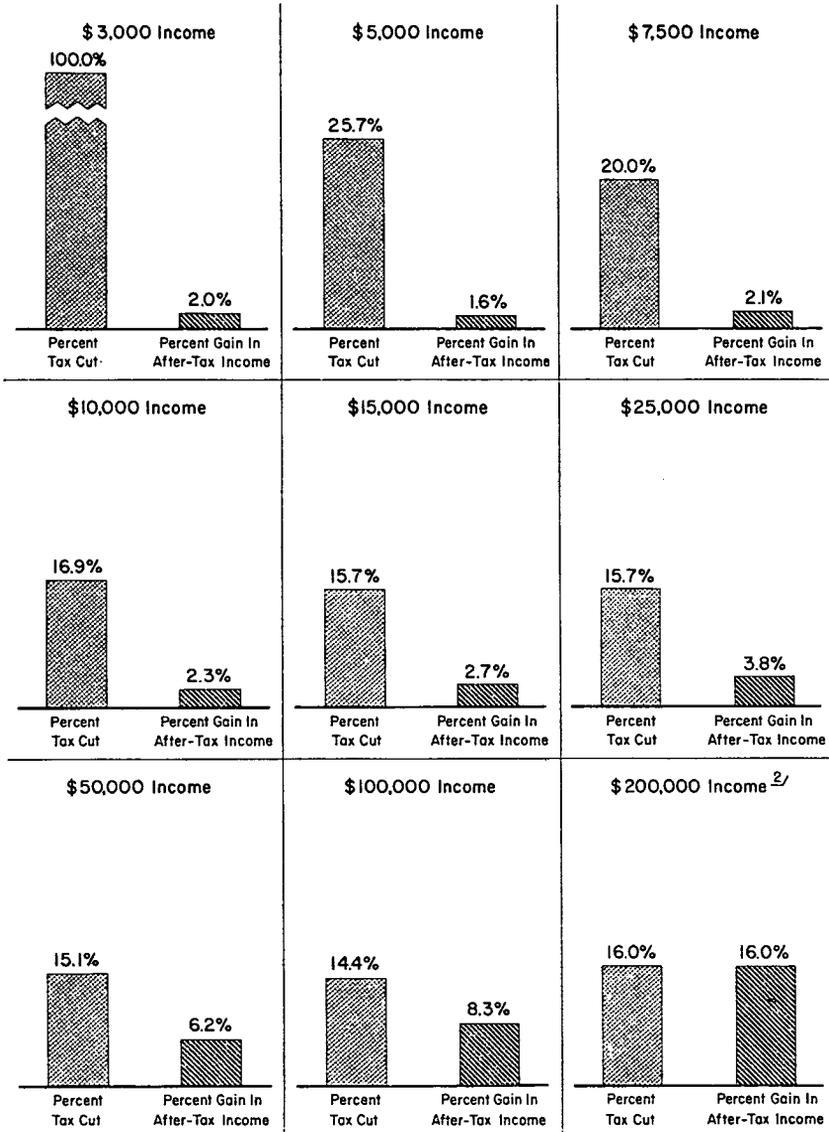
Note: Estimates of division, CEP.

CHART 15

# 1964 TAX ACT, PERSONAL TAX CUTS

Percent Tax Cut And Percent Gain In After-Tax Income

Married Couple With Two Children At Various Income Levels <sup>1/</sup>



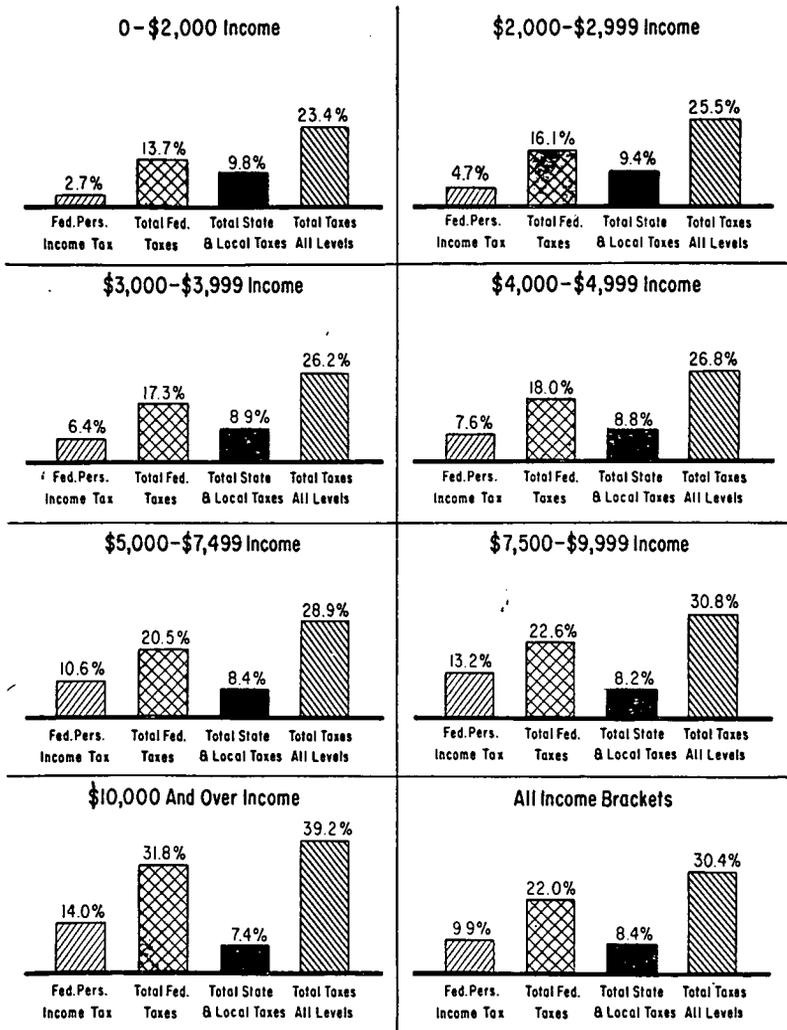
<sup>1/</sup>Adjusted gross income levels. <sup>2/</sup>Estimated

Note: Standard deductions for \$3,000 income level. Typical itemized deductions for other income levels.

CHART 16

# TAXES PAID BY SPENDING UNITS<sup>1/</sup> AT VARIOUS INCOME LEVELS, 1954

Taxes<sup>2/</sup> Shown As Percent Of Income<sup>3/</sup>



<sup>1/</sup> Spending units include families plus unattached individuals.

<sup>2/</sup> Federal taxes include personal income, corporate profits, excises and social insurance taxes. State and local taxes include personal income, excise, sales, and property taxes.

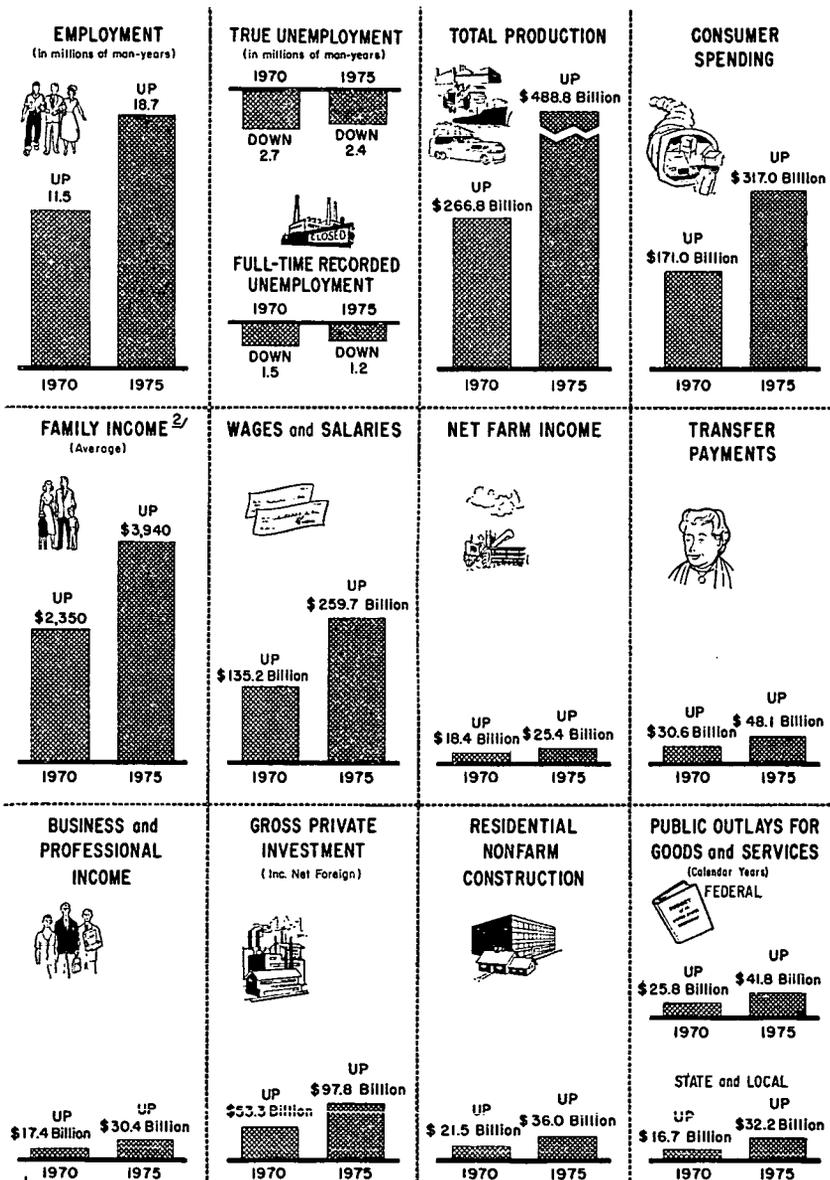
<sup>3/</sup> Adjusted money income and non-money income.

Data: Estimates by R. Musgrave, in Nov. 9, 1955 publication of Joint Economic Committee.

CHART 17

# GOALS FOR 1970 AND 1975, PROJECTED FROM ACTUAL LEVELS IN 1964<sup>1</sup>

Dollar Figures in 1963 Dollars



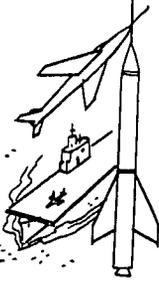
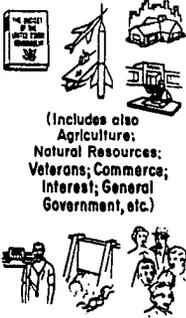
<sup>1</sup> 1964 estimated on basis of first 11 months.

<sup>2</sup> For comparability with other family income data, this is in 1962 dollars.

CHART 18

# GOALS FOR A FEDERAL BUDGET GEARED TO ECONOMIC GROWTH AND PUBLIC NEEDS

1966, Fiscal Year; 1970 and 1975, Calendar Years  
Per Capita Outlay in 1963 Dollars

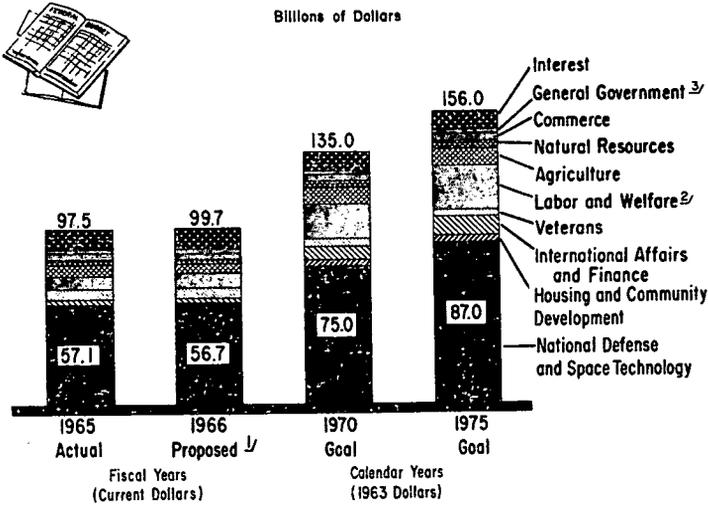
TOTAL FEDERAL OUTLAYS			NATIONAL DEFENSE, SPACE TECHNOLOGY, AND ALL INTERNATIONAL			EDUCATION			HEALTH SERVICES AND RESEARCH		
											
Year	% of Total	\$ Per Output Capita	Year	% of Total	\$ Per Output Capita	Year	% of Total	\$ Per Output Capita	Year	% of Total	\$ Per Output Capita
1966	Adm. <sup>1/</sup> 14.76	476.06	1966	Adm. <sup>1/</sup> 8.99	289.69	1966	Adm. <sup>1/</sup> .39	12.72	1966	Adm. <sup>1/</sup> .32	10.46
1970	Goal 15.38	638.60	1970	Goal 9.34	367.89	1970	Goal .80	33.11	1970	Goal .55	22.71
1975	Goal 14.18	677.08	1975	Goal 8.82	421.00	1975	Goal .90	39.06	1975	Goal .64	30.38
PUBLIC ASSISTANCE			LABOR, MANPOWER, AND OTHER WELFARE SERVICES			HOUSING AND COMMUNITY DEVELOPMENT			ALL DOMESTIC PROGRAMS AND SERVICES		
									 <p>(Includes also Agriculture; Natural Resources; Veterans; Commerce; Interest; General Government, etc.)</p>		
Year	% of Total	\$ Per Output Capita	Year	% of Total	\$ Per Output Capita	Year	% of Total	\$ Per Output Capita	Year	% of Total	\$ Per Output Capita
1966	Adm. <sup>1/</sup> .52	16.71	1966	Adm. <sup>1/</sup> .19	6.18	1966	Adm. <sup>1/</sup> .001	.05	1966	Adm. <sup>1/</sup> 5.78	186.37
1970	Goal .51	21.29	1970	Goal .23	9.46	1970	Goal .38	15.61	1970	Goal 6.04	250.71
1975	Goal .49	23.44	1975	Goal .20	9.55	1975	Goal .35	16.49	1975	Goal 5.36	256.08

<sup>1/</sup> Administration's proposed Budget as of Jan. 25, 1965

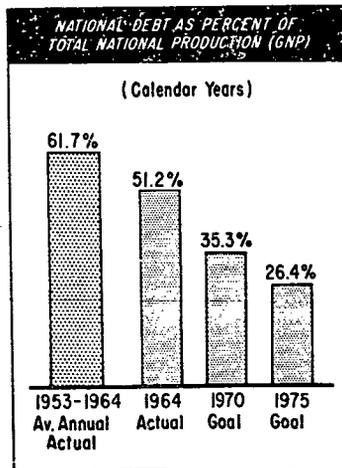
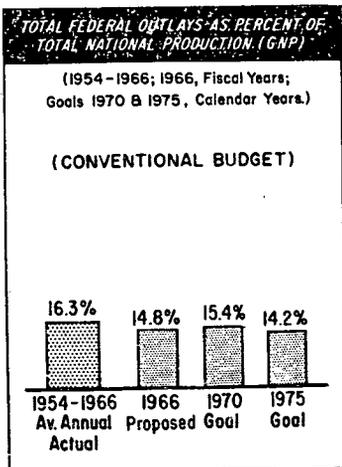
<sup>2/</sup> This item does not include the outlays for the Economic Opportunity Act program, \$1,346 million in the 1966 Budget.

CHART 19

# TOWARD A FEDERAL BUDGET CONSISTENT WITH MAXIMUM EMPLOYMENT AND THE PRIORITIES OF NATIONAL PUBLIC NEEDS



## BURDEN OF FEDERAL OUTLAYS IN A FULLY GROWING ECONOMY WOULD BE LOWER THAN IN RECENT YEARS



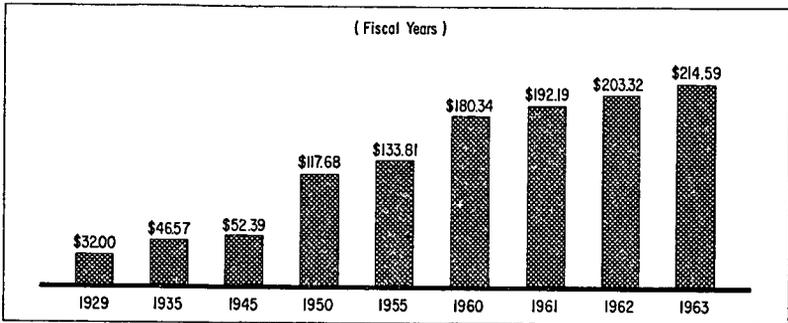
<sup>1</sup> As of Budget Message of Jan. 25, 1965.

<sup>2</sup> Including education and health services

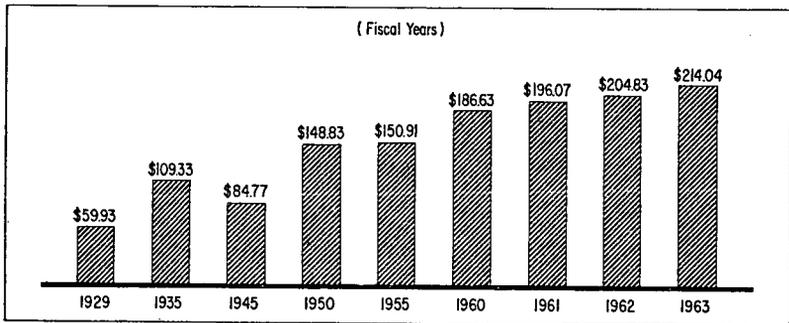
<sup>3</sup> Including contingencies and less interfund transactions

CHART 20

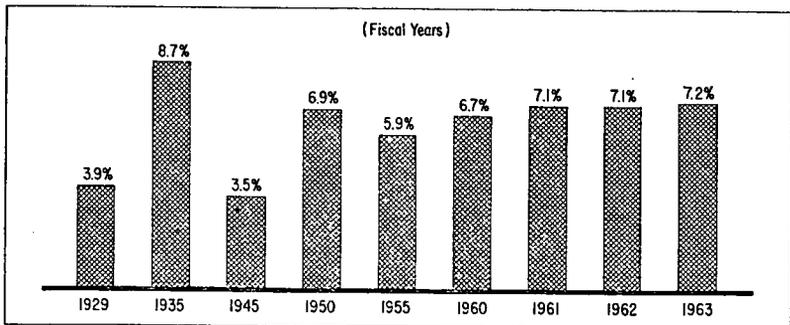
### PUBLIC SOCIAL WELFARE OUTLAYS, U.S.<sup>1/</sup> PER CAPITA, CURRENT DOLLARS



### PUBLIC SOCIAL WELFARE OUTLAYS, U.S.<sup>1/</sup> PER CAPITA, CONSTANT 1963 DOLLARS



### PUBLIC SOCIAL WELFARE OUTLAYS, U.S.<sup>1/</sup> MEASURED AS PERCENT OF G.N.P.



<sup>1/</sup> Includes public aid, health and medical services, other welfare services, veterans' programs, and education.  
Data: Dept. of Health, Education, and Welfare.

(Transcript continued from p. 22.)

Senator KENNEDY. The next witness this afternoon will be Mr. Norman Lourie, who is representing the American Public Welfare Association.

Mr. Lourie is the executive deputy secretary of the Pennsylvania Department of Public Welfare. He is vice president of the APWA, the former president of the National Association of Social Workers and president-elect of the American Orthopsychiatric Association. Mr. Lourie.

**STATEMENT OF NORMAN LOURIE, AMERICAN PUBLIC WELFARE ASSOCIATION, HARRISBURG, PA.; ACCOMPANIED BY ELIAS S. COHEN, COMMISSIONER, OFFICE FOR THE AGING, PENNSYLVANIA DEPARTMENT OF PUBLIC WELFARE**

Mr. LOURIE. Thank you very much, Senator.

I am very pleased to be here. I have with me Mr. Elias S. Cohen, who is commissioner for the Office for the Aging in Pennsylvania, and also representing the association, who will be available to answer any questions.

I have a prepared statement; I hope you will spread it in the record. I shall not read it all. I will try to touch the highlights of it.

The association is very pleased that you invited us to appear to talk for services of all the people. We are interested in the development of such services, particularly from public welfare programs.

We have developed a set of Federal legislative objectives which we re-do each year.

For a number of years, the association has been engaged in a special project on aging which has been aimed at the improvement of services and grant programs to older persons through public welfare departments.

It has developed guide materials and has been conducting staff training programs, organized and participated in seminars, including some on protective services for the elderly, and administration of programs for the elderly, and on the casework services, and the like.

Our testimony is based on experience in these fields.

Services for the elderly are quite widespread, and they vary. As was pointed out by Commissioner Winston, and we agree with her, they are still insufficient.

The 1962 Public Welfare Amendments sought to take advantage of an important characteristic of public welfare; that is, the fact that there is a public welfare office in every county in the United States.

Within this unusual system, matched only by our vast educational system in scope, there lies the potential for creating a complete social welfare service system for the aged.

Now, the potential which existed when the 1962 Public Welfare Amendments were passed by the Congress still exists, and is being developed. However, we believe that its potentials will not and cannot be realized until some problems are overcome, and I would like to comment on those.

First, I would like to say that during the 1960's there arose a great interest in certain services for the elderly as a result of converging activities: The White House Conference on Aging, the activities of

the U.S. Senate Special Committee on Aging, the activity of the several States preceding and following the White House Conference on Aging, the regional structure of the Department of Health, Education, and Welfare in supporting the States, the activities of the Ford Foundation which undertook aging as a new and principal interest, and more recently, in the passage of the 1965 amendments to the Social Security Act and the passage of the Older Americans Act.

In addition, there have been related activities which impinge upon services for the elderly. The community mental health and community mental retardation programs providing for comprehensive planning by the States; the Community Health Services and Facilities Act of 1961, designed to stimulate States and communities to develop new approaches in delivery of out-of-hospital care to people who need it, especially the chronically ill aged; the recently enacted housing legislation, as well as some of the earlier housing amendments; and the Economic Opportunity Act, which has demonstrated imaginative approaches in attacking poverty and the results of poverty.

Our first point, then, is this: Important as the 1962 amendments are, they do not stand alone. To realize their full potential they must be closely related to other existing and developing programs operating under other legislative authorizations.

However, the 1962 Public Welfare Amendments represent the only potential under existing statutes for development of statewide systems of services to the elderly, because they represent the only mechanism which currently has available a county-by-county administrative system.

Now while you have heard about some of these projects that Commissioner Winston particularly mentioned, the results have obviously not been widely used.

The development of programs under the 1962 amendments has not been without problems. Let me enumerate some of them:

1. Perhaps the basic problem is that our society does not yet embrace the concept of publicly provided social services for all who need them.

This is a difficult concept to sell. While we all agree on the need for certain public physical utilities, we are not yet agreed that social welfare services should be equally well provided as social utilities.

This is not public welfare's problem alone. In an age when we know as much as we do about the need for school preparation for children, we have thousands of communities which do not yet have kindergarten programs. We have thousands of communities which do not have special education programs for the mentally retarded or the slow learner.

There is no approach on the American scene as yet to public welfare which holds the provision of services to vulnerable people as dear as it does the removal of sewage or the provision of clean drinking water.

In fact, welfare programs are still unpopular, and welfare recipients are looked down upon.

2. The 1962 Public Welfare Amendments are but 3 years old. The States have necessarily been tooling up to meet the requirements of the so-called defined services: the basic screening and evaluative services, the increase of staff, so that caseloads of basic service cases do not exceed 60, and the training and recruitment of qualified personnel so that there are no more than 5 service caseload workers to each qualified supervisor.

The problems of manpower in reaching these levels are tremendous, and we shall have some recommendations on that count.

3. The pressing ever-present audit reviews of eligibility which concern public welfare departments at every turn. Our insistence upon proving the negative; that is, proving an individual does not have resources in order to qualify him, takes inordinate amounts of time, without necessarily assuring us of better service to anyone.

These audits face us at the State level from our own State auditors, the Federal audits, the review teams, and occasionally legislative investigations. We shall discuss these at some greater length as they affect eligibility determinations and the improvement of income levels.

4. The Federal strictures imposed by law, which preclude the purchase of service from other agencies except for medical care and diagnostic and consultative services.

This has made it virtually impossible for some States to take advantage of the 1962 amendments, because existing services have been developed through other means.

For example, in my own State of Pennsylvania, the Commonwealth, 4 years ago, elected to develop a system of grants to communities for services for the aging, outside of the public assistance financing mechanism.

In the course of the last 3 or 4 years we have developed some 39 services in 24 counties for which State funds are being granted.

Our system makes it possible for the State funds to be matched by local public funds, and, in some instances, private funds, although all money flows through a local public treasury.

In Pennsylvania, State funds spent in this way by the Commonwealth were matched more than 200 percent by local public and voluntary funds for homemaker service, foster care, counseling, and referral, day care centers, and community organization activities.

However, the requirements under the 1962 amendments preclude combining public assistance funds with the nonpublic assistance funds. Many public assistance clients are thus denied the benefits of new programs.

5. The extraordinary difficulty encountered in producing a coalescence of Federal and State money streams prevent public welfare and other Federal and State programs from achieving a maximum of coordinated efforts.

The range of possibilities for help available through the Federal programs include care of the aged in or out of their own homes for part or all of the day, and range throughout the Department of Health, Education, and Welfare, particularly the Welfare Administration and the Public Health Service, the Housing and Home Finance Agency, the Department of Commerce, the Department of Agriculture, the Office of Economic Opportunity, and others.

These programs are concerned with mentally ill people, socially disabled people, people with housing problems, people with problems of mobility, income maintenance, health, and the like.

The principal barriers to effective integration of programs are several.

First, organization of programs are usually along limited categorical service lines. They are not designed to solve complex human problems. We organize to give money, we have separate organizations for

different health services, for housing, others for different social services. Each develops baronial characteristics.

Second, there is an unrealistic allocation of funds. Money flows through highly restricted channels. Funds moving through a public assistance channel, a health channel, a mental health or mental retardation channel, or a housing channel must be expended in terms of the limited service for which the agency receiving the funds was established.

This leads to highly restricted programs on the one hand and uncoordinated overlapping on the other.

Third, there seems to be less than adequate communication between programs, and less than full acceptance of the notion that interdepartmental or interagency action is part of the normal business of program administration.

Fourth, there is the matter of administrative initiative or courage. Where there is honest disagreement over coordination and planning, arbitration by some coordinating authority may be necessary to assist agencies to avoid competitive roles.

While this is equally a local and State problem, and not simply a Federal one, I should like to remind the committee the money streams start at the Federal level.

Fifth, in the long run it is possible that only national commitment and national standards will serve to broaden services. The 1962 amendments provide money. But apparently the size or sweetness of the carrot is less crucial here than an imaginative and creative administration of a standard which would require mandated services.

Experience has shown that State and local excellence develops best when central standards are mandated. We can give many examples of this result.

If we are to invest Federal funds in substantial amounts for services for the aging, it must be on the basis of national policy, and national policy must extend the benefits of the tax dollar, without stigma, to every vulnerable older person, wherever he lives, or wherever he may move.

Thus, we feel that absence of firm standards requiring mandated services may represent a problem in their development.

Sixth, and of highest priority, is the problem of trying to mount a service program in the face of a significantly inadequate approach to income maintenance in old age.

I was particularly interested in hearing my old friend, Mr. Keyserling, and Dr. Winston comment on this. I suppose since we have tried everything else, perhaps we ought to try money.

We think until a major attack is mounted on the problem of an adequate income in old age, it will be extremely difficult and in some ways futile to launch a well-coordinated attack on meeting the service needs of the elderly. Indeed, we need not only a war on poverty, but a war on the poverty of welfare.

On the income floor through social security benefits that you mentioned earlier, Senator, our association is deeply committed to the extension and maintenance of this. We have been committed to this in meeting the income needs of the aged. However, we feel that we would like to raise a variety of questions which should get major attention by the Congress and all concerned.

1. If it is true and inevitable that by the year 2000 income for older people will have to be unearned income, as opposed to earned income, does this mean that we are going to create a growing class of aged poor?

2. Are there alternatives to present methods of providing income for the aged poor, or should we look to modifications of the existing system?

Some alternatives might be as follows:

A. A national standard of old-age assistance requiring a basic income floor, adjusted only for local conditions as reflected in standard cost-of-living indexes. Should this floor be a condition of receipt of Federal participation in the payment of old-age assistance grants?

B. Substantially increased old-age and survivors insurance to provide a guaranteed annual income of adequate proportion to furnish conditions of decency and health in old age.

On this score, Senator, I would like to say, because you questioned Mr. Keyserling about it, probably somewhere between 30 and 40 percent of the people who receive old-age assistance are people who are also receiving OASDI from the insurance system. In other words, they are not receiving enough money on the insurance system, and they therefore have to be supplemented by old-age assistance.

As the years have been going on, there has been an increasingly larger percentage of people receiving moneys from both of these sources, neither of which produces an adequate level.

C. Provision of a reverse income tax which would provide for the filing of income tax returns by all older persons, and where income exceeded a certain amount, the tax would be paid by the individual, and where it fell below that amount, the Federal Government would return in monthly sums an amount to bring his income up to the minimum level.

D. A further increase in tax exemptions for the elderly.

E. The provision of strong incentives to save during the years of earning, for example, the provision of constant purchase power bonds as recommended by the Special Committee on Aging.

3. Should we persist in utilizing a dedicated tax; that is, a social security tax, rather than general revenues for the provision of income maintenance payments in old age?

Recent steps, particularly through the Housing Act of 1965, make a major inroad in the area of income maintenance for the elderly via subsidies for housing. If the rent supplement payments produce, as Dr. Weaver anticipates, some 500,000 units in the next 4 years, we may begin to see universally healthful and sanitary housing, at least for the elderly, in the next two decades.

It also suggests a national income standard; namely, that a person's minimum income should approximate four times the cost of decent, healthful, sanitary housing.

We look upon this feature in the recent Housing Act as one of the first steps in this whole business of setting a floor on minimum income.

In the health care field, we have demonstrated that assistance to the aged can be administered without an overbearing and often demeaning approach. The Federal agency has encouraged States to experiment in this field.

And the Department of Health, Education, and Welfare is working vigorously on this.

We should examine whether or not in administering old-age assistance we can move toward a vastly simplified and efficient nondeterrent

screening which eliminates item-by-item budgeting and the detailed investigative process.

Doing this, in addition to simplifying procedures and getting more money out to the needy people, frees professionals to give service and reduces a substantial drain on scarce manpower skills. We might then reserve those scarce skills for the provision of the warm personal services that seem to be so hard to get.

#### RECOMMENDATIONS

There are a variety of recommendations we would like to offer for consideration of the committee. They are as follows:

1. The Congress and appropriate Federal agencies should study the question of an income floor for the aged, and consider recommendations for congressional attention.

2. Consideration should be given to amendment of the old-age assistance title, if necessary, and to the regulations of the Department of Health, Education, and Welfare to permit an assumption of average need as opposed to the requirement of budgeting for individual need, and a resource determination which could be satisfied by simpler methods.

3. In accordance with a longstanding Federal objective of APWA, we would once again recommend that residence, settlement, and citizenship requirements as far as old-age assistance are concerned should be eliminated as a condition of continued receipt of Federal financial participation.

4. The 1962 provisions should be amended to permit the purchase of services other than medical and other diagnostic and consultative services by State and local agencies.

The law and the regulations should be so developed as to enable the greatest possible combination of public welfare services under the public welfare umbrella.

We suggest that the committee explore ways and means that would permit the flow of different program moneys from the Federal Government to the States in such a way that they can be more effectively joined at the State level, at the point where they touch the client.

Program accountability can and should be maintained in order to assure satisfaction of legislative objectives. This can often be done, we believe, by leaving to the discretion of the Governor how and where he wishes to allocate funds appropriated for a specific purpose.

Matching formulas should not be so complex as to preclude blending of Federal moneys, but should see as their primary objective sound program development and translation with the appropriate State financial participation.

We would hope that the new programs contemplated under the Older Americans Act can move in parallel with those developed for older persons under the 1962 Public Welfare Amendments. Otherwise, they will become unrelated and locally competing programs.

The Congress, in its wisdom, included in the public welfare amendments the notion of providing services for those "likely to become" public assistance recipients. This includes a vast army of older people who hover at the brink of eligibility, but who will not step beyond that brink.

It would seem a pity to have a State committee on aging developing centers with one batch of Federal money while public welfare proceeds to develop some other centers with another batch of money. This simply doesn't make sense. And it does not take into account other activities for the aged which are coming out.

5. Special efforts should be made in the development of total service centers. At the present time, under the Appalachia programs, under the Economic Opportunity Act, the Older Americans Act, and the 1962 Public Welfare Amendments, such service centers can be developed.

If we add to this the Community Mental Health Act, we begin to find that we can develop unique instruments for serving people in an effective and efficient manner. To combine the programs together, however, is enormously difficult.

The Older Americans Act and the debate on the bill indicated the clear intent of the Congress to develop such centers. The Congress has long recognized the need for bringing together related services.

We suggest that some incentives be produced to eliminate competitiveness among programs, and produce greater cooperation. This may have to start with more communication at the Federal level, and the development of methods for blending of Federal moneys.

6. We recommend one area of concern for special attention. The development of protective services for the elderly, for those who are unable to manage by themselves, requires greater attention than it has received.

The Bureau of Family Services within the Welfare Administration has taken an important lead in this direction through the publication of certain training materials. We would urge that specialists in protective services be employed by the Federal Government for the purpose of giving advice and stimulation to the States so that these services can and will receive a high priority among public welfare agencies.

We very much appreciate the opportunity to address this committee. The problems of producing services and changing the concepts of our society to regard these services in the same way it regards a basic education are indeed complex. The committee is to be congratulated for taking on such a difficult task so we will be able to tackle and solve the problems of old people.

Thank you, very much.

(Transcript resumes on p. 55.)

(Mr. Lourie's statement follows:)

STATEMENT OF NORMAN V. LOURIE, EXECUTIVE DEPUTY SECRETARY, PENNSYLVANIA DEPARTMENT OF PUBLIC WELFARE, REPRESENTING THE AMERICAN PUBLIC WELFARE ASSOCIATION; ACCOMPANIED BY ELIAS S. COHEN, COMMISSIONER, OFFICE FOR THE AGING, PENNSYLVANIA DEPARTMENT OF PUBLIC WELFARE

I am Norman V. Lourie, executive deputy secretary of the Pennsylvania Department of Public Welfare, and I am here today representing the American Public Welfare Association on whose board of directors I serve. I am accompanied today by Mr. Elias S. Cohen, commissioner, office for the aging, in our Pennsylvania Department of Public Welfare. He also represents the American Public Welfare Association and may be able to respond to any special questions on program which I cannot answer.

The American Public Welfare Association is pleased that you invited us to appear to talk about services for older people. We have had a long and abiding interest in the development of services through public welfare programs and have developed a set of Federal legislative objectives.

The association has been engaged for several years in a special project on aging aimed at the improvement of services and grant programs to older persons through public welfare departments. It has developed guide materials, is conducting staff training programs, has organized and participated in seminars, including some on protective services for the elderly, administration of programs for the elderly, casework services, and the like.

About a year and a half ago, your subcommittee received comprehensive testimony from Commissioner Winston, outlining the status of older persons. There is general agreement, to use her words, that older persons "are more likely than younger ones to be poor, to be in ill health, to be living alone, to be institutionalized, to be unemployed, and, of course, for many to be afflicted with a combination of these unfortunate circumstances." "Nevertheless," she went on to say, "many are relatively well off."

The situation has not changed.

Services for the elderly are widespread and varied and insufficient. Public welfare has had a wide catalog of services it extends, going back over many years. Indeed, foster care and homemaker services were known to exist, under other names, during the colonial period.

Present services are thinly scattered; a foster home program in 5 counties of a State, homemaker services in 13 counties in another State, protective services for 500 or 600 persons emerging from a mental hospital in a State; day centers located in a few of the major cities of a State, and so on.

The 1962 Public Welfare Amendments sought to take advantage of an important characteristic of public welfare; the fact that there is a public welfare office in every county in the United States. Within this unusual system, matched only by our vast educational system in scope, there lies the potential for creating a complete social welfare service system for the aged. In the testimony referred to, Dr. Winston also noted the spottiness of our social services. "This", she said, "is to be expected in a field so new and undeveloped, but the situation must change. We do not expect every man to dig his own water well. Women now bear their children in hospitals, although not so long ago childbirth took place at home. In the same progressive manner, an advanced society must provide services in the community to older persons, rich or poor."

The potential which existed when the 1962 Public Welfare Amendments were passed by the Congress still exists and is being developed. However, we believe that its potentials will not and cannot be realized unless some problems can be overcome.

During the 1960's there arose a great interest in certain services to the elderly as a result of converging activities: The White House Conference on Aging; the activities of the U.S. Senate Special Committee on Aging; the activity of the several States preceding and following the White House Conference on Aging; the regional structure of the Department of Health, Education, and Welfare in supporting the States; the activities of the Ford Foundation which undertook aging as a new and principal interest, and more recently, in the passage of the 1965 Amendments to the Social Security Act and the passage of the Older Americans Act.

In addition, there have been related activities which impinge upon services for the elderly. The community mental health and community mental retardation programs providing for comprehensive planning by the States; the Community Health Services and Facilities Act of 1961, designed to stimulate States and communities to develop new approaches in delivery of out-of-hospital care to people who need it, especially the chronically ill aged; the recently enacted housing legislation as well as some of the earlier housing amendments; and the Economic Opportunity Act, which has demonstrated imaginative approaches in attacking poverty and the results of poverty.

Our first point then is this: Important as the 1962 amendment are, they do not stand alone. To realize their full potential, they must be closely related to other existing and developing programs operating under other legislative authorizations.

However, the 1962 Public Welfare Amendments represent the only potential under existing statutes, for development of statewide systems of services to the elderly because they represent the only mechanisms which currently has available a county-by-county administrative system.

We shall not attempt to detail the results of the 1962 amendments. We are confident that in her testimony Commissioner Winston will outline the accom-

pishments achieved, the directions they are pointing to, and their enormous promise.

The American Public Welfare Association looks on the 1962 amendments as one of the major legislative accomplishments in the field of public welfare since the passage of the Social Security Act. The amendments embodied as a matter of national policy the concept that financial assistance alone would not solve the problems of vulnerable people. The 1962 amendments declared that it was national policy that the Federal Government should assist the States in alleviating a variety of problems that were not susceptible to solution by increased money grants alone.

The variety of services supported under the amendments even though spotty embody new and exciting notions: the extension of volunteer services, the development of basic education for self-care and self-support, the extension of homemaker service, the development of foster home programs for older and handicapped persons, special counseling programs for individuals displaced by urban renewal, services in senior centers, counseling and referral services, protective services for the aging, legal and financial planning, improved health services, institutional services, money management services, and similar programs.

While the projects have demonstrated that the amendments could produce exciting results, they have not been widely used.

The development of programs under the 1962 amendments has not been without problems. Let me enumerate some of them:

1. Perhaps the basic problem is that our society does not yet embrace the concept of publicly provided social services for all who need them. This is a difficult concept to sell. While we all agree on the need for certain public physical utilities we are not yet agreed that social welfare services should be equally well provided as social utilities. This is not public welfare's problem alone. In an age when we know as much as we do about the need for school preparation for children, we have thousands of communities which do not yet have kindergarten programs. We have thousands of communities which do not have special education programs for the mentally retarded or the slow learner. There is no approach on the American scene as yet to public welfare which holds the provision of services to vulnerable people as dear as it does the removal of sewage or the provision of clean drinking water. In fact, welfare programs are still unpopular and welfare recipients are looked down upon.

2. The 1962 Public Welfare Amendments are but 3 years old. The States have necessarily been tooling up to meet the requirements of the so-called defined services: the basic screening and evaluative services, the increase of staff so that caseloads of basic service cases do not exceed 60, and the training and recruitment of qualified personnel so that there are no more than 5 service caseload workers to each qualified supervisor. The problems of manpower in reaching these levels are tremendous, and we shall have some recommendations on that count.

3. The pressing ever-present audit reviews of eligibility which concern public welfare departments at every turn. Our insistence upon proving the negative, that is, proving an individual does not have resources in order to qualify him takes inordinate amounts of time without necessarily assuring us of better services to anyone. These audits face us at the State level from our own State auditors, the Federal audits, the review teams, and occasionally legislative investigations. We shall discuss these at some greater length as they affect eligibility determinations and the improvement of income levels.

4. The Federal strictures imposed by law which preclude the purchase of service from other agencies except for medical care and diagnostic and consultative services. This has made it virtually impossible for some States to take advantage of the 1962 amendments because existing services have been developed through other means. For example, in my own State of Pennsylvania, the Commonwealth, 4 years ago elected to develop a system of grants to communities for services for the aging outside of the public assistance financing mechanism. In the course of the last 3 or 4 years, we have developed some 39 services in 24 counties for which State funds are being granted. Our system makes it possible for the State funds to be matched by local public funds and, in some instances, private funds, although all money flows through a local public treasury. In Pennsylvania State funds spent in this way by the Commonwealth were matched more than 200 percent by local public and voluntary funds for homemaker service, foster care, counseling and referral, day care centers, and community organization activities. However, the requirements under the 1962 amendments preclude combining public assistance funds with the nonpublic assistance funds. Many public assistance clients are thus denied the benefits of new programs.

5. The extraordinary difficulty encountered in producing a coalescence of Federal and State money streams prevent public welfare and other Federal and

State programs from achieving a maximum of coordinated efforts. The range of possibilities for help available through the Federal programs include care of the aged in or out of their own homes for part or all of the day and range throughout the Department of Health, Education, and Welfare, particularly the Welfare Administration and the Public Health Service, the Housing and Home Finance Agency, the Department of Commerce, the Department of Agriculture, the Office of Economic Opportunity, and others. These programs are concerned with mentally ill people, socially disabled people, people with housing problems, people with problems of mobility, income maintenance, health, and the like.

The principal barriers to effective integration of programs are several.

First, organization of programs are usually along limited categorical service lines. They are not designed to solve complex human problems. We organize to give money, we have separate organizations for different health services, for housing, others for different social services. Each develops baronial characteristics.

Second, there is an unrealistic allocation of funds. Money flows through highly restricted channels. Funds moving through a public assistance channel, a health channel, a mental health or mental retardation channel, or a housing channel must be expended in terms of the limited service for which the agency receiving the funds was established. This leads to highly restricted programs on the one hand and uncoordinated overlapping on the other.

Third, there seems to be less than adequate communication between programs, and less than full acceptance of the notion that interdepartmental or interagency action is part of the normal business of program administration.

Fourth, there is the matter of administrative initiative or courage. Where there is honest disagreement over coordination and planning, arbitration by some coordinating authority may be necessary to assist agencies to avoid competitive roles. While this is equally a local and State problem and not simply a Federal one, the money streams start at the Federal level.

Fifth, in the long run it is possible that only national commitment and national standards will serve to broaden services. The 1962 amendments provide money. But apparently the size or sweetness of the carrot is less crucial here than an imaginative and creative administration of a standard which would require mandated services. Experience has shown that State and local excellence develops best when central standards are mandated. We can give many examples of this result. If we are to invest Federal funds in substantial amounts for services for the aging, it must be on the basis of national policy, and national policy must extend the benefits of the tax dollar without stigma, to every vulnerable older person wherever he lives, or wherever he may move. Thus, we feel that the absence of firm standards requiring mandated services may represent a problem in their development.

Sixth (and of highest priority) is the problem of trying to mount a service program in the face of a significantly inadequate approach to income maintenance in old age. Until a major attack is mounted on the problem of an adequate income in old age, it will be extremely difficult and in some ways futile to launch a well coordinated attack on meeting the service needs of the elderly. Indeed we need not only a war on poverty but a war on the poverty of welfare.

For this reason, I make some remarks on the problem of income maintenance in old age.

In her testimony last year, Dr. Winston pointed out that if we set the limit at \$3,000 per family and \$1,500 for an individual, half of the older persons in the United States would be considered to be living in poverty. She pointed out that "in 1960 for every aged couple receiving old-age assistance there were four aged couples who were not recipients but who had an income of less than \$2,000. For every old-age assistance recipient not institutionalized and not living with his spouse, there were two such individuals who were not recipients but who had incomes under \$1,000 and three who had less than \$1,500."

The problem of income in old age is enormously complex. Pressures exist at every turn to remove the older individual from the labor market. Indeed, current trends indicate that by the year 2000 a statistically insignificant number of persons aged 65 will be actively employed. As of now, only 13 percent of the 65 and over group are in the labor market. The Social Security Act now provides for optional retirement of a primary beneficiary at age 62, and the withdrawal of a widow's benefit at age 60. Benefits so drawn are actuarially reduced. The individual who removes himself from active employment at age 62 effectively takes himself out of the labor market. He makes what amounts to a lifetime decision to get along on a social security benefit about 25 percent less than what he would otherwise receive at age 65. The mere availability of this optional

early retirement provision produces an encouragement which has been demonstrated already by an increasing number of men opting for this early retirement. Add to this the fact that virtually no private industry pension plans provide for the vesting of pension rights or for portability. Thus, we find that while 40 million workers may be covered at any given moment by private pensions, only a small number will realize the benefits from those pensions. The American worker is mobile and changes job locations and pension plans frequently enough that he does not build up substantial benefit rights by the time he retires.

On top of this, we must recognize a slow but steady inflationary creep which impairs the ability of individuals to save a substantial amount necessary to provide an annuity of any significance. There is serious question about the wisdom or possibility of raising either the current tax rates for social security further, or even the wage base. All of this—individual early retirement, decreased benefits because of early retirement, inability of workers to reap the benefits of private pension plans, the inadequacy of social security benefits even later on, and the possible inability to seriously improve these benefits—all of this, plus the demand on Americans today to finance their children in higher technical or college education, will be accompanied by increased longevity so that people may be living on a relatively fixed income for 25 or 30 years, during which an inflationary creep may necessarily persist.

While the American Public Welfare Association is deeply committed to the extension and maintenance of the insurance principle in meeting the income needs of old age, we must raise a variety of critical questions which should get major attention by the Congress and all concerned:

1. If it is true and inevitable that by the year 2000 income for older people will have to be unearned income as opposed to earned income, does this mean that we are going to create a growing class of aged poor?

2. Are there alternatives to present methods of providing income for the aged poor, or should we look to modification of the existing system? Some alternatives might be as follows:

A. A national standard of old-age assistance requiring a basic income floor, adjusted only for local conditions as reflected in standard cost of living indexes. Should this floor be a condition of receipt of Federal participation in the payment of old-age assistance grants?

B. Substantially increased old-age and survivors insurance to provide a guaranteed annual income of adequate proportion to furnish conditions of decency and health in old age.

C. Provision of a reverse income tax which would provide for the filing of income tax returns by all older persons and where income exceeded a certain amount, the tax would be paid by the individual, and where it fell below that amount, the Federal Government would return in monthly sums an amount to bring his income up to the minimum level.

D. A further increase in tax exemptions for the elderly.

E. The provision of strong incentives to save during the years of earning; for example, the provision of constant purchase power bonds as recommended by the Special Committee on Aging.

3. Should we persist in utilizing a dedicated tax (that is, a social security tax) rather than general revenues for the provision of income maintenance payments in old age? Recent steps, particularly through the Housing Act of 1965, make a major inroad in the area of income maintenance for the elderly via subsidies for housing. If the rent supplement payments produce, as Dr. Weaver anticipates, some 500,000 units in the next 4 years, we may begin to see universally healthful and sanitary housing, at least for the elderly, in the next two decades. It also suggests a national income standard; viz, that a person's minimum income should approximate four times the cost of decent, healthful, sanitary housing.

In the health care field we have demonstrated that assistance to the aged can be administered without an overbearing and often demeaning approach. The Federal agency has encouraged States to experiment in this field. We should examine whether or not in administering old-age assistance we can move toward a vastly simplified and efficient nondeterrent screening which eliminates item-by-item budgeting and the detailed investigative process. Doing this, in addition to simplifying procedures and getting more money out to the needy people, frees professionals to give service and reduces a substantial drain on scarce manpower skills. We might then reserve those scarce skills for the provision of the warm personal services that seem to be so hard to get.

## RECOMMENDATIONS

There are a variety of recommendations we would like to offer for consideration of the committee. They are as follows:

1. The Congress and appropriate Federal agencies should study the question of an income floor for the aged and consider recommendations for congressional attention.

2. Consideration should be given to amendment of the old-age assistance title, if necessary, and to the regulations of the Department of Health, Education, and Welfare to permit an assumption of average need as opposed to the requirement of budgeting for individual need, and a resource determination which could be satisfied by simpler methods.

3. In accordance with a longstanding Federal objective of APWA we would once again recommend that residence, settlement, and citizenship requirements as far as old-age assistance are concerned should be eliminated as a condition of continued receipt of Federal financial participation.

4. The 1962 provisions should be amended to permit the purchase of services other than medical and other diagnostic and consultative services by State and local agencies. The law and the regulations should be so developed as to enable the greatest possible combination of public welfare services under the public welfare umbrella. We suggest that the committee explore ways and means that would permit the flow of different program moneys from the Federal Government to the States in such a way that they can be more effectively joined at the State level, at the point where they touch the client. Program accountability can and should be maintained in order to assure satisfaction of legislative objectives. This can often be done, we believe, by leaving to the discretion of the Governor how and where he wishes to allocate funds appropriated for a specific purpose. Matching formulas should not be so complex as to preclude blending of Federal moneys but should see as their primary objective sound program development and translation with the appropriate State financial participation. We would hope that the new programs contemplated under the Older Americans Act can move in parallel with those developed for older persons under the 1962 Public Welfare Amendments. Otherwise, they will become unrelated and locally competing programs. The Congress in its wisdom included in the public welfare amendments the notion of providing services for those "likely to become" public assistance recipients. This includes a vast army of older people who hover at the brink of eligibility but who will not step beyond that brink. It would seem a pity to have a State committee on aging developing centers with one batch of Federal money, while public welfare proceeds to develop some other centers with another batch of money. This simply doesn't make sense.

5. Special efforts should be made in the development of total service centers. At the present time under the Appalachia programs, under the Economic Opportunity Act, the Older Americans Act, and the 1962 Public Welfare Amendments, such service centers can be developed. If we add to this the Community Mental Health Act, we begin to find that we can develop unique instruments for serving people in an effective and efficient manner. To combine the programs together, however, is enormously difficult. The Older Americans Act and the debate on the bill indicated the clear intent of the Congress to develop such centers. The Congress has long recognized the need for bringing together related services. We suggest that some incentives be produced to eliminate competitiveness among programs and produce greater cooperation. This may have to start with more communication at the Federal level and the development of methods for blending of Federal moneys.

6. We recommend one area of concern for special attention. The development of protective services for the elderly, for those who are unable to manage by themselves, requires greater attention than it has received. The Bureau of Family Services within the Welfare Administration has taken an important lead in this direction through the publication of certain training materials. We would urge that specialists in protective services be employed by the Federal Government for the purpose of giving advice and stimulation to the States so that these services can and will receive a high priority among public welfare agencies.

I appreciate very much the opportunity to address this committee. The problems of producing services and changing the concepts of our society to regard these services in the same way it regards a basic education are indeed complex. The committee is to be congratulated for taking on such a difficult task.

(Transcript continued from p. 49.)

Senator KENNEDY. There is a vote in the Senate, and if you will excuse me for just a few moments, I have some questions I would like to ask you.

(Brief recess.)

Senator KENNEDY. The subcommittee will come to order.

Mr. Lourie, I certainly appreciated the scope and the depth of your testimony. It will be of great interest to the members of this committee. It is comprehensible and knowledgeable, and we are very appreciative for it.

I would just like to ask you one or two questions.

I was wondering if you had any ideas on how we would really upgrade the concept of welfare payments. So often the concept of welfare has a derogatory thrust to it. In many instances, in the various States, where the States are trying to enforce the standards which have been established, there is, at least as far as the recipients are concerned, a harshness involved in the enforcement of these standards.

I was wondering if you had any ideas, on how we could really uplift and upgrade the whole concept of welfare?

Mr. LOURIE. Well, I should say that there are two things that come to my mind, and probably many more that could be said.

One is that there is reality in the fact of the attitude about harshness. The harshness that has been present in the giving out of assistance grants over the years arises from the fact that in the absence of national standards to which States would have to adhere, each State set up its own limitations.

Some of the limitations followed national requirements; for instance, the necessity of counting each resource that a person had that carefully.

This general fact, plus the fact that there is a constant feeling that people who are recipients of assistance grants have to be checked more closely as to their eligibility, there is a feeling around that many people are not on welfare honestly, and are trying to do the community out of its money.

These two things together, it seems to me, produce a general negative feeling, and can be relieved only by changing some of the basis on which we apply our eligibility determinations.

We have had some interesting experience in the medical assistance programs in this respect.

Senator KENNEDY. Are you talking about standardization, now?

Mr. LOURIE. Yes. I am talking about a change in the approach of determining eligibility.

We are always approaching eligibility of assistance recipients from a negative standpoint, trying to go out to prove that they are eligible for the service, and that proof becomes a kind of negative.

There is a constant auditing process going on, so that the caseworker who is going out to determine eligibility always feels that somebody is looking over his shoulder to make sure that the eligibility determination is sound.

That is one set of facts which can be dealt with, I think, by lifting some of the restrictions that come out of Federal regulations, by establishing some basic standards which could be applied on a national level, so that costs of living become the issue, rather than how little you should spend.

The second thing is the general national attitude. As you know, the people on the assistance rolls, we think, represent the poorest group of people, and they are not necessarily the ones who get the benefits of all the welfare programs. They get the benefit of the assistance program.

Many of the other welfare programs are not designed for these folks alone. I think some change in national attitude is probably necessary.

People do not have the same negative feeling about folks who get social insurance, and yet the social insurance program and the assistance program are within the same frame.

Senator KENNEDY. We will have another short recess for a few minutes.

I just have one or two questions.

(Brief recess.)

Senator KENNEDY. Once again I will express the committee's appreciation for your patience.

Just one final question. What do you think of completely eliminating the concept of old-age assistance, but including all elderly persons under social security, and boosting social security payments to an acceptable minimal level?

Mr. LOURIE. This would be a very reasonable approach. It is essentially the same approach that has been made in the medical assistance. In medical assistance amendments there is an assumption of presumptive eligibility, based on some level.

Now, Mr. Keyserling said if the OASDI social insurance could be set up in the same kind of level, you in a sense will be eliminating public assistance. You would be setting a floor, and assuming that anyone that was without income would be eligible for that amount.

Senator KENNEDY. You don't see any time when the welfare payments themselves would be eliminated, unless there were some legislative enactment by the Congress, would you, just of their own nature, because more and more people will be covered by social security in the future?

Mr. LOURIE. If the social security base levels were increased, and the eligibility for insurance were wide enough to include everyone over 65, I think the assistance system could disappear.

Mr. COHEN. I was going to say that that can't happen unless there is not only blanketing in, but also an assumption of earnings and contributions on an earnings basis that would lead to a benefit that met this level of adequacy.

That I would assume would require legislative enactment, so in response to your question, I don't think that it is in the cards in the foreseeable future, let's say in the next two decades, that old-age assistance would simply wither away because the OASDI payments would take their place.

Senator KENNEDY. You don't see any danger to the social security program, as a public insurance program if we were to extend coverage to include everyone?

Mr. COHEN. It depends on how wedded one is to the insurance principle. Is this really the most important consideration, that people will get back an annuity payment that is based on their previous earnings? Is adherence to that principle sufficiently important to say, well, if we adhere to it, we will be intellectually honest, or actuarially honest, but you will be poor?

We are not so certain that we should not proceed by using general revenue funds, as we do in many other areas, instead of a dedicated tax.

Mr. LOURIE. This is the point that Mr. Keyserling made. He thought that general revenues will have to be used.

Senator KENNEDY. You mention the reverse income tax.

Could you expand on this concept somewhat?

Mr. LOURIE. I can't expand on it from any standpoint of expertise.

It is a concept which has been advocated by some, just as the OASI payments out of general revenues were as a method to provide a floor.

It is a matter of saying that if, under such-and-such circumstances an individual ought to have a certain base floor of income, and if the income that he is receiving, let's say, from the OASDI payments, or from a small pension that he might have, together with all the other OASDI payments, just did not reach that floor, the reverse income tax would provide him with that much revenue. It would just be another source of providing income up to a level, but it would come through the income tax return method.

Mr. COHEN. One of the recent developments that puts this more closely in the realm of possibility is the increasing reduction to computer tape of information about income records of virtually everybody in this country. It reduces therefore, significantly, the chance of fraud.

I think that this is one of the reasons for the increased interest in this as a device. This has been one of the stumbling blocks that has been posed earlier.

The proposition was written up in a recent issue of the journal *Social Work*, an article by Edward Schwartz—I think it is within the last 6 months, or 7.

Senator KENNEDY. I want to thank you, Mr. Lourie, very much for appearing before the subcommittee and responding to these questions.

Mr. LOURIE. Thank you very much, sir.

Senator KENNEDY. Our final witness is Mr. Charles E. Odell, who is a director of the Older & Retired Workers Department of the United Auto Workers, AFL-CIO. He is also Chairman of the Task Force on the Aged Poor for the U.S. Office of Economic Opportunity, and a member of the executive board of the National Council of Senior Citizens.

Mr. Odell, we appreciate your appearance here, and we apologize for the delay.

**STATEMENT OF CHARLES ODELL, DIRECTOR, OLDER & RETIRED WORKERS DEPARTMENT, UNITED AUTO WORKERS, AFL-CIO, DETROIT, MICH.**

Mr. ODELL. I want to thank you especially for continuing in session, because I know that you are doing this because I asked to be heard today, instead of tomorrow.

I think rather than reading my statement, I will more or less let it stand, but make a few general comments about it, and also about a few of the things that others have said.

The burden of my reaction to the welfare amendments of 1962 (see p. 65) looking at it primarily from the point of view of the State

of Michigan, in which I reside, and which I was chairman of the State commission on aging during the period when the changes were made in the program when it went into effect, is that there is a big job to be done in public welfare to get priority attention paid to the problems of older people, particularly in view of the fact that they have other very perplexing problems in the field of aid to dependent children and the whole child welfare service, as well as the general welfare programs.

Our experience in Michigan was that the State welfare department really moved very slowly in the direction of taking advantage of the opportunities under the act. As a matter of fact, it was not until we had a change of welfare administrators and ultimately a sweeping change in the composition of our legislature that we began to get significant improvements in the old-age assistance program.

In the last session of the legislature, the maximum allowance under old-age assistance made by the State to local jurisdictions was raised from \$90 to \$140. The residence requirement was reduced from 5 years to 1 year, and there were significant changes with regard to lien provisions and relative responsibility under the program.

I think, in the very nature and history of the public welfare programs in the States that Mr. Lourie pointed out, the approach is essentially negative, and there is a preoccupation on the part of those administering the program with the potential for fraud, and whatnot; so that, basically, I find it very difficult to conceive of a broad-gage, overall approach to the problems of older people as being effectively implemented through the public welfare programs, even though there is a county welfare setup in every county in the country.

I think the attitudes of older people themselves are indicative of the fundamental reason why we can't look to public welfare as the prime or lead base from which to develop effective services to older people.

That attitude, of course, is based on life experience, and the situation that developed during the great depression, that if they could possibly avoid involvement with public welfare, they would like to do so, because of the humiliating implications of investigation of income and assets, relative capacity of children to pay, lien provisions with regard to recapturing of the amount of money invested by the State and welfare payments, and so forth.

The burden of my testimony really, Senator, is on the income questions which have already been discussed by Mr. Keyserling, and I think more or less generally supported by Mr. Lourie and Mrs. Winston.

I should say that most of us who have been working for the past 8 years for the passage of medicare and some other basic changes in Federal legislation might well have assumed after the good work that the Congress has done in the current session that our job was done, and we could sit down and relax for a while. However, fortunately, or unfortunately for me, Mr. Shriver asked me to head up this Task Force on the Problems of the Aged Poor.

About the 4th of March, it suddenly was brought sharply into focus that 8 million of the 18 million people over 65 in this country are living in dire poverty, and seriously need help.

Our task force has centered its attention not on the things that we can discuss here today, because properly we do not see them as the principal thrust or concern of the Office of Economic Opportunity.

I think in general we agree that a basic minimum standard for old-age assistance payments on a Federal level is in order.

I think, basically, we agree with your brother, the Senator from New York, that a doubling of at least the minimum social security payments for those in the lower 50 percent of beneficiaries is long overdue, and certainly important.

But we went on in our deliberations to consider specifically what we could recommend or suggest to the Office of Economic Opportunity that they might do within their purview, and legislative mandate to help the 8 million older poor in this country, constituted by a third of all those living in poverty.

Our recommendations which are tentative, and not finalized, in any sense, include I think some rather major native ideas with regard to national program goals which could, if accepted by the Office of Economic Opportunity, be effectively implemented through community action programs at the local level.

Specifically, we see a great need for a vast increase in the number of personnel available to serve older people in the medicare program. It is estimated that we will need anywhere from 50,000 to 60,000 home aids and nursing home aids in that program.

By life and work experience, there are perhaps a million to perhaps a million and a quarter aged and older people who could be recruited, carefully selected, screened, and trained for that type of work.

All of them, obviously, are not going to be able to qualify for that kind of work, but certainly one significant massive program that could be adopted by OEO which would benefit the middle aged, those in the 45-to-65 category, among older people in this country who are living in poverty, would be an approach which we have suggested be called something like a senior health corps, in which a badly needed group of personnel could be organized and trained and recruited for the medicare program.

We, also, have recommended a number of other specific programs of this type which relate to meeting needs in the manpower field that are not being effectively met through other sources.

Social Security is talking about hiring 7,000 additional people to register and interpret and advise older people concerning their rights to benefits in the insurance options, the second level of benefits under the medicare program.

We think that many of these jobs could be filled on a short-term basis by older people who could advise and assist other older people in making wise choices under this program.

We call this one Operation Medstart, and we are hoping that OEO will take some initiative in developing opportunities of this type for older people.

In addition, we feel very strongly that there are significant opportunities to use older people properly selected and trained in developing services to young children and to teenagers, who constitute the principal thrust of the OEO program.

For example, we recommended and action has already been taken on a program called foster grandparents, which is designed to recruit and train older women, particularly, to work with small children and family homes and orphanages and this type of thing.

The same approach could be taken in the Head Start program, where the essential problem is to provide listeners, readers, story-

tellers, or whatever you want to call them, to be with children who do not have any continuity of parental relationship.

Finally, we feel strongly that there is a significant opportunity to develop programs in a whole range of services and activities in which older people would be trained and assigned to assist other older people.

I think that this is an area that is very little understood. I know Dr. Winston commented briefly on the fact that there are some older people who can be used as volunteers. My experience working with 150,000 living retired members of the UAW and with other senior citizens groups is that there is a tremendous potential of active, dedicated, and committed retirees who for very little more than out-of-pocket expense money—by which I mean lunch and carfare—are willing to dedicate many hours of their time to helping other older people with a whole range of problems.

Some of the best casefinders and amateur caseworkers we have in Detroit are retirees who will take the time to go from door to door in their neighborhood looking in on their fellow older neighbors and finding what their needs and problems are, and putting them in touch with the agencies and programs that can do them some good.

I feel strongly that we could recruit, for example, insurance advisers, consumer advisers, housing advisers, service advisers; advocates in behalf of older people who would serve in very much the same way as the service officers of the veterans organizations serve in relation to the VA program in order to see to it that older people are put in touch with the benefits and services that they need and that they require.

I feel this is a very important concept, because I do not accept the recent sociological findings that older people naturally seek to disengage themselves from the American society. I feel quite strongly that the vast majority of older people disengage, if indeed they do, primarily because of the accumulative insults of inadequate income, inadequate status, and recognition, which is lost when they lose a job, a feeling that they really cannot afford to dress properly, to groom themselves properly, and, therefore, rather than face public censure or criticism, they withdraw, and in the process of withdrawal they destroy both their physical and their mental health.

We have studies to show that maintaining some kind of meaningful contact with people of this kind whether they are on old-age assistance, social security, or living on their own means, materially improves their health, their physical health and their mental health, whether this is done through friendly visiting, or through centers, or through a variety of other kinds of social contact.

So, I feel quite strongly that one of the very real contributions that the OEO could make, and that the Federal agencies could make, if they would really put their minds to it, is in establishing some kind of meaningful relationship between the senior citizens organizations and the agencies which would develop a corps of both volunteers and normally paid working people among the aged who could bring them into meaningful contact in relationship with the services that they require and that they are presumed to have available to them through public and voluntary means.

Just one final comment about Mr. Lourie's testimony. I think the only thing he said with which I really basically disagree is that the essential approach to the business of providing services to the aged in

this country can and should be taken through public welfare, because public welfare has offices in every county in the country.

We might as logically argue that we could do it through public schools or through other institutions, like State employment service offices or selective service offices or any other organization which has a national network of services.

The problem, basically, is that older people will not seek these services or use them through public welfare auspices unless they are forced to do so by economic and social circumstances beyond their control.

So, I think it is quite important not to overestimate the significance of public welfare as a leader in planning, coordinating, developing, and extending services to older people.

I think it is an important resource. I think it has an important part to play as a member of a team. I would not like to see us fall into the trap of assuming that we could depend upon this structure for national, State, or local leadership from a central coordinating planning approach.

Thank you very much for this opportunity to appear. I will be happy to answer questions, if you want to stay longer to converse on this.

Senator KENNEDY. Mr. Odell, let me just say that your testimony was worth staying for.

We had some questions, here. I might submit them to you, if you would be kind enough to respond. Maybe in a letter you could give us your opinions of them.

Mr. ODELL. Fine.

Senator KENNEDY. I think that would probably be the best way to handle that, so we will include your prepared testimony in the record as if read, and we will include after your testimony the letter in response to some of these questions.

Mr. ODELL. Thank you very much.

(Transcript resumes on p. 67.)

(The statement referred to follows:)

PREPARED STATEMENT OF CHARLES E. ODELL, DETROIT, MICH., CHAIRMAN OF THE TASK FORCE ON THE AGED POOR FOR THE U.S. OFFICE OF ECONOMIC OPPORTUNITY, A MEMBER OF THE EXECUTIVE BOARD OF THE NATIONAL COUNCIL OF SENIOR CITIZENS AND DIRECTOR OF THE OLDER AND RETIRED WORKERS DEPARTMENT OF THE UNITED AUTO WORKERS, AFL-CIO

The year 1965 can properly be described as the senior citizens year in the Congress and, indeed, in many State legislatures. Medicare, increases in social security, improvements in the old-age assistance and medical aid to the aged program, a greatly liberalized housing program, and last, but not least, the passage of the Older Americans Act—all presage a new day and perhaps a new era for the older people of America.

In my own State of Michigan we can also be justly proud of the record made by the first Democratic controlled legislature since 1932. Out of 14 major legislative proposals in behalf of older people in our State sponsored by the Michigan and Detroit Councils of Senior Citizens—10 were enacted into law, including: a sizable senior citizens homestead tax exemption; a great reduction in the cost of fishing licenses for seniors; significant liberalization of allowances and the reduction of restrictive eligibility requirements for old-age assistance and medical aid to the aged; closer regulation of cancellation practices based on age on automobile insurance; and the establishment of an institute of social gerontology at the University of Michigan and Wayne State University. These are a few of the

legislative gains to which we can point with pride in this senior citizens year of 1965.

We, in the UAW, are also proud of the significant improvements in pension benefits which we won at the bargaining table in 1964, and which became effective in 1965, including a 40- to 50-percent increase in benefits for most of our 150,000 living retirees, and full payment of the premiums on hospital and surgical insurance. And, of course, we are also looking forward with some anticipation to the first of September when the early retirement provisions of our pension agreements go into effect, making it possible for many of our older members to retire on an adequate pension as early as age 55 with 30 years of service.

Having made this impressive recitation of gains achieved for senior citizens in the past year, I suppose some people would feel that we who helped to lead the fight to win these gains should sit back and rest for a while on our laurels.

The temptation to do so would have been very great if Sargent Shriver had not asked me to serve as chairman of a task force on the problems of the aged poor in relation to the war against poverty. This experience, which began for me on March 4, 1965, has been a painful reminder that all that we have done and all that we are doing is but the significant first step in what must be a bold, imaginative program if we are to achieve social justice and provide a reasonable degree of security and dignity for the Nation's 8 million aged poor.

The reason I say this is because my recent experience with the task force has served to reinforce my conviction that most of the aged poor were not born into a cycle of poverty; they were forced into poverty by a basic deficiency in our national policy. A policy which, on the one hand, encourages older workers to retire at earlier ages but, on the other, fails to provide adequate income to insure that those who do retire can live out their lives in dignity and self-respect.

As Dr. Harold Sheppard of the Upjohn Institute and a member of our task force has pointed out, the vast majority of our retired population, including those living in poverty, were, during their working years, living decently as self-supporting, earning members of society. It is only when they are forced to retire either because of fixed age retirement policies or failing health, or the loss of a job, or other reasons, that their income is drastically reduced, their savings and liquid assets dwindle, and their social and economic status declines.

This is not to say that there are not some older people who were poor before they retired, and, indeed, a few who have perhaps always been poor. But the vast majority of the aged living in poverty are real victims of an inadequate income maintenance program and an inadequate network of supporting services in the field of health, housing, recreation, education, and social services.

Walter Reuther recommended in his letter to Senator Smathers of June 9 the following specific actions on social security and old-age assistance:

"The problem of poverty among the elderly takes on additional meaning when we recognize that the larger number of these people have lived productive lives and have been contributing citizens of our society. In the latter part of their lives they now find themselves living in the twilight zone of subsistence to which most of them have not been accustomed and for which the adjustments are severe.

"When it is recognized that the average OASDI benefit payments in mid-1964 were only \$327 for a retired worker and \$1,433 for a married couple, the inadequacies of the payments under our social security system are highlighted. I hope your committee will give consideration to measures which will substantially increase the benefits for already retired workers to bring them to a level well above that now being received and well above those contemplated in H.R. 6675 now before the U.S. Senate.

"More than 2 million older citizens are receiving public assistance, and almost all of them are living substantially below the poverty level. I have been deeply concerned over the fact that last year the average old-age assistance monetary benefit was only \$61.46 a month. Furthermore, the average benefits vary considerably among the States, ranging from more than \$108 in California to \$38.40 in Mississippi.

"As part of the wide-ranging war on poverty I would recommend that your committee give consideration to recommendations which would establish national minimum standards for public assistance on a level of payments consistent with the actual needs of older people. \* \* \*

I therefore agree with former Social Security Commissioner Dean Schottland and with the January 1965 Report of the Social Security Advisory Committee that our No. 1 priority now that medicare has passed is to reexamine the basic adequacy of social security benefits and Federal-State public welfare with a view toward establishing a new structure which provides the aged living in poverty with a decent standard of living.

The Social Security Advisory Committee recommended a 15-percent increase across the board in social security benefits. This is a good beginning but hardly an adequate answer to the ultimate goal of providing sufficient income to the retired so that they are able to live on a modest but adequate budget level as projected by Government sources such as the Bureau of Labor Statistics and the Social Security Administration.

I further concur heartily with Senator Robert Kennedy's proposal on March 2 to the National Council on Aging that minimum benefit levels for those on social security should be at least doubled if we are to bring the aged poor up to a decent level of living.

As a matter of fact, I was staff consultant to the resolutions committee of the 1965 Convention of the National Council of Senior Citizens which proposed that minimum benefit levels under social security and old-age assistance be established at at least \$100 a month. As Dean Schottland and Senator Robert Kennedy have pointed out, this will cost a sizable amount of additional money. While some of it will come from broadening the wage base on which social security payroll taxes are collected, I believe that the major portion of it should come from general revenues so that the Federal Government, in effect, becomes an equal copartner with employers and workers in the financing of an adequate social security benefit structure which provides older people with a minimum basic standard of living.

In principle the Task Force on the Aged Poor agrees that this is the basic approach to the basic needs of older people. We also agree that the Office of Economic Opportunity is not the agency through which this should be achieved. But we see many specific and practical things which can and should be done by OEO and other Government agencies to enhance the social and economic position of middle-aged and older people now living in poverty.

In the first place, we know that at any given time there are about 1 million workers between ages 40 and 65 who are unemployed and actively seeking work. We have good reason to believe that there are an additional three-quarters of a million people in this age group who have virtually given up in their search for work because of their rebuffs by employers for being "too old to work."

We believe that many of these middle-aged men and women could be retrained and reemployed in competitive employment if an all-out effort is made to recruit and motivate them in the same manner as is being done for out-of-school youth in the Job Corps and the Neighborhood Youth Corps.

The question arises, what kind of work can these middle-aged people do? The answer is that there are many emerging needs as a result of newly enacted Federal legislation for which these middle-aged men and women are ideally suited by their past work and life experience. Under the newly enacted medicare program; for example, there is an immediate need for thousands of people who can advise and assist those 65 and over in deciding what to do about their health insurance. We have proposed to OEO that a program, which we suggest be called Medstart, be set up to recruit and train personnel from among middle-aged and older people to provide this information and counseling service.

In addition, under the home nursing and nursing home features of the medicare program, there will be a need for a vast expansion of trained and qualified home health aids, practical nurses, and nursing home aids. We have proposed to OEO the establishment of a Senior Health Corps in cooperation with HEW and the Department of Labor to recruit and train 50,000 or more new workers to bring these new services to the Nation's elderly.

We have also looked hard at the ways in which middle-aged and older people, including significant numbers of people 60 and over, can be creatively employed in providing services to children and youth whose needs now seem to be almost the sole preoccupation of the Office of Economic Opportunity.

We recommended to OEO, for example, that many older people could be recruited and trained to work with foundlings and very young children who need the tender loving care of parents which is not available to them. We called this program Foster Grandparents, and we are happy to say that it is being launched in a significant number of communities at the present time.

But there are many other ways in which older people can serve children and youth who are living in poverty. They can be employed as paid workers and volunteers in day care centers, Head Start programs, as readers, counselors, listeners, storytellers, homemakers, shoppers, and a variety of other roles which are traditionally theirs anyway and which are badly needed in lifting the children of poverty up and out of their straitened circumstances.

We have also been working hard to encourage seniors to volunteer in the VISTA and Peace Corps. We see great opportunities for employing older people as volunteers to reach out to other older people who are living in poverty

and to bring them back into some kind of meaningful relationship to the rest of society. In a letter to Senator Smathers last June, I made the following statement which summarizes our views on this particular point:

"But there is still a very largely unrecognized need to promote the establishment and implementation of social machinery which reaches out to the aged poor and reestablishes for them a relationship to the rest of society. Loneliness, isolation, disillusionment, and despair are all too frequently the most appropriate words we can find to describe the condition of the vast majority of the aged poor.

"Sociological studies have been done which rationalize this condition by use of the word 'disengagement,' which suggests that older people prefer to withdraw and to 'live alone and like it.' Perhaps some do, but I would guess that the vast majority withdraw only to protect themselves from the cumulative insults of low income, failing health, loss of friends and neighbors, loss of job and status, etc. To 'reengage' these older people, and, more important, to prevent or retard their disengagement with its heavy social and economic costs to society is, to me, the great challenge we face.

"In this respect, the Office of Economic Opportunity can make a most effective contribution through the sponsorship of national programs designed to help communities to reach out to the aged poor, to define their needs for help from existing agencies, to refer them to such services, to create new services where existing ones are inadequate, and to create useful roles, with some remuneration, so that older people can help others and at the same time help themselves. These are practical and achievable objectives which can help the older poor and at the same time prevent or arrest the great social costs of catastrophic mental and physical illness which derive from social and economic neglect of the aged."

What I am suggesting here is the establishment of a Senior Citizens Service Corps whose members would serve in a manner similar to that of the service representatives of the veterans organizations in helping veterans by acting as their advocate in achieving for them their full rights and benefits under the various VA programs.

This Senior Citizens Service Corps would be composed primarily of qualified and knowledgeable retired citizens who are recruited and trained to consult with the great mass of older people who need advice and assistance in qualifying for Federal, State, or community programs enacted or otherwise established to meet their needs.

Specifically, they might serve as counselors and representatives of the elderly with information and advice concerning health and life insurance and their rights to benefits under social security and medicare. They could assist senior citizen groups in developing project proposals and market feasibility surveys under the various senior citizen housing programs. They could act as advisers concerning eligibility for Federal and State programs such as old-age assistance, food stamps, medical aid to the aged, and they could advise and inform the aged concerning frauds, quackery, and other forms of exploitation of older people perpetrated by unscrupulous operators.

Finally, they could serve as advocates for older people who are not reached through other programs and who need on-the-spot assistance in qualifying for emergency and long-term help under a variety of public and voluntary programs. In this effort to develop an effective Senior Citizens Service Corps, the OEO or the new Administration for Aging, or both, could, with nominal financial aid, enlist the active support and cooperation of retired persons—the American Association of Retired Persons, the National Retired Teachers Association, the National Council of Senior Citizens, and other similar groups.

In conclusion let me restate my views as expressed to Senator Smathers in my letter of June 1965, concerning the place and role of senior citizens in the Great Society, and this I believe and will fight for from the depths of my personal conviction:

"What is needed more than almost anything else is a sense of commitment and compassion which permeates the public and voluntary structures of our society in such a manner that the middle-aged and aged poor are given a sense of belonging and involvement in the Great Society. To me this is of equal importance with our commitment to overcome other aspects of our social neglect of so-called minority groups, youth, the physically handicapped, the mentally ill, and other culturally and economically deprived groups."

Thank you, Mr. Chairman, for this opportunity to appear and express my views before this distinguished subcommittee. While I am only one person with limited capacities, you may be assured that I will give as much of my time and energies and that of the organizations which I represent as is humanly possible to make a place for older people in the Great Society.

I am also authorized by Mr. John W. Edelman, president of the National Council of Senior Citizens, to state that the views I have expressed in this statement parallel those of the national organization.

COMMENTS CONCERNING WELFARE AMENDMENTS OF 1962

Mr. Chairman, members of the committee, thank you for this opportunity to present my views on these important matters affecting the welfare of older Americans. When the Welfare Amendments of 1962 were passed and the Welfare Administration was established in the Department of Health, Education, and Welfare, many of us who had worked with and for older people throughout the previous decade hoped that great improvements would be made in services to older people in State and local welfare programs. At that time, I was still a member of the APWA Committee on Aging and I worked very hard as a committee member to stimulate State and local action to strengthen services to the elderly under the 1962 amendments.

Our efforts to achieve significant improvements in services to the elderly in Michigan were not received with great enthusiasm by the Michigan Welfare Department. It was not until we had a change in welfare administrators and a clear 2-to-1 majority of Democrats in both houses of the Michigan Legislature in 1965, that we began to make significant progress. In the 1965 session, for example, the minimum old-age assistance State allowance to local units of government in Michigan was raised from \$90 to \$140, the State residence requirements for eligibility were reduced from 5 to 1 year, and relatives' responsibility provisions and lien provisions were liberalized under the medical aid to aged programs and old-age assistance programs.

We also have word from field staff in the Michigan Welfare Department that caseloads for old-age assistance caseworkers have been reduced for the first time in many years and that the new welfare director, Mr. Bernard Houston, is taking a very active role in assisting the Michigan commissioner on aging to develop local and county councils on aging.

These developments in Michigan are evidence of the fact that the State is taking advantage in a significant way of opportunities open to it under the Welfare Amendments of 1962. The fact remains, however, that Michigan, like other States, is limited in its financial capacity to maximize its efforts under welfare programs based primarily on raising matching funds from State and local sources.

(On August 19, Senator Kennedy asked Mr. Odell for answers to the following questions:)

AUGUST 19, 1965.

Mr. CHARLES E. ODELL,  
*Director, Older and Retired Workers Department, UAW,*  
*Detroit, Mich.*

DEAR MR. ODELL: \* \* \*

1. What specific action should be taken by the Federal Government to initiate better working relationships between senior citizens' groups and the field office or State and local agencies which administer programs that are supposed to serve senior citizens?

2. Is there evidence or experience to justify your view that older people, particularly those who have retired, can be expected to volunteer, or work for nominal pay, in programs like those you suggest for the Senior Citizens Service Corps?

3. You mention disengagement—isn't it natural for older people to withdraw from life as they grow older? What is wrong with this?

4. What should be the role and responsibility of public welfare agencies in developing and coordinating services to the aging and aged?

5. Can the new Administration on Aging organize and implement the idea of a Senior Citizens Service Corps, or do we need additional legislation to bring this idea into being?

\* \* \* \* \*

Sincerely,

EDWARD M. KENNEDY,  
*Chairman, Subcommittee on Federal, State, and Community Services.*

(Mr. Odell's reply:)

OLDER AND RETIRED WORKERS DEPARTMENT,  
INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE &  
AGRICULTURAL IMPLEMENT WORKERS OF AMERICA-UAW,  
Detroit, Mich., August 24, 1965.

Senator EDWARD M. KENNEDY,  
Chairman, Subcommittee on Federal, State, and Community Services,  
Special Committee on Aging, Washington, D.C.

DEAR SENATOR KENNEDY: \* \* \*

I have attempted below to give specific answers to the questions contained in your letter of August 19.

Question 1. The essential problem here, which accounts in part for the problems of neglect and poverty among the middle aged and aged, is that most agencies, public and voluntary, have adopted the attitude that they already have more than enough to do. Therefore, they do not reach out to the middle aged and the aged. Nor do they seek their advice and support in developing more adequate services. I believe every Federal agency should encourage its State and local counterparts to reach out to older people who need help. One way of doing this is to establish and maintain sound working relationships with groups that enroll older people as members and to encourage these groups, in turn, to bring their needy membership into contact with community agencies and services. Project ABLE in South Bend, Ind., which used trained unemployed union members to reach out to laid off Studebaker employees and to counsel with them to help them to find new jobs is a classic example of how this can be done. Operation Well-Being in Detroit is another example of a sound outreach to the aged poor.

Question 2. As I pointed out in my extemporaneous testimony, we have practical examples in the thousands of the willingness of retirees to volunteer and work in behalf of their peers and others in younger age groups. With a modicum of training there are many who are ready, willing and able to perform a wide variety of functions. The greatest problem we face in sustaining this kind of activity is that retirees living on reduced incomes are unable to continue to perform in this way without some reimbursement of the money they spend for gas and oil, carfare, lunches, etc., in the course of such volunteer activities.

Question 3. I addressed myself partially to this question in both my written and extemporaneous statement. Certainly it has been "natural" for older people to withdraw from life as they grow less useful because of poor health, inadequate income, declining resources to dress and groom themselves and otherwise keep up appearances. But the great challenge of work with older people is it seems to me, to prevent, retard or reverse this tendency to disenage which is really a psychological problem aggravated by other physical, social, and economic circumstances. The work done in a few demonstrations in mental hospitals and county medical facilities in Michigan with presumably "lost cases" of older people with both mental and physical disabilities, indicates that much can be done even for the severely disabled older person through individualized and group services in physical therapy, occupational therapy, sheltered employment, group therapy and rehabilitation. If we can help these "lost cases" think what we could do for thousands of others who are not so severely disabled if we reach out to them and work with them before they lose contact with reality!

Question 4. The public welfare agencies have a big job to do in serving more adequately the 2¼ million older people already on old-age assistance and the tens of thousands among the middle aged on general welfare. The APWA Committee on Aging has developed sound guidelines for State and local action in this area. I agree with those guidelines. In fact, I helped to write them. I do not, however, believe that the State or local welfare authority is necessarily the only resource, or the best resource, through which to plan, initiate, and coordinate broad-gaged services to middle aged and older people. This is why Congress voted unanimously to move the U.S. Office of Aging out from under the Welfare Administration and to establish a National Administration on Aging. I would expect and hope that the Welfare Administration and its State and local counterparts will continue to cooperate in Federal, State, and local programs for the aging and aged. They have a rightful place and function. So do public health, education, recreation, employment, conservation, social security, and a variety of other public and voluntary agencies. The needs of older people cut across all agencies and services. They should not be subsumed in any unifunctional compartment.

Question 5. I believe the new Administration on Aging can, under its legislative authorization, undertake a Senior Citizens Service Corps. To do the job effectively additional funds may be necessary in the years ahead, but additional legislation is not essential to the initiation of this program in my opinion.

Thank you for this opportunity to express my views on the important questions you have raised.

Sincerely,

CHARLES E. ODELL, *Director.*

(Transcript continued from p. 61.)

Senator KENNEDY. I again want to thank you very much for appearing here and staying with us for the afternoon.

The subcommittee will stand in recess until 1:30 tomorrow, and we will meet in a room later to be designated.

(Whereupon, at 4:25 p.m., a recess was taken until 1:30 p.m., Thursday, August 19, 1965.)

# SERVICES TO THE ELDERLY ON PUBLIC ASSISTANCE

THURSDAY, AUGUST 19, 1965

U.S. SENATE,  
SUBCOMMITTEE ON FEDERAL, STATE, AND COMMUNITY  
SERVICES OF THE SPECIAL COMMITTEE ON AGING,  
*Washington, D.C.*

The subcommittee met at 1:45 p.m., pursuant to recess, in room H-403, the Capitol, Senator Edward M. Kennedy (chairman of the subcommittee) presiding.

Present: Senator Edward M. Kennedy.

Committee staff members present: William E. Oriol, professional staff member, and John Guy Miller, minority staff director.

Senator KENNEDY. The subcommittee will come to order.

Our first witness today will be the Reverend Joseph T. Alves, chairman of the Massachusetts Commission on Aging, who has recently been named to direct the Commonwealth Service Corps. Father Alves is also the executive director of the Catholic Family Counseling Service. He was ordained in 1953, after service as associate director of the Berkshire County Council of Social Agencies.

Father, we are delighted to have you.

I might say, as a personal note, that I know of the fine work Father Alves has performed in this field. He brings to this subcommittee a unique background and experience.

The subcommittee is delighted and privileged to have you here, Father. You may proceed in your own way.

## STATEMENT OF REV. JOSEPH T. ALVES, CHAIRMAN, THE MASSACHUSETTS COMMISSION ON AGING, BOSTON, MASS.

Reverend ALVES. Thank you very much, Senator.

Members of the committee, I come here with mixed feelings—a tremendous amount of concern about people in need, not only the aged in the United States but also those in need of every age in our country, as well as the deprived in other lands, that is, backward nations and the so-called developing nations. But, since you will have experts in economics, sociology, political and social science to give you the fruits of their profound reflections upon costly empirical research in their disciplines, I must apologize in a way for my presence as a maverick “jack of all trades, master of none” witness—a person with an unusual number of years of formal education, perhaps, but a generalist rather than a specialist, an eclectic, one who reads professional literature widely and who is committed to a synthesis.

Furthermore, I have labored 16 to 18 hours a day, 6½ days a week, for the past 7 years in the marketplace of typical urban Americana—the one-half day per week I have given to ecclesiastical activities—

and although I have hurriedly prepared some material in writing, I want to say that my major contribution is to recommend your consideration of a change in the public policy of this Nation regarding the support of our aged citizens.

The plight of those in need, both here and abroad, is a very crucial problem and on the extent to which it is solved, I think, depends the future of this Nation and the preservation of Western civilization and the Judeo-Christian tradition of the past 19 centuries.

I must leave to you as legislators of the United States and together with your economic advisers, the decision about how much of our national wealth should be invested in building a greater society in the United States and how much should be devoted to others of our brother human beings in other lands who are dying of starvation and of the simplest, and very inexpensive-to-cure types of diseases.

If you and the American people decide that we can afford a greater investment than we are now making in domestic programs, I wish to go on record as appealing for special attention to the aged of this land.

Actually, I wish to see this Nation move in the direction of providing a guaranteed income above the poverty level for everyone in our society, and respectfully suggest that we begin the experiment by assuring every American over 65 no matter where he lives, no matter in what State he lives, in this land, an annual income now of at least \$2,000. I make this recommendation after a review of the OASI and public assistance programs in operation in the Northeastern States.

Senator KENNEDY. Father, just on that point, how did you arrive at that \$2,000 figure?

Reverend ALVES. I am about to recommend I think it should be \$2,400—\$2,000 is what it is commonly called to be a poverty level of existence for a single person, \$3,000 for a family. I suggest that by the time escalator clauses go into effect when new legislation is made, it is better that we start at \$2,400. It is above the level of poverty, as it is now defined.

The social security method is now generally accepted as a vital part of our American social and economic system and I say thank God for that. More than 10 million aged persons are now receiving monthly benefits under this program, and annual disbursements approximate \$10 billion a year.

We must not be complacent, however, in regard to our social security program. At least two major defects can be said to exist in the present system:

1. The benefit structure should be scientifically related to a minimum content of living scale which would assure that at least persons receiving maximum benefits have an income above the poverty line. They don't under the present system.

2. An automatic escalator clause is needed to adjust benefits in accordance with the cost of living (as is done in 19 other countries.)

Our basic objective under social security should be a comprehensive program which provides retired beneficiaries with adequate income

and a cushion against the risk of becoming public dependents due to the expensive or long-term medical care.

Senator KENNEDY. Father, on that point, would you suggest the elimination of all welfare payments, through the establishment of a social security system which would be expanded to cover all over age 65 and would be more realistic in terms of the level of benefits?

Reverend ALVES. And have general revenue funds put in out of the Treasury to bring payments up to a level above.

Treasurer KENNEDY. Do you think this is a realistic concept?

Reverend ALVES. I see nothing against this concept.

Senator KENNEDY. Well, I think this has concerned a number of people. The argument that has been used is that if general funds are used for bolstering social security we violate a fundamental tenet of the social security system. The system is based on an insurance concept, critics say, and we are bringing this together with a "welfare" concept.

Some have suggested that this would mean the demise of the social security system as such. I personally don't feel that way but I was wondering whether from your own experience and background, whether you feel that such questions are justified?

Reverend ALVES. I don't see anything antithetical to our democratic system to put general revenues into a system which is basically an insurance system.

This is done in other lands, and I think Mr. Rohrlich later in the afternoon will probably tell you something about the programs in other lands. This is what is done in other countries. It has not made those countries default in any of the other obligations.

Now the public assistance programs, unlike the insurance programs for the aged—old-age assistance and its relatively new "sister" program, medical assistance for the aged—care for approximately 2½ million persons (in 1964) at an annual cost of approximately \$2½ billion.

The assistance programs for the aged, unlike the social security benefit program, have been marked by a long history of permissiveness with too much emphasis on States rights and local option, and too little emphasis on standardization and equitable treatment of the constituency to which the program is beamed.

To illustrate this, I have prepared tables I and II, below, showing data from the 11 Northeastern States. The recipient count (the proportion of elderly persons who receive benefits under social security or public assistance), the income status of aged persons in this Northeast region of the country, the expenditures per inhabitant for the public aid programs for the elderly (OAA and MAA), and the benefit scale both under social insurance and under public assistance are included on these tables.

(The tables referred to follow:)

TABLE I.—*Old-age assistance and medical assistance for the aged: Recipient count, average monthly direct payment, vendor payments by amount expended per inhabitant for 11 Northeastern States*

State	Recipients (OAA and MAA) per 1,000 population aged 65 and over		Average OAA monthly direct payment		Average OAA monthly vendor payment for medical care		Expenditure per inhabitant, OAA and MAA combined	
	Number	Rank	Amount	Rank	Amount	Rank	Amount	Rank
Massachusetts.....	136.0	1	\$71.67	2	\$18.52	7	\$22.21	1
Vermont.....	128.5	2	48.83	11	34.73	1	13.95	2
Maine.....	106.0	3	53.22	9	30.50	2	11.48	3
New Hampshire.....	74.0	4	78.99	1	21.25	3	8.94	5
Rhode Island.....	66.0	6	68.80	4	15.50	8	6.89	7
Maryland.....	73.2	5	62.62	6	9.24	10	3.28	10
Connecticut.....	51.7	7	60.57	8	19.94	4	7.71	6
New York.....	49.0	8	71.51	3	18.79	6	9.16	4
Pennsylvania.....	46.4	9	62.89	5	11.36	9	5.32	8
New Jersey.....	31.0	10	61.46	7	18.91	5	3.18	9
Delaware.....	31.0	11	52.19	10	6.62	11	1.57	11

Sources: Social security bulletins, Welfare in Review, 1964 supplement, Department of Health, Education, and Welfare.

TABLE II.—*Ranking by State of number of persons receiving old-age and survivors insurance benefits per 1,000 population, average monthly old-age and survivors insurance benefit to persons over 62 years of age by income status of single aged persons, percent of population over 65 and per capita income for 11 Northeastern States*

State	Number of persons on old-age and survivors insurance over 65 (per 1,000 aged)		Average old-age and survivors insurance beneficiary, persons over 62		Percent aged single over 65, income less than \$2,000, percent	Percent of population over 65, percent	Regional rank, 1960 per capita income, rank
	Persons	Rank	Amount	Rank			
Rhode Island.....	784	1	\$78.15	6	82	10.4	8
New Jersey.....	695	2	83.49	2	80	9.2	4
Connecticut.....	694	3	85.02	1	76	9.6	2
Maine.....	693	4	71.31	11	83	11.0	10
New Hampshire.....	687	5	75.39	8	80	11.2	9
Delaware.....	673	6	77.44	7	80	8.0	1
Massachusetts.....	665	7	79.65	5	78	11.1	5
New York.....	654	8	81.56	3	78	10.1	3
Pennsylvania.....	643	9	81.09	4	82	10.0	7
Vermont.....	602	10	72.27	10	83	11.2	11
Maryland.....	582	11	75.06	9	81	7.3	6

Sources: Social security bulletins: January 1963, June 1963. "Guide for State Surveys on Aging," U.S. Department of Health, Education and Welfare, May 1959; Department of Commerce Census Bureau, 1960.

We have separated the regular monthly benefit from the amounts paid for medical care in the assistance programs.

The tables reveal some of the following startling results: Massachusetts, in the Northeast region, has the highest recipient count, and the highest expenditure per capita for the public aid program for the aging—Delaware, the lowest.

The recipient count—that is, the portion of persons over 65 years of age receiving either old-age assistance or medical assistance for the aged in Massachusetts—is 136 out of each 1,000 elderly persons.

In Delaware, this count is 31 out of 1,000. In other words, Massachusetts aids  $4\frac{1}{2}$  times as many older persons under these programs as does the State of Delaware.

Senator KENNEDY. Now, Father, it could also be true that Massachusetts has a larger senior population.

Reverend ALVES. No; I am going to go on.

Senator KENNEDY. I am sorry.

Reverend ALVES. These tables will show this is not the fact.

To express the statistic negatively, in Delaware, 969 out of each 1,000 elderly persons do not qualify for the programs of old-age assistance and medical assistance for the aged.

Using the index of cost per inhabitant on these programs, we find a much greater disparity. In Massachusetts, \$22.21 per inhabitant is spent annually on the aged; in Delaware, \$1.57. In other words, Massachusetts spends more than 14 times as much for its aged as does the State of Delaware.

It is worth noting that four States in the region—New York, Pennsylvania, New Jersey and Delaware—extend benefits to less than 50 of each 1,000 elderly persons, and, therefore, have programs under which more than 95 percent of the aged are ineligible for assistance.

Two important questions must be raised at this time, and this is what we are stressing, Senator:

1. Do the States which neither reach a large portion of beneficiaries nor spend much money per capita under public assistance have a higher portion of persons receiving social security benefits, or a higher average payment under social security?

2. Do the aged of these States which have low recipient count and per capita expense have more respectable incomes than the elderly of the States which have high recipient counts and high per capita expenditures?

The answer to both of these questions is "No." For example, the average monthly retirement benefit under social security for residents of Delaware—\$77.44—is actually lower than the average monthly benefit in Massachusetts—\$79.65.

The percentage of nonmarried persons (widows, widowers, single persons, or others living apart from a family group) whose income is less than \$2,000 is virtually the same in the higher and lower States in our region.

For example, in Delaware, 80 percent of the nonmarried persons over 65 have an annual income of less than \$2,000; Massachusetts has a slightly lower rate of 78 percent with income less than \$2,000.

The recipient count of persons receiving social security benefits in Delaware—673 per 1,000 elderly—is virtually the same as that of Massachusetts—665.

The data for the other States which score lowest in the region in terms of recipient count on old-age assistance and medical assistance for the aged are comparable. Pennsylvania and New Jersey have a higher percentage of persons over 65 with income less than \$2,000. New York has the same percentage as is found in Massachusetts. The recipient count of persons receiving social security benefits is lower in New York and Pennsylvania, and virtually the same—673—in New Jersey, as against 665 in Massachusetts.

The average monthly benefit payment is higher in two of the four low States but the difference is less than \$2 per month—\$81.56 for New York, \$81.09 for Pennsylvania, as against \$79.65 for Massachusetts.

In summary, the data on public assistance and social security benefits as relating to the elderly in this region can be analyzed as follows:

A uniform pattern is found in the social security program through the 11 States in regard to income, frequency of persons over 65 receiving benefits, monthly benefit payment, and in the proportion of the population which is aged.

This is a pretty standard region on all those counts.

Only 20 percent of the elderly in each State has an income of more than \$2,000 per year. About two-thirds of the aged receive monthly social security benefits. The benefits are in the area of \$80 monthly and about 10 percent of the population is elderly.

Senator KENNEDY. Father, that bell was a vote.

The subcommittee will be in recess for about 5 minutes.

Reverend ALVES. Surely.

(Whereupon, a brief recess was taken.)

Senator KENNEDY. The subcommittee will come to order.

Will you proceed?

Reverend ALVES. In spite of this reasonably uniform pattern on social security, public assistance—the program designed to supplement social security—presents the following data: a range in recipients from as low as 1 in 30 elderly to as high as 1 in 7; a range in expenditures per inhabitant from as low as \$1.57 per year to more than \$20 per year; a range in expenditures for medical care from as low as zero in medical assistance for the aged—2 States—to more than \$250 per month in 3 other States; and a range in medical payments on old-age assistance from a low of \$9.14 per month to approximately \$35 per month.

Senator KENNEDY. Father, on that point, what conclusions have you reached from the comparison between the Massachusetts and the Delaware situation with regard to the standards which have been established in these States?

Reverend ALVES. The major conclusion that I would draw is that the public assistance programs and the medical assistance programs give too much leeway to States to develop restrictive clauses which prevent many people from qualifying for benefits.

Senator KENNEDY. Well, could you be somewhat more specific, the kinds of restrictions?

Reverend ALVES. Residence requirements, children's responsibility requirements, liens on property, the signing over of insurance policies to the State where the State would recover after the death of the deceased, and many other things like this.

This prevents large numbers of people in many of these States from qualifying for assistance. I believe it was the intention of the Federal Government when it passed these laws initially and when they passed the amendment subsequently in 1962 and 1965, also, that all the people of the land would benefit from these programs and that we would not have the situation wherein a person living in one State is unable to qualify for a program which has a sizable amount of Federal funds in the program and if he moves to another State he can qualify.

So you are depriving large numbers of aged people of Federal programs by having a State-administered program and a program wherein States can set up qualifying restrictions.

This would be my major point.

Now with regard to the Public Welfare Amendments of 1962, particularly as they could apply to the elderly citizen, have failed to fulfill their objectives of preventing or reducing dependency.

The elderly client does not receive the intensive counseling that is the best feature of this act, services which are available to the family on aid to families with dependent children. This is because of staffing limitations and because the program, itself, includes the elderly it seems only as an afterthought.

Moreover, there is a gap in the services available to the elderly citizen due to lack of coordination between agencies and a concentration by new legislation on the problems of youth. The elderly person has special needs, needs which are not being recognized in the implementation of this act or subsequent social legislation.

The act provides for increased services by a reduction of the caseload to 60 cases when services are being given. This plan has run into serious difficulties:

1. Staffing: There is a serious shortage of caseworkers, all over the Nation, of course, which was intended to be solved by stepped-up recruitment, but recruitment has barely replaced retiring personnel. The act will pay for educational leave, but because of the staff shortage and because of the requirements of the act itself, it is very difficult to spare workers for further education. Because of the staff shortages, cases must be weighted, and an individual worker can have a caseload of 180 if she does not handle any service cases.

Because of the weighting system, the cases with the most serious or most numerous problems get highest priority, and these cases are usually the family receiving Aid to families with dependent children. The older person, living alone and quietly on a tiny allowance, may suffer just as much and represent just as much wasted potential for dignity and constructive living as the aid to families with dependent children, but he is only one person. The overworked caseworker cannot, or will not, take the time and effort to locate community resources or provide extra services.

2. Even when the caseworker does devote special attention to the elderly client, much depends on the worker's skill and knowledge of resources available. In many cases, the client could avoid institutionalization if provided with services which do not exist or are unknown to the caseworker.

Such services might be a homemaker service, contact with a recreational or service group, or low-cost housing, but the paperwork and time required may be too much for the worker to handle. As things stand, Massachusetts directs its workers to concentrate on other health services for the elderly, a service which will become less necessary when medicare goes into effect.

3. Other provisions of the act were for establishment of new services or demonstration projects, to be financed wholly or in part by the Federal Government. Throughout the country, by the end of 1964, only 17 States had set up demonstration projects, and of these, only 3 were for the elderly. Why? The reason is partly understaffing again, partly the duplication of this provision under the Economic Opportunity Act, and partly lack of concern for the elderly. For

example, under the Economic Opportunity Act there are provisions for the establishment of services for low-income groups and individuals, to be financed in part by the Federal Government, and to be carried on by local organizations, public and private.

This duplicates and broadens a similar provision in the Public Welfare Amendments of 1962. Unfortunately, these programs appear to be directed primarily toward youth—that is, OEO—and do not provide the type of service readily useful to the older citizen.

Senator KENNEDY. Father, relate to us your experience with OEO.

Reverend ALVES. Well, there is a personal observation from the State of Massachusetts. I am in a position, Senator Kennedy, of being on the Commission for the Service Corps which is the Office of Economic Opportunity for the Commonwealth and even though I have been, for a number of years now, commissioner on aging, I received no communications or saw no interest for the first 9 months or 7 months of the program in Massachusetts in involving the elderly.

It was not until I had the Executive Director of the Commission on Aging push the staff in OEO in Massachusetts and Washington for some special programs directed to the elderly that we got any interest on the part of both State OEO and Federal OEO to direct some specific programs to the elderly.

I suspect that as a national problem, the youth of America are of more concern to the legislature than the elderly, they represent the future of a Nation.

I applaud the interest of the Federal Government and the State government in programs for the youth of this Nation, but I don't want the country to be so concerned with the youth and young families of America that they completely forget people who have given their lives to the building of this Nation.

I think we can have both, I think we can afford both, and I hope and I see some signs now in the Commonwealth of Massachusetts and the Federal level and the Federal staff in OEO of developing interest in a program devoted particularly and exclusively to problems of elderly people.

So I am a little more optimistic about the future than I have been about the past.

We applaud the passage of the medicare bill, but it must be recognized that once the health needs of the elderly are provided for, there will still remain other needs. Medicare does not, and cannot, treat the whole man, for the man is a social animal, and the older person who is kept healthy but isolated or ignored, like an obsolete tool, is being treated as less than a man.

What are the implications of these data for planning for the aging? I suggest that the No. 1 priority in responsible planning for the elderly should be a study of income maintenance and retirement benefits under social security and an evaluation of the energies of the States in regard to assistance payments and medical assistance for elderly persons.

Most States with the lowest scores in expenditures and recipient count on assistance programs achieve this result through punitive children's liability provisions and restrictive lien requirements under which real estate, personal property, and insurance ownerships must be either liquidated or revert to the State at the point of decease.

I think it is long past time for this Nation to humanize these needs tests.

We can afford it, I am certain, and I think we have grown up in the stature of world civilization enough that we can now turn to humanizing these needs tests, and stop being so vindictive and small minded and reveal ourselves as the product of an ethic which no longer exists.

Senator KENNEDY. Should I assume from that observation that you have seen from your own experience countless examples where the enforcement of these kinds of restrictions have worked real hardships on our senior citizens?

Reverend ALVES. When I look at these facts, Senator, and I have only looked at 11 States, and can see the difference in range of the people, even though their income status is the same, and all the rest of it, as far as we can find out, they are uniform, these 11 States.

When you can have only 30 people qualifying in 1 State, and you can have 150 qualifying in another State, the only explanation for this is this restrictive qualification.

Whether one's planning is directed toward leisure time, medical care, development of homemaker services, decent public housing, or any of a myriad of important goals for the elderly, in the last analysis these programs will be successful only if the elderly person is in a position to make use of the services—in other words, to pay his way, or to be secure and worryfree enough to take advantage of extra services provided.

As I have stated previously, the first goal of planning should be to determine whether legislation in regard to assistance and medical benefits is adequate—particularly in terms of whether the programs are reaching a sufficient number of elderly persons.

I suggest that for the Nation as a whole they are not—and I base this on the study of 11 States—and that one reason for this is that there is too much freedom, too much States rights in our public assistance programs.

The second objective is to assure that adequate appropriations are available to enable the State to carry out the spirit of the law, so that the minimum financial underpinning needed to supplement social security benefit or other retirement income is available.

For our next objective we should apply the basic principle of social welfare administration, which holds that strong private agencies will have their counterpart in good public programs.

If we apply this tenet to the area of planning for the aging it is obvious that well organized and directed planning efforts by health and welfare councils are a necessary spur to bring about adequate public programs in the area of income maintenance to provide both basic needs and medical needs.

It is an indication of the weakness of our Federal public assistance system, and its permissiveness, when two States in our region—Rhode Island and Delaware—did not have a plan for medical assistance for the aged in 1964.

A final objective in each State should be to develop a good public program in the area of planning for the aging. The Massachusetts system, patterned on New York, involves an unpaid commission of four citizens, together with the commissioners of health, public welfare, mental health, education, and labor.

An interdepartmental committee functioning under the commission also includes representatives from the Massachusetts Rehabilitation

Agency, State housing board, and the agency responsible for enforcing the laws relative to discrimination.

This device synthesizes the principal public departments which have responsibility for the aging, and, in addition, gives adequate representation to the citizens at large.

As most of you know, Massachusetts under this council has an advisory committee of about 100 persons, and, in turn, subcommittees and ad hoc committees working in appropriate specialties.

The structure is good, but the program still lags for lack of adequate professional staff and appropriations. However, it is far ahead of about 50 other States in the Nation.

In a State which expends more than \$100 million annually for assistance payments to the aged—and one-fifth of this amount again for mental health care and other programs—we appropriate only \$50,000 in the area of planning, research, and community organization.

This disparate finding occurs in all of the States in the region. Local planning at the community level is even further restricted in Massachusetts. By statute, in Massachusetts a community cannot expend more than \$7,500 per year to staff and operate a local planning council.

In summary, then, while I have concentrated the major part of my remarks on the OASI and public assistance programs and their effect on the poverty of aged Americans, I am not unmindful of the more recent Economic Opportunity Act.

However, since a large percentage of poverty in the United States, maybe 50 percent, is not related to employment opportunities, and since these latter programs are really youth oriented and employment directed, they offer little prospect of improving the financial lot of the aged throughout the country.

By relieving the economic situation of the aged through guaranteeing them an adequate income above the level of poverty, we can avoid producing anxiety in their children about their support, and they in return can invest that amount of psychic energy and money in their own children, and in other less privileged of their fellow human beings here and abroad.

Senator KENNEDY. Father, I think that your testimony here would certainly support Mr. Keyserling's statement of yesterday, which indicated that 32 percent of the poor in this country were people who were 65 years of age or older.

Reverend ALVES. That is right.

Senator KENNEDY. The observations you are making deal with this concept extremely well. I think it is a matter of considerable concern, and should be to all of us who are interested in the whole question about what can be done for these hundreds of thousands of people who exist in poverty and whom we are not reaching today.

Reverend ALVES. I don't really mean to have my remarks interpreted as being, you know, exceedingly critical of the Economic Opportunity Act, but it is employment directed, and this is what it was intended to be; or at least it is directed to the solution of the major problem.

I am appealing to your committee to consider something else to solve the plight of the elderly.

To try to preserve the three-generation family support system of a rural agricultural economy of another century in this urban indus-

trial society of the 20th century I think is not only stupid but impossible. And for those who think that to have Government assure a decent living to every aged American will weaken the family, let me insist that the evidence is all to the contrary.

When you take away the obligation of children to support their aged parents, you actually strengthen family relationships.

I recommend serious consideration be given to a Federal program which will assure every aged American over 65 an annual income of \$2,400.

I am very grateful for the opportunity you have provided for me to give this testimony.

Senator KENNEDY. I want to commend you, Father, for one of the finest statements we have had on this question in the time that I have been on the Aging Committee. This is really one of the finest presentations I have heard. I commend you for it.

I would like to ask you one final question relating to the last page of your testimony, and it is a moral question.

If we are going to guarantee that every elderly person of 65 years of age or older is going to receive an income of \$2,400, do you feel that the motivation within people prior to that period of time, recognizing that when they get to be 65 that they are to be assured of \$2,400, might cause some kind of a moral weakness in a segment of our population; that is, the elderly or those who are approaching the older age?

Reverend ALVES. Are you talking of family relationships, now?

Senator KENNEDY. Primarily of the individual.

Reverend ALVES. If you don't save; don't provide for your own?

Senator KENNEDY. That is right. He says: "When I am 65, I am going to have guaranteed to me \$2,400, so I don't have to really continue to work to pay in to social security, because my payments are not going to depend on the amount of money that I pay in. I have got, maybe, \$2,000 in the bank, and I will quit my job or take a part-time job when I am 60, rather than continuing to work hard from 60 to 65, as I will have that \$2,000 and then I am annually guaranteed the \$2,400."

I am wondering whether you feel that this could cause a deterioration in individual initiative?

Reverend ALVES. I see no moral problem at all, Senator Kennedy. On the contrary, I see some other benefits from this.

If the person did decide to get out of the labor market at 60, it would be grand, according to the economists that I have talked with in the recent years.

The projections they make originally astounded me. I begin to believe them, now. I can remember one prediction that in 25 years no one is going to be able to enter the labor market until he is 25, and everybody will have to be out by the time they are 45.

So this kind of thinking on the part of an individual approaching 60 or 65, to get himself out of the labor market, and to get into some creative activity and speculation of the arts and philosophy, and so forth, I think will perhaps promise to America some of the things that this society has been criticized for.

It is too technological, and not enough artistic and creative and philosophical, and so forth, so on the contrary, I see no moral problem. I see nothing but benefit to the society and to individuals.

With regard to family relationships, you know almost universally the families that I have found who struggle and who fight to take

care of their aged parents, these are young families now with children of their own, end up with such great frustration and controversy between spouses over supporting the in-law parent that there is not any affection given, and this is what the aged person needs most.

If you relieve the young families in America of this burden of supporting their parents financially, then they would have a tremendous amount of affection to give them, a lot of attention, and things that the aged crave—more than money.

Senator KENNEDY. Well, Father, you have been a splendid witness here before the committee, and I want to thank you very much. I know that the rest of the committee will find your testimony as helpful and as interesting as I have.

I want to thank you very much for taking the time to be here.

Reverend ALVES. Thank you.

Senator KENNEDY. Our next witness is Dr. Charles Schottland who is the dean of the Florence Heller Graduate School of Social Work, Brandeis University, and former Social Security Commissioner.

He said the following to the National Conference of State Executives on Aging, May 3, 1965:

To make our social security program a truly effective weapon in the war against poverty, cash benefits must be increased substantially. The minimum benefit should be raised to \$80, double what it was before the 1965 amendments. The taxable wage base should have also been doubled to \$9,600, thus maintaining the wage related nature of the system.

I am once again delighted to welcome a resident and a distinguished citizen of the Commonwealth of Massachusetts, and we appreciate his appearance before this committee. He brings an extraordinary background and interest as demonstrated by his work.

So I want to welcome the dean, and ask you to proceed in your own way.

**STATEMENT OF DR. CHARLES SCHOTTLAND, DEAN, FLORENCE HELLER GRADUATE SCHOOL OF SOCIAL WORK, BRANDEIS UNIVERSITY, WALTHAM, MASS.**

Dr. SCHOTTLAND. Thank you, Senator. It is a pleasure to be here. My name is Charles I. Schottland. I am dean of the Florence Heller Graduate School for Advanced Studies in Social Welfare, Brandeis University, Waltham, Mass.

I appreciate the opportunity of appearing before this committee for a very brief statement centering around the 1962 Amendments to the Social Security Act.

By way of identification, I am chairman of the Division of Social Policy and Action of the National Association of Social Workers.

From 1954 to 1959, I was Commissioner of Social Security in the Department of Health, Education, and Welfare. At that time, the position of Commissioner of Social Security encompassed the present duties of the Commissioner of Social Security and the Commissioner of Welfare, since the Social Security Administration and the Welfare Administration, as organized at present, were combined in the Social Security Administration.

Prior to that time, I was director of the State department of social welfare in California, having been appointed to that position by the then Governor, Earl Warren.

In discussing the 1962 Welfare Amendments with particular reference to the public assistance programs, which shall be the focus of my brief comments today, one cannot help but take note of the far-reaching and significant legislative enactments which have taken place during the past few years, since our late and beloved President John F. Kennedy took office, and continuing on through the present administration.

Chief among these legislative enactments were the amendments of 1962 and medicare.

Many persons are unaware of the importance of those provisions of medicare bill, Public Law 89-97, relating to public assistance and medical care for persons other than those who will receive such care through the social insurance features of the Medicare Act.

Title IV of that act, which increases Federal payments under the public assistance titles of the Social Security Act, provides for the disregarding of certain earnings in determining need, and other amendments carry forward the general spirit of the 1962 Welfare Amendments.

The importance of the 1962 amendments lies not so much in the immediate improvement of services to the 8 million persons receiving public assistance, because these are developing slowly, but in the direction, aim, and philosophy of public assistance which have been significantly affected by the 1962 amendments.

The 1962 amendments made it abundantly clear that it was the intent and purpose of the Federal Government to assist the 8 million persons on public relief not only in their distress, but out of their distress; not only to see that they have a minimum of food, clothing, and shelter, but that society was interested in providing the kinds of services that would assist individuals and families to leave their dependency status and become as independent as their circumstances made it possible for them to be.

The objectives are sound, but among many other factors which I do not have time to discuss today, there are two factors which retard the attainment of these objectives.

The first factor has to do with personnel. Public assistance has been the forgotten child of our large public administration programs in terms of the personnel requirements for administering these programs.

Considering the fact that more than \$5 billion of public funds are expended on public assistance, it is surprising how reluctant our governmental leaders have been to insist on high standards of administration, efficiency, and the necessary administrative structure and staff to put into effect the objectives so nobly expressed by law.

Most legislators would readily agree that highways should be built by engineers who know something of highway engineering, or that our public schools should be run by qualified teachers, but there has been resistance to the very simple proposition that the complicated business of public welfare, and particularly public assistance, should be operated by persons competent, trained, and experienced in the task of administering the huge public welfare programs of the United States.

As a matter of fact, low administrative costs in the administering of public assistance have often been looked upon by the legislative bodies, including the Congress, as being more efficient than higher administrative costs, although any analysis of the problem would indicate that higher administrative costs may easily result in lower total costs, as

eligibility determination and efforts to assist persons to become self-supporting result in substantial savings of public funds.

The objectives of the 1962 amendments are not going to be realized through the efforts of amateurs.

Senator KENNEDY. Dean Schottland, our earlier testimony both yesterday and this afternoon indicated that there really is a problem in regards to trained personnel.

Could you elaborate: is it a question of adequate funds to train these people? Is there a lack of interest in young people to be trained in this field? Is it the lack of state initiative in providing these kinds of services?

What is really at the heart of this problem?

Dr. SCHOTTLAND. I think it is a combination of many factors.

First, we have not had public welfare departments until the past few years really interested in providing any type of real service, so that the stature of services have not been great in the field of Government or in the field of social welfare.

People have handed out relief checks with eligibility investigation. The investigation has been of an investigative, almost police-type nature, and the result has been it has not attracted large numbers of young people who have had the opportunity to go elsewhere.

Senator KENNEDY. And you are satisfied that there could be adequate supervision of such a program without these kinds of tactics?

Dr. SCHOTTLAND. Oh, yes; no question about it.

Senator KENNEDY. And you are sure that money is going to be spent in the way that it was supposed to be spent?

Dr. SCHOTTLAND. Yes; there is no question about it.

You see, it is a great mistake to think that you eliminate a lot of people from relief rolls through the normal methods of investigating resources. The fact remains that most people who apply for relief just don't have resources.

You have to have the minimum investigation. This is not where you are going to save the money, however, if a man deserts his wife and leaves his wife and his children destitute, you are not going to save money by merely investigating that they are destitute.

If they are destitute—you may get an occasional person who is not destitute—but you save money by reuniting the husband and wife, so the husband supports the family. This takes skilled services.

If a person is disabled, and he needs to go to a rehabilitation agency, you do not save money by investigating the fact that he is poor, because the chances are that he is going to be poor when he applies.

Again, you may catch an individual chiseler here and there. You save money by counseling that person, getting him to a rehabilitation agency, working out a solution. This is why you need skilled services.

Senator KENNEDY. It is your feeling, now, that there is a woeful lack of the kind of skilled or trained personnel to provide these services?

Dr. SCHOTTLAND. Yes. We have practically no trained personnel.

A trained person who goes into public welfare does not last long in the frontline trenches. We have many experienced people coming out of social work schools, and in 6 months, they are supervisors, because of the great shortage of trained people.

The result is, we have a combination of completely untrained people with a tremendous turnover, because they have no dedication or interest in the work.

Most of our large cities have a personnel turnover of your first line troops of from 30 to 45 percent per year, which means that in 2 or 3 years you have 100-percent turnover.

Considering that the most inefficient stay on forever, once they get civil service status, it means every year and a half, every 2 years certainly, we have 100-percent turnover.

This is a very wasteful and inefficient operation. When you consider what the worker has to do on the frontline, even forgetting the type of work I have been talking about, just straight eligibility investigation, this little public assistance worker authorizes the expenditure of between \$100,000 and \$200,000 of public funds a year, if you take the average caseloads throughout the United States.

In order to do that, they have to know something about Federal laws and regulations, State laws and regulations. They have to be able to give advice on how to convert insurance policies. They have to be able to work with the person on how to utilize his real property, because that is part of the Social Security Act. He must utilize his property not used as a home.

It is really a complicated job calling for the highest skills, and yet we don't provide any training or background for these things. The result is we have in many States just a sloppy, inefficient administration.

Senator KENNEDY. I am sure you have given a good deal of thought on how you can attract the kind of people that can provide these services efficiently, and effectively, and who can demonstrate humanitarian feelings toward the needy. Do you have suggestions or recommendations on what might be done?

Dr. SCHOTTLAND. Yes; in my testimony here later I do, but I don't mind enlarging on it now; namely, that I think we ought to have Federal grants for the training of such workers.

Federal grants for the training of workers in other fields make the difference between inadequate personnel and more adequate personnel. Even in the field of social welfare, the fact that the U.S. Children's Bureau for years has used its funds for training, that National Institutes of Health have used the funds for training of social workers, these have resulted in getting social workers interested in those respective fields.

In the same way, if we had funds for the training of public assistance workers, I have no doubt that this would result in bringing hundreds and thousands of persons into the field.

We cannot have untrained and inexperienced persons, such as we now have in large numbers in public welfare departments throughout the United States, attempting to reunite estranged husbands and wives, attempting to solve parent-child problems, attempting to counsel untrained and uneducated and unskilled workers with reference to their rehabilitation and retraining, attempting to work with disabled persons to enable them to better care for themselves, attempting to decide whether it is better for a mother whose husband is absent to go to work or to stay at home and take care of her children, attempting to counsel seriously emotionally disturbed persons in need of the most skilled kind of services, attempting to do tasks which many psychiatrists, psychologists, and the most highly trained and skilled social workers would consider extremely complicated and forbidding assignments, attempting to do all of these things without

any background or training either on the part of the worker and frequently on the part of the worker's supervisor.

Now if we are to achieve the objectives of the 1962 amendments, we must do something about this situation. We cannot have only 1 trained worker for every 23,000 clients. That is roughly the situation for those on the firing line.

We have had these shortages of personnel in other skills in times past in the history of our country, and we have solved these problems by tremendous pushes in the direction of getting additional people trained.

Thus, the Congress recognized the importance of training of nurses, and made funds available for such training.

Is it not time for the Congress to recognize that the universities and colleges throughout the United States are ready, able, and willing to train the army of administrators and frontline troops to put into effect the public assistance provisions of the Social Security Act as the direction has been taken by the 1962 amendments, providing that funds are available for additional buildings, faculty, and student stipends?

This has been done in so many other fields by the Congress, and consideration needs to be given now to increasing the supply of trained personnel for public welfare positions. How else are we going to put into practice the objectives of self-support or self-care which are now part of the aim and objective of public assistance?

I turn now to the second of the areas upon which I wish to comment; namely, the standards of assistance in our various public assistance programs.

More than 8 million persons are dependent for their very existence on public assistance grants. The weekly or monthly check received by these 8 million persons spell the difference between starvation and their ability to keep their heads above water.

These public assistance programs represent the recognition by the American people, the Congress, the State legislatures, and the executive branches of Federal, State, and local governments that an affluent society such as the United States cannot permit people to suffer because they lack income through no fault of their own, either because they are too old or too young or too disabled to work, or suffer from other handicaps which make it impossible for them to partake in our increasing standard of living and our continued rise in personal income.

Nevertheless, we can hardly make the statement which is made in an official British document that, "No man, woman, or child in Britain need for any reason fall below a minimum standard of life," because many of the 8 million persons on relief in the United States do fall below any decent minimum standard which reasonable people would be willing to set.

When we consider that the average payment on old-age assistance in the United States is \$80 per month, and that the average payment per recipient in the aid to families with dependent children program is approximately \$34 per month, and that these amounts must take care of rent, food, clothing, utilities, transportation, and medical care, school costs, et cetera, et cetera, and when we realize that many of the recipients of public assistance have little or no other income, we can appreciate the seriousness of the problem.

Old-age assistance payments reflect a more generous and liberal attitude than payments to recipients of aid to families with dependent children. Nevertheless, if we take the payments in April 1965—later payments are approximately the same—average payments vary from a high of \$116.48 in Wisconsin and \$111.52 in California to \$40.32 per month in Mississippi, \$54.01 in West Virginia, \$55.86 in South Carolina, \$58.18 in Georgia, and even in the so-called more affluent States payments are below the national average of \$80.81.

For example, Delaware had payments of \$65.31, Arizona \$63.53, Idaho \$75.59, Oregon \$71.34, and Utah \$66.16.

But it is in the aid to families with dependent children that payments vary even more. The average per recipient in the United States in April 1965 was \$34.34—the change has not been too substantial since then—but these varied from more than \$48 per recipient in Massachusetts, New York, and Wisconsin, to such low payments as \$11.85 in Alabama, \$16.82 in Arkansas, \$16.29 in South Carolina, and \$9.31 in Mississippi.

Even among some of our more affluent States, payments were substantially below the national average. Thus, Delaware and Arizona had average payments of \$28.46, Indiana \$29.23, Maine \$28.84, Nebraska \$31.69, Nevada \$31.23, Vermont \$29.66.

Even such States as Ohio and Pennsylvania were below the national average, with Ohio having payments of \$31.89, and Pennsylvania \$32.31.

How can one justify taxing a Massachusetts resident in his Federal income tax for a grant-in-aid program of public assistance which results and can only result in undernourishment, bad housing, and poor medical care for recipients of public assistance in some States, the inadequate programs of which affect the resident of Massachusetts perhaps as directly as the residents in the State in which the poor public assistance standards are practiced?

This Congress has recently appropriated large sums of money for the war on poverty. We have finally determined that in our affluent society we need not have persons living in a poverty condition.

It is a noble war, and with the cooperation of our legislative and executive branches, and the support of the rank and file of our people, we ought to be able to eliminate poverty from the face of the United States.

As one who is active in the Boston area in our antipoverty programs through Action for Boston Community Development, commonly referred to as ABCD, which is the Boston antipoverty arm, I know the significance and value of such Office of Economic Opportunity sponsored programs as VISTA, Head Start, Job Corps, and the many other programs which are attempting to lift the poor out of their poverty and to make them participating members in the upward mobility of the American people.

However, we must remember that the 8 million persons on public assistance represent by and large the poorest of the poor. They are the persons whose poverty has been proved to public officials in order to enable them to receive public assistance.

How can we carry on a war against poverty, and at the same time have a Federal program which supports persons in their poverty, because that is exactly what we are doing? We are spending money to help the poor to better themselves at the same time that we are

spending money to maintain persons below any standard of health and decency.

This point does not need belaboring before this committee, and will undoubtedly be touched upon by many others, but the war against poverty must include a major battle in that war to raise the standards of public assistance throughout the United States.

The 3,300,000 or more children receiving aid to families with dependent children are not going to grow into healthy citizens on the standards of public assistance now prevailing in many States of our Union.

There is one simple answer to this problem. Both from a practical as well as a humanitarian point of view, the logical answer is Federal standards.

I know that many persons more interested in States' rights than in people will raise the specter of States' rights, and claim that the State has a right to keep many of its people at a starvation level if it so wishes.

Those who maintain that this is an unfair and cruel way of putting the problem, and who maintain that States must establish public assistance programs consistent with their financial resources, ignore one vital imperative.

The United States has the resources to maintain a decent standard of living for all of its citizens. We have developed a mechanism for maintaining that standard for those who cannot maintain it themselves in the marketplace; namely, a combination of social insurance and public assistance.

What is needed in the public assistance arena is a Federal standard which will be binding upon all States which accept Federal funds.

This is neither radical nor revolutionary nor impractical. We now have Federal standards for all kinds of grants. We require that States maintain certain standards in the use of Federal funds for highways, that they maintain certain standards if they are to get funds for hospitals under the Hill-Burton Act. We require Federal standards for public health agencies which receive public health and maternal and child health and crippled children's funds. These are only a few of the agencies and programs which set forth minimum Federal standards. Why should we not set forth a minimum Federal standard for public assistance?

In theory, we do this already. The regulations of the Welfare Administration and its Bureau of Family Services spell out the goals of public assistance and the items which need to be included in individual and family budgets under the various public assistance titles of the Social Security Act.

What we need to do is to make this more specific, so that in dollar terms we have a floor below which no State may go.

We are not talking here about major new programs or fantastic expenditures of public funds. The representatives of the Welfare Administration can supply this committee with the facts, figures, and expenditures involved, depending upon the standard that is set.

This committee can easily ascertain how relatively inexpensive a reasonable standard will be, certainly when compared with the tremendous expenditures now involved in social security, antipoverty programs, and a host of related programs.

May I express the hope that our Federal Government war on poverty will not forget the 8 million on relief, and that we may soon take the simple step of establishing minimum Federal standards.

Senator KENNEDY. Now on this point I would like you to comment on whether you think these States are equipped today to afford to set standards which would be more demanding on their own financial resources?

Granted that they should, and granted that there is a need for it, do you think from your experience that they can do this?

Dr. SCHOTTLAND. Some States would find it extremely difficult. However, the present law weights the public assistance grant so that the low-income States get a larger percentage of Federal funds. Thus, some of the low-income States get almost 80 percent Federal funds, against, say, a State like Massachusetts, which would get, say, 50 percent.

Therefore, if standards are raised substantially, the low-income State would have to raise its standard so that it would only be responsible for one-third or one-fifth of the raise for the lower income States.

Senator KENNEDY. Do you think it would be possible to establish a sliding scale, which may be necessary, and yet raise standards to a point that require the States to be constructive and positive in their approach to welfare?

Dr. SCHOTTLAND. Yes; I think it would be possible to keep this. It has been done in other programs, and I think it has been recognized as a valid method of equalization.

The fact remains that some of the States with low standards are really putting forth tremendous fiscal effort in what they do appropriate for public assistance, in terms of what some of the richer States are doing. The percentage of their tax dollar going to public assistance in some of the lower income States is as high as the percentage of the tax dollar in the richer, more affluent States, so that their fiscal effort of some low-income States is great.

It may be necessary, if we establish a Federal standard, for Congress to reevaluate the formula, and maybe raise it for some of the very low income States, but the Congress has done this many times as public assistance standards have increased, and the present formula is a result of several changes and raises in the Federal share.

Over the years, the Federal share has increased very substantially; the local share decreasing. The trend is the local share has decreased over a period of years, with more of the total dollar being Federal than State, with the Federal increasing much more rapidly.

Nor can I miss the opportunity of pointing out that large numbers of persons retiring from the labor market and depending for their major support on payments under old-age survivors and disability insurance are being forced to apply for public assistance or relief to supplement their social security payments, because these payments are too low for them to keep body and soul together.

With retired workers receiving an average benefit of \$78 per month, and with the cost of living what it is today, and with many of these workers having no other substantial income to supplement their social security payments, it is going to be necessary to continue having many of these persons go on the relief rolls unless social security payments are substantially increased.

The recent so-called medicare bill which increased social security payments is a step in the right direction, but the increases are relatively small. What we need are very substantial increases, and I hope that the administration and the Congress will give this matter attention in the months to come.

For the past 6 years, I have talked with many persons in receipt of public assistance. I have interviewed them in the ghettos of Harlem in New York, and Roxbury in Boston, in these two States, public assistance standards are relatively high.

I have talked to such persons also in Texas, Maryland, and West Virginia; States in which the standards are much lower.

It does not take a student of the problem to see what happens when persons do not have enough money to keep body and soul together, and to provide food, clothing, and shelter on the most minimum level.

We are simply not going to be able to help people out of their poverty and make them self-sufficient or self-respecting if their stomachs are empty.

There are States with such low standards that it is simply impossible to have enough money for any kind of decent housing and at the same time have sufficient left over for decent food. There are States with excellent medical programs for public assistance recipients, but such low cash grants that the inevitable result has to be undernourishment and malnutrition, in many cases, which, of course, will immediately qualify such persons for excellent medical care to correct the condition caused by the low grant.

These comments are not made merely to be dramatic, but to set forth what is really a very critical situation for hundreds of thousands of the poorest of our poor. The imposition of a Federal standard will not solve these problems overnight, but it will be a step in the right direction, and will constitute recognition by the Federal Government that, on a national basis, we do care how the 8 million on public assistance are faring, and that we do want to establish a minimum in America below which none shall fall.

This brief statement has been of a very general nature, because I feel that representatives of the executive branch of Government are much better able to supply some of the specifics. I do, however, wish to reiterate the two major points I have tried to make:

1. We need a substantial program to accelerate the training of public welfare personnel in order that we may achieve the objectives of the Social Security Act and particularly the 1962 amendments; and

2. We need a federally established minimum standard of public assistance if we are to maintain that element of our population who are unable to maintain themselves on a standard consistent with health and decency.

Thank you.

Senator KENNEDY. Dean Schottland, I want to commend you for your statement. I think that the testimony we have had this afternoon has been extremely revealing and enlightening.

Particularly coming from you and Father Alves, people who have concerned themselves in this field for such a great part of their lives and with such dedication and with such background, your testimony is a great service to this committee.

I would like to ask you just one or two questions similar to the questions that I asked Father Alves earlier.

Would you find that it would be consistent with your testimony and your own experience that we should be attempting to perfect the social security system in such a way as to make it responsible and adequate and by so doing eliminate the concept of welfare? The idea once again is the using of general funds to support the social security program.

Dr. SCHOTTLAND. Yes.

Senator KENNEDY. Do you think it is reasonable now, or is that something that we ought to be thinking about in 10 years? Do you think we ought to be directing our attention to this approach, or do you think we should wait until we are able to expand social security to a point where it is more all embracing of our older population? Is that unrealistic?

Dr. SCHOTTLAND. No; I don't think it is unrealistic. I feel that we have to start thinking about it now. It took us 9 years to get the medicare bill, and I think we have to start thinking about this now.

I think most people are in agreement that when we reach the point at which only a small percentage of our people are not covered by social security, that we then ought to take the plunge and blanket them in. The disagreement is as to when we reach that point.

This fetish of not using general funds in the program has already been breached. We are using general funds now when we give credit for military service. We are going to use general funds in medicare for those who are blanketed in during this interim period.

We already have the principle of using some general funds, so that I think we need to start studying now how to utilize the social insurance principle to take care of the income maintenance of all people whose income loss is due to the basic reasons for which the Social Security Act was established.

For instance, old age—I don't think that we should continue indefinitely to say certain people will be excluded merely because they have not had the appropriate coverage under the act. I think we have reached the time when we ought to consider bringing these people in.

After all, if we are going to use general funds in one way to support them, there is no reason why we should not use it for another.

Many of the foreign countries have found it very feasible to have government contribution along with employer and employee contribution.

Senator KENNEDY. And you don't feel there would be any problem, as far as the destruction of the social security system, if we were to infuse general revenue funds into the system?

Dr. SCHOTTLAND. No, I really don't. And it would become less and less important as time went on, because more and more people would be adequately covered under social security.

Senator KENNEDY. What is the level, at the present time, of people that are covered in the social security? Are you familiar with that?

Dr. SCHOTTLAND. Well, roughly about 92 percent of persons reaching 65 years of age are covered.

Senator KENNEDY. I remember during the whole medicare argument that projections were made that in a limited number of years it was going to be quite extensive, it was going to move up to 96 or 97 percent.

Dr. SCHOTTLAND. Yes, it will. The only people who will not be covered will be primarily women, housewives who have never worked,

and so many of them would be covered under widows' or wives' allowances that it would be a relatively small group.

Senator KENNEDY. Again, I want to thank you very much for your appearance here in response to these questions. I think you have given us a great deal of help in analyzing these public welfare amendments, and also given us some strong insights into other areas where there should be considerable debate and probing by this committee, and by the Senate generally.

I want to thank you.

Dr. SCHOTTLAND. Thank you, Senator. It has been a pleasure to be here.

Senator KENNEDY. Our next witness this afternoon will be Mr. George F. Rohrllich, who is a professor of social policy, University of Chicago. Formerly he held positions as Chief, Disability Research Branch, Social Security Administration, Department of Health, Education, and Welfare; Chief, Division of Actuarial and Financial Services, as well as of Program and Legislation, Bureau of Employment Security, Department of Labor; principal member of the Social Security Division of the International Labor Office, Geneva, Switzerland; and instructor in economics and government, Sweet Briar College.

Professor, we are delighted to have you here this afternoon. We appreciate your taking the time to come from Chicago.

I believe that you interrupted your vacation to be with us.

**STATEMENT OF GEORGE F. ROHRLICH, PROFESSOR OF SOCIAL POLICY, UNIVERSITY OF CHICAGO SCHOOL OF SOCIAL SERVICE ADMINISTRATION**

Mr. ROHRLICH. Mr. Chairman and members of the committee, I would like to express, first of all, my appreciation for the invitation to acquaint the committee with some of the approaches taken in other countries to assure a minimum income to the aged.

The call reached me while I was far away from my desk and files, and even though I cut short my planned absence from the office in order to devote a couple of days to sifting and organizing such information on the subject as is at my disposal, the time available did not permit me to compile as complete a statement as the committee might have liked.

Under the circumstances, it occurred to me that perhaps the most useful addition I could make to the already considerable amount of information which is being put before the committee might be to sketch the principal methods that have been developed abroad, and to comment on their merits and shortcomings as revealed by the experience in selected countries.

In essence, there are three main approaches: social insurance, social assistance, and universal pensions. These are used either as alternatives or in combination with one another, and, quite frequently, are supplemented by various other measures.

Social insurance is the most common of the principal methods in use. It is, of course, the method we use in our own country's basic social security program and is, therefore, well familiar to all of us in its general features, such as contributory financing, eligibility for benefits based on past work or earnings, usually some long-range

financial plan, et cetera, and, perhaps most important of all, entitlement to benefits as an earned right.

Probably well known, too, are certain shortcomings which, though not all of them are inescapable, attach to many social insurance programs, including some of our own.

One is the difficulty of achieving truly universal coverage of all persons exposed to the risk, while making substantial and extended participation in the labor market a condition of the insured person's eligibility for benefits.

Another is the problem of assuring the adequacy of benefits in all cases, even by minimum criteria, not only where work records show gaps due to illness and unemployment, but also where the insured person's work history is reasonably continuous but his earnings have been consistently very low, barely enough to meet minimum normal needs—what with social insurance benefits constituting usually but a fraction of the insured person's normal earnings.

The same problem presents itself, even at higher earning levels, where social insurance benefits, being aimed at the presumptive needs of the average person or family must, in fact, be stretched to meet above-average needs, such as the costs of severe or prolonged illness or of having to maintain numerous dependent members of the insured person's family.

Yet another difficulty is involved in keeping up, within the framework of purely contributory social insurance operating under conditions of rising earnings and prices, the real value of benefits, and beyond that, the relative economic position of those retired and others depending entirely on social insurance benefits vis-a-vis the bulk of the economically active population.

The experience of these and other difficulties has led the Congress in this country, as it has led policymakers in many of the socially advanced among the foreign countries, to seek remedies which would make their respective social insurance programs cope more fully with felt social needs.

As regards the extension of coverage of old-age and survivors insurance to bring under its protective umbrella all persons who, during their active years, were dependent for their living on income from their work, this country has probably gone as far as any country relying primarily on the social insurance approach—what with the successive liberalizations for eligibility to benefit on the basis of reduced "quarters of coverage" requirements, most recently in the Social Security Amendments of 1965.

The only possible further extension, that is, the compulsory inclusion of all residents of working age, has been achieved in certain European countries, for example, the Netherlands or Switzerland, by stretching the social insurance concept even further. Since this type of extension brings under the coverage of the system, on the one hand, persons that do not pursue a remunerative occupation, and whose income is therefore not derived from work in employment or self-employment, and, on the other hand, persons with only marginal—occasional, seasonal—work experience and income, such schemes must rely on financial sources additional or alternative to the usual payroll and self-employment taxes, notably income taxation and Government subsidies.

The search for ways of guaranteeing to even the lowest earning strata qualifying for benefits under a social insurance program a minimum adequate income has led to various technical devices to be found in most social insurance programs.

Thus, the method of computing benefits is frequently so designed as to favor insured persons in the lower earnings brackets, and to emphasize the higher earnings years within the insured person's working life. These devices are, of course, part of our own OASI program. Taken by themselves, however, such techniques cannot guarantee minimum adequacy, unless the minimum amounts thus determined meet some test whereby they can be adjusted to satisfy the minimum needs of the average beneficiary.

In some countries, notably in the French orbit, this is sought to be achieved by reference to a national minimum wage standard— *salaire minimum interprofessionnel*—which serves as the lowest base for benefit determination purposes.

France itself came to establish minimum benefits on the basis that no contributory old-age insurance benefit ought to fall below the amount of the allowance that was payable to those retired persons who had formerly been wage earners but who have not established sufficient credits to be eligible for insurance benefits and whose income is below certain specific amounts.

In addition, the French have established a so-called national solidarity fund, financed from general revenues, out of which supplementary benefits are paid to all social insurance beneficiaries whose regular social insurance benefits fall below stated amounts.

While this must be regarded as a complementary measure, rather than as part and parcel of a social insurance scheme proper, it does provide a means of putting a floor under social insurance benefits in keeping with whatever is deemed to be a socially acceptable minimum standard.

Viewing the problem of adequacy of social insurance benefits in a broader context, it is evident that even above-minimum, so-called average benefits, fall short of meeting exceptional needs.

Rather than raising benefit levels so high as to preclude this from happening in all but the most unusual cases—which is likely to be costly—most Western countries have established some sort of residual scheme or schemes as a second, and frequently last, line of defense. These programs usually make available supplementary benefits and/or services subject to a means or income test.

In the most advanced countries, this secondary or subsidiary benefit, even though each individual case is subject to the test referred to, is given as a right, pursuant to standards that are nationally determined, and is not subject to the discretion of the administering officials or to the vicissitudes of local finance.

Britain's national assistance scheme underpinning, as it does, her national insurance system, is a much cited example.

Where such a scheme exists and a large percentage of retirement pensioners has to resort to this supplementary benefit—as was the case in Britain in 1964, where nearly one-fourth, 23 out of every 100, did so—this in itself is probably a sensitive and reliable gage of the adequacy—or lack of adequacy—of social insurance benefits.

There are at least two indirect ways in which the adequacy of social insurance benefits can be enhanced by subsidiary measures. Both are extensively used abroad.

One is to subsidize certain ever-present needs of pensioners, notably the need for housing.

Senator KENNEDY. Now on that point, is that similar to the rent subsidy concept?

Mr. ROHRlich. Yes. I am going to go into it in more detail, sir. Senator KENNEDY. I am sorry.

Mr. ROHRlich. The other is to remove or lighten certain heavy expenses of an intermittent nature, or of uneven incidence, most particularly ill health and the continuing obligation to support children who, though no longer minors, have not as yet become economically self-supporting.

Among the countries which, for some time, have been pursuing an active public policy aimed at making available to pensioners generally and to other low-income groups standard housing at reduced rates are the Norse countries.

Denmark may serve as an example. Similar measures have been taken in the other Scandinavian countries. Apart from fostering general housing programs through various government aids such as low cost loans or loan guaranties to cooperative and other builders, tax exemptions for 20 years and more, and direct subsidies to apartment house owners, to enable them to charge lower rents, the Danish Government has taken special measures to reduce housing costs to old age and disablement pensioners.

These are mostly in the form of direct subventions so calculated as to keep housing expenses to about 15 percent of the pension amount, which is considerably below the prevailing rentals.

This policy has, by now, taken the place of an earlier one which was designed to enable local authorities to construct special housing projects for the aged. A major reason for the policy shift was the Government's conviction that the intermingling of the aged with other strata of the population in accommodations not earmarked or otherwise recognizable as belonging to special groups was preferable to the earlier segregated housing arrangements.

In the attempt to counter, or, at least, limit the unbalancing effect of unusual or uneven but heavy expenses, many foreign social security programs, including some operating in even the less advanced countries, provide that pensioners be relieved of all or most of the cost of their medical, hospital, and related expenses, and of part of the continuing burden of still dependent children.

Thus, pensioners and their dependents in most European and other socially advanced countries have full rights to medical and allied insurance care which, for example, in the European Common Market countries, Belgium, France, Germany, Italy, Luxembourg, Netherlands, means noninstitutional care—either free or at one-fifth to one-fourth of the costs—without time limit, except in Italy, where a 6-month limit exists, and hospital care either of unlimited duration—Belgium, France—or of long duration, 70 days to 1 year.

The most comprehensive health protection, for the aged as well as for all other residents, is, of course, that currently available in Britain under that country's national health scheme.

Senator KENNEDY. Professor, before continuing, will you comment on when these programs were adopted in these European countries?

I think we are all familiar with the British health care program in the last 10 years, but what about the other programs as adopted in these other countries? Housing, for example?

Mr. ROHRlich. Well, in the Norse countries, the housing policy has operated for at least three decades; social insurance has long been established in Europe, the longest in Germany, but has in all the European countries taken a tremendous upswing after the war.

The whole idea of transforming essentially limited and group-oriented social insurance programs toward comprehensive social security schemes became popular in the 1940's, as a consequence of the spread of the Beveridge report, and has been acted on in all European countries.

A more specific impetus toward the further perfectioning of their respective social security schemes came with the conclusion of the European Common Market.

In the past decade or so, there have been very active efforts to assimilate the schemes of the member states if and where possible, pulling those that are less advanced up toward the level of the more advanced ones.

This process continues. It is now oriented toward the more broadly conceived European Charter of Social Security, which sets certain goals even in excess of the minimum goals that have been set by the International Labor Office.

Senator KENNEDY. Well, you would recognize in a general way that certainly none of these European countries which you mentioned this afternoon has a standard of living which is equivalent to that which we have here in the United States.

Mr. ROHRlich. That is correct.

Senator KENNEDY. And you are also suggesting that in the fields of social progress, certainly in the health and the social welfare field, and housing, that they seem to have progressed a good deal further and faster than we have.

Would that be a fair statement?

Mr. ROHRlich. Well, sir, I would not want to compare without qualifications, or to express value judgments in so doing. My impression would be this, that in a way, the poorer a country is, the more its social conscience, if it is developed, forces it to do something for the less privileged groups, and even for the general public.

An illustration is the fact that where you have low wages, where the wage in itself does not go as far as it goes here, you could not possibly make a social security benefit meaningful if it were on the average something in the order of our average wage loss compensation here, that is frequently less than 50 percent, even less than 30 percent in the higher earnings brackets.

You therefore find quite generally that wage loss compensation ratios of European social security benefits are far higher; 60, 70, 80 percent is not uncommon.

In the Communist countries it goes up to 90 and 100 percent. This is only in part liberality. In large measure it is a necessity, because you cannot get along on a small percentage of a lower wage.

So to wind it up, I would like to say in general, Senator, that I have tried in this paper to emphasize the best of what there is abroad, not with the idea of putting ourselves or our efforts to shame, but rather to try and point out in what ways we could have something even better than what we have, and better than what many of the foreign nations have, if we followed similar lines.

Children's allowances, which are payable in all European countries, have been extended, in the event the child pursues his education, up

to age cutoffs as high as age 27 in the Netherlands; 26 in Italy; 25 in the German Federal Republic and Luxembourg; and to age 20 or over in many other countries, including several outside of Europe.

Any reduction in the real value of benefits may become a serious threat to the well-being of the bulk of a social insurance system's beneficiaries, no matter how comprehensive its coverage and how equitable and adequate its basic benefit structure when it was first conceived.

That the importance of this factor has been recognized in this country is evident from the successive amendments of the Social Security Act passed by the Congress and aimed at increasing benefit amounts to offset intervening losses in purchasing power.

Unless such increases are made retroactive, which is not always readily feasible, or else exceed the rate of devaluation, pensioners, unfortunately, are left to absorb at least a part of the loss in the interstices between such revalorizations of benefits during periods of sustained price rises.

It is with a view to eliminating both the timelag and the uncertainty inherent in ad hoc adjustment of benefits that a number of countries have established trigger devices and semiautomatic escalation mechanism whereby benefits are made to reflect more promptly and reliably any substantial changes in the cost of living.

Belgium and Luxembourg, for example, automatically adjust benefits whenever the price index varies by 2.75 and 2.5 points, respectively.

In the Netherlands a Government decree is issued adjusting benefit rates whenever, over any 6-month period, there is a movement in the wage index of more than 3 percentage points.

French legislation provides for an annual revalorization whereby the adjustment factor is fixed by an order and benefits are adjusted accordingly effective the beginning of April.

Any one of these provisions would appear to reflect significant changes in the real value of benefits with reasonable accuracy and promptness. Similar provisions form part of the Swedish, Chilean, Ecuadoran, Uruguayan, and the Israeli social insurance systems.

Senator KENNEDY. Now, Professor, one of the charges raised by those that suggest there should not be an escalation clause that would tie social security payments to the cost of living index, is that such a relationship contributes inflationary trends within our economy.

In your experience, in studying the situation in these other countries, have you seen where they do have built-in escalating factors that this has been an inflationary factor?

Mr. ROHRlich. Senator, it is sometimes difficult to disentangle the causes of certain phenomena in the social realm, and one is reduced to applying one's own best judgment.

As you well know, Europe and some countries outside of Europe are very intent on and very successful in maintaining full employment. It is true that at the same time that they have experienced exceedingly low unemployment, they have also experienced a gradual rise in the cost of living.

Many of these same countries also have built into their social benefits escalator clauses of one form or another. The question arises to what extent, if any, do these escalator clauses in social insurance or other social security programs help cause the inflation?

It is my own best judgment, one must weigh the order of magnitudes involved. In so doing, one is bound to conclude, I believe, that revalorization of social security benefits constitutes the very least of all causes.

But even if my judgment came out differently, if I were to conclude that the escalator clause does contribute not insignificantly, as I believe, but significantly, to the continued rise in prices, I would have to conclude nonetheless on simple grounds of equity that the aged and other beneficiaries of substitute incomes, whose position is necessarily precarious to begin with, is more or less at minimum levels, that these groups ought not to be the ones left holding the bag.

To put it differently, even if the adjustment of social benefits were to contribute to heightening an already rising cost of living, this cannot be taken as an argument for not performing such adjustment with reasonable frequency and promptness in order not to let social security beneficiaries fall back.

I simply do not see that a country following a progressive policy has a choice in the matter; besides, as I said before, I do not believe that the pushup of social security benefits in line with cost-of-living increases is really an economic issue of any proportion worth worrying about.

A broader problem, and one more difficult to come by, is that of maintaining a meaningful relationship between the general level of living enjoyed by retired persons and the level of living enjoyed by those currently active in the economic process.

With the sustained long-term growth in productivity, the current level of living of those economically active is likely to be substantially above that enjoyed 10, 20, or more years ago, when those now retired were active participants in the process of production.

If nothing is done to lessen the difference, the curtailment in living standards necessarily involved in retirement, when income shrinks to a fraction of what it had been, is bound to become accentuated with each year of retirement.

The German Federal Republic and Sweden, therefore, currently base entitlement credits on an insured person's individual earnings as related to the earnings of all other covered persons in any given year.

Since both countries adjust, in addition, benefits already being paid, there is a double assurance that retirement benefits—provided they bear a reasonable relationship to presumptive average needs to begin with—will not only maintain their real value, in terms of purchasing power, but also assure the beneficiary of a measure of participation in the economic advances made over his lifetime.

Austria amended its social insurance legislation earlier this year to similar effect.

Senator KENNEDY. I am sorry to interrupt you, Professor. That was a vote.

We will be in recess for just a couple of minutes.

(Brief recess.)

Senator KENNEDY. The subcommittee will come to order.

Mr. ROHRlich. At last it may not be amiss to spell out the rather obvious fact that for those aged people willing and able to work, any system which permits the unrestricted retention of both their earnings and their social insurance benefits opens up possibilities of materially increasing the income of at least some of the aged.

While this issue is a controversial one on several grounds—financial, economic, and social—a considerable number of national social insurance systems permit such cumulation, among them the German Federal Republic, France, Ireland, Luxembourg, the Netherlands, Sweden, Switzerland, and Uruguay.

So much for social insurance.

Both of the principal alternatives to social insurance as a first line of defense against needy old age and other common contingencies—namely, social assistance and universal pension schemes—have evolved more recently, and neither has achieved as yet the same wide spread. But they, too, have proved their usefulness, and, hence, may be of increasing importance in the future.

Social assistance programs are designed to make available benefits broadly comparable to those provided under social insurance systems to all persons resident in the country for whom the contingency in question—age, invalidity, et cetera—has materialized, and whose income or property does not exceed certain stated amounts.

The test of means or need is an objective, uniform one, according to nationally set criteria. It concerns only the applicant, not members of his family, except the spouse, even if they could and might be expected to contribute to his support but choose not to. Certain income is disregarded, as is certain property, such as a modest house that the applicant may own and live in, and the furniture therein.

The important point of difference, as against older forms of assistance, is that any applicant who meets the statutory conditions, including the means test, has a right to the benefit. It is a social benefit or service, much as is social insurance, based on a legal entitlement, not subject to official discretion, nor contingent upon the availability of funds in a given locality. It is intended to be free of any taint of charity.

A good example of an old-age security system based entirely on the social assistance principle is that of Australia. There, all men aged 65 or over, and women aged 60 or over, who have resided in the country for 10 years or more are eligible for a flat pension, or a reduced pension if their income or property exceed the allowable amounts.

The effect is to guarantee them a minimum income either from the pension alone or from other sources combined with part of the pension.

A similar system is in use in New Zealand, for residents age 60 or over, although there it is paralleled by a universal old-age pension scheme under which benefits become available unconditionally at age 65.

A similar two-track arrangement of this type exists in Canada, except that the qualifying ages are 65 and 70, respectively.

Norway and Iceland used to have social assistance programs, but later abandoned the means test, converting them to universal pension schemes.

To evaluate the social assistance approach as a means to guarantee income security for the aged, one must have regard to the way each particular program is designed, but also to the setting within which it operates.

Thus, it may be that in a country where this is the only or the principal vehicle of income security for the aged, and invidious comparisons are, therefore, less likely to occur between various types of

income maintenance schemes—for example, in Australia—no lingering association with the poor laws remains.

In Britain, where social assistance is used to supplement, where necessary, social insurance benefits, rather than as a first line of defense, the memory of "less eligibility" appears not to have vanished completely, for it has been estimated that about half a million people prefer to live in need rather than to apply for assistance, even though it is their right to do so, and even though they can be certain to obtain the benefit if they only applied.

This situation recently—just last month—prompted the British Minister of Pensions and National Insurance to issue an open letter in which she airs her concern about it and encourages "elderly people living in poor circumstances" to avail themselves of the financial help available through the National Assistance Board, stressing that such help was given "as of right."

Thus, social assistance has not gained acceptance everywhere on a par with that accorded to social insurance. The reason, without doubt, is the common aversion of people—and, perhaps, particularly of the aged—to see themselves separated out from the rest and classed as in need of some benefit, no matter how readily it is given.

Wherever a benefit or service is given unconditionally to some but is available to others only under certain conditions, invidious comparisons are perhaps inevitable and resentment may ensue.

Nevertheless, a well-designed social assistance scheme does afford the certainty of benefit once need is shown, regardless of past tax or contribution payments, although such may be levied to finance the program, and independently of local sentiment or financial conditions.

Thus, it can play an immensely valuable role as a "last line of defense," in particular when coupled with social insurance, in assuring a minimum security to those aged who for one reason or another fall through the mesh of the social insurance program, or who need, hopefully only in exceptional instances, supplementation of their social insurance benefits.

What I am emphasizing here is the right to, and the assurance of, assistance once need is proved on the basis of objective tests. This, it seems to me, is what is valuable in the social assistance approach, especially when coupled with a social insurance program as a first line of defense.

I am now turning to the universal pension approach, the last important approach that has been tried abroad.

The universal pension approach seeks to free entitlement to benefit as much as possible from any and all qualifying conditions except realization of the contingency; that is, the attainment of the statutory age, thus making protection—as the name implies—truly universal.

This method has won adoption in some countries of the British Commonwealth—Canada and New Zealand—also in northern Europe, Denmark, Sweden, Norway, Finland, Iceland.

Where social assistance confines benefits to those in actual need, and social insurance prevalingly ties payment of benefit to presumptive need—an aged person being substantially retired from work and, hence, delivering no major income therefrom, the universal pension approach broadens this concept to make the presumption of need an unconditional one, open to disproof only by an eligible person's failure to apply for the benefit.

This type of income security has also been called demogrant and is but one of the several types of unconditional cash subsidy payments that have evolved within the field of social security, and, of course, outside of it, as well; other types of benefit of this sort being the unconditional children's or family allowances and maternity grants that are being paid in many countries.

They are the counterpart, in the area of cash benefits, to the free public service, such as medical and allied care under the British National Health Service, in the area of service benefits.

With the exception of Finland and New Zealand, which make this universal pension available to residents aged 65 or over, the age of eligibility is usually higher than is common under the social insurances or social assistance. In Canada and Norway the eligibility age is 70; in Denmark, Iceland, and Sweden it is 67.

The benefit is typically a flat amount. In Canada, for example, it is \$75 per person, husband and wife each drawing his or her own pension. Sweden pays a principal pension to the aged husband, with supplements for an aged wife and for any children under age 16. The principal amount is, at present, somewhat over \$800 per year plus half as much for the wife and over a fourth again as much for each child.

There can be no question, I think, but that unconditional entitlement is most popular with the benefit recipients. Equally clearly, the cost is bound to be higher than if those with income from work were disqualified, as under most social insurances, and much higher than under an income-tested benefit scheme.

Amounts payable may compare favorably with minimum or even with average social insurance benefits. They are not likely to attain the upper ranges of the benefit scale which are characteristic of income-related social insurance benefits.

Quite generally, the philosophy underlying universal pensions is that they ought to assure for all a reasonably comfortable minimum. Where other benefits are also available, an adjustment is made either by permitting the person entitled to both benefits a choice of the bigger, as in New Zealand, or by reducing the other benefit as for example in Norway.

Increasingly, however, countries with a flat universal pension scheme have superimposed upon it a graduated, income-related pension scheme—as is the case in Sweden and Norway—or are considering doing so, as in Canada.

In the main, these additional schemes can be understood as a response to a deeply felt desire for better than a minimum retirement income, and, to that extent, they fall somewhat outside the purview of this summary presentation.

Thank you, Mr. Chairman and members of the committee, for your attention.

Senator KENNEDY. Thank you.

I want to commend you for your testimony here. I think you brought a unique background to this subcommittee in your discussion of programs that exist principally in the Western European countries. I also noticed you mentioned some countries in Latin America and in the Far East as well.

I feel that we can learn a great deal from these experiences. I think that your enlightened and exhaustive examination of these

programs and how they are administered, and what their experience is, is of significance and value to this committee.

I want to tell you once again how much we appreciate the thoughtful presentation you have made before this committee this afternoon.

Thank you very much.

Mr. ROHRlich. Thank you very much, Senator.

Senator KENNEDY. Our final witness today is Mrs. Inabel B. Lindsay, dean, School of Social Welfare, Howard University.

Mrs. Lindsay has been the dean since the establishment of the school in 1945, and she is a member of the board of directors of the Legal Aid Society, a member of the District of Columbia Urban League board of directors, and she has won the training specialists grant for study and lectures in Norway and Sweden.

Mrs. Lindsay, we are delighted to have you here, and we appreciate your patience with this committee this afternoon.

We are delighted to hear from you now.

#### STATEMENT OF MRS. INABEL B. LINDSAY, DEAN, SCHOOL OF SOCIAL WELFARE, HOWARD UNIVERSITY, WASHINGTON, D.C.

Mrs. LINDSAY. Thank you, Senator.

My name is Mrs. Inabel B. Lindsay. I am dean and professor of the School of Social Work of Howard University.

I am appreciative of the opportunity to appear before this committee to present some observations regarding needed services to the elderly on public assistance.

The invitation to participate in the deliberations of the Special Committee on Aging reached me only 2 days ago, and I have thus had insufficient time to prepare an adequate statement for your consideration.

However, the subject of your deliberations is so vital to the effective and constructive meeting of the needs of a numerically and socially significant group in our population that I, as a deeply concerned social worker and a social work educator, could not forgo the opportunity afforded me, and hope to supplement this brief statement with additional comments, if desired by the committee.

I shall limit my remarks primarily to the problems of supplying the quantity and quality of personnel essential to assure optimum social service benefits to the aged—especially those dependent upon public assistance.

The 1962 Amendments to the Social Security Act emphasized the positive goals of the total public assistance program. These amendments stressed the objectives of strengthening family life, rehabilitation of damaged lives, achievement of self-dependence, and prevention of individual and social breakdown.

When applied specifically to the economically dependent aged, these objectives afford the opportunity to revitalize existing, or to create new techniques to help the elderly regain or retain self-respect, human dignity, and a sense of "belonging"—of usefulness.

A major hindrance to the achievement of these, however, is the severe lack of personnel adequately prepared for the job.

I am sure that earlier witnesses have supplied well documented statistics as to the size of the elderly population, the fact that the percentage of older persons in the population is growing rapidly, that

the majority are widowed and that most live in their own households—frequently alone.

Also, some research and analysis into the problems of the aged reveal the fact that while approximately 2 million of them receive assistance, in varying degrees of adequacy, as many more need, but do not receive, financial assistance.

The needs for services other than financial assistance can only be imagined.

Universal needs experienced by all elderly may be classified rather broadly into such categories as the physiological and biological, the psychological, social, and economic.

Within such a framework fall such basic and elementary needs as food, clothing, and shelter, as related to the aging process.

In addition, health problems, both physical and mental, are intensified. The loss of defined and identifiable roles is often a serious psychological problem in a culture which values independence and self-direction.

The fact that ours is a "future oriented" society makes it comparatively easier to gain acceptance of programs to meet the needs of children, but increases the difficulty of obtaining adequate support for programs for the elderly.

While these are general needs experienced by all, they probably are felt more acutely by those aged who must depend on public assistance, for even the process of establishing eligibility conducted by unskilled workers may represent to the needy individual a threat to his independence and an invasion of his privacy.

Meeting these and many other needs with skill, sensitivity, knowledge, and trained understanding requires special preparation.

The shortages of trained personnel for all the social welfare services—particularly the public services—are a matter of major concern and constitute a bottleneck in efforts to advance the extent and quality of services.

Demographic projections of population increase indicate that the total population of the United States is expected to exceed 200 million by 1970 and to include more than 225 million by 1975.

This fact alone justifies the expectation that increased numbers of social workers will be needed to man the existing services at even the present inadequate level.

In 1960, family services in public welfare, which include services to the aged, had only slightly more than 1 percent professionally trained workers.

With new programs emerging and existing programs expanding, the need for an increased supply of qualified social workers becomes even more apparent. Social work, more so than other helping professions—such as health and education—suffers from a short supply of qualified personnel.

This necessitates extensive use of workers with only partial professional education for the field, or with only baccalaureate degrees.

I might insert that in some States without even a baccalaureate degree. Hopefully, that is being corrected.

The Occupational Outlook Handbook, 1963-64 edition, published by the Government Printing Office for the Department of Labor, reported that social agencies throughout the country estimated their personnel needs at 15,000 annually, simply to meet the needs for replacement and to staff existing and proposed services, according to

Mrs. Dorothy B. Daly, writing in the current issue of the Journal of the American Public Welfare Association.

The overwhelming majority of these workers are needed in public welfare.

Special mention is made of manpower shortages in services to the aging, along with other groups, by Morton Levine in a paper prepared for the Institute on Research Approaches to Manpower Problems in Social Welfare to Children and Families.

The manpower dilemma in the social welfare services must be approached in many different ways. First, the graduate schools of social work may be able to expand their capacities, if resources are made available to enroll larger numbers of students, and to increase faculty.

In 1964, the 59 graduate schools of social work in the United States produced less than 3,000 graduates. If all of this number are elected to accept posts in the public social services, this would hardly create a ripple in the pool of unmet needs.

A second approach to remedying this manpower shortage should include coordinated, carefully planned expansion of undergraduate programs to help prepare subprofessionals who can be assigned appropriate tasks in the public welfare services.

Efforts to strengthen the existing staffs through programs of staff development and inservice training, such as is already undertaken by divisions of the Welfare Administration of the Department of Health, Education, and Welfare, may need to be increased and accelerated.

Even if these approaches could be implemented immediately, there remains the problem of financial support for the prospective candidates for training. Most are mature adults, many with dependents, who must look to their own resources for support.

Federal matching funds to the extent of 75 percent are available to States to provide educational leave for qualified applicants. However, for many reasons, including in some instances reluctance to appropriate the necessary 25 percent from State funds, this program does not at present substantially increase the supply.

Better results would undoubtedly occur if the formula of 100-percent matching Federal funds, as are now available through the Children's Bureau for the training of child welfare workers, were extended to provide resources for the educational development of public assistance workers.

Presently, only very modest help is available for social workers preparing to work with the elderly. The National Institute of Mental Health, through its Psychiatric Social Work Training Section, makes available a very limited number of stipends for students in the field of services to the aging.

Also, a very few agencies, mainly voluntary, provide educational leave for a limited number of workers.

Although I have not had the time to check actual numbers supported in these ways, it would be my guess that no more than 200 students annually receive even this assistance.

In the effort to improve the quality of public social services, the requirement has been made that every county provide at least one specialist in child welfare by 1975. Financial resources have been made available to aid in the achievement of this goal.

If we seriously want to supply the quality and quantity of workers essential for effective services to the aged, perhaps a similar requirement and the necessary supporting resources should be considered.

The recently enacted medicare bill greatly expands possible services for the elderly. It likewise underlines the need for increased personnel to provide the professional care and services to the elderly to maintain them in their own homes or to improve the quality of care in nursing homes and for provision of additional services.

To provide the quality of services to be made available under this bill, and in sufficient quantity, there must be competent teams of professional personnel. It is essential that professionally qualified social workers be a part of such teams.

Senator KENNEDY. Mrs. Lindsay, I want to commend you for your statement, and indicate that the record will be open for any supplementary material that you may wish to file.

I think your testimony is of particular value to this committee, because as you have heard earlier this afternoon, it is in the area of training people that will work in the social services that there is one of the most critical and urgent needs.

I feel that you, having been the dean of the Social Welfare School at Howard, can speak to this question with experience which is extremely valuable.

I am wondering if you could to some extent elaborate on, first of all, your own opinion why there are not more young people who are interested in social work, whether you would agree with the earlier testimony of Dean Schottland and Father Alves that this has been an area of vocation which through certainly no fault of its own has not had the kind of general public acceptance that I think all of us realize that it should, and what you feel could be done to stimulate young people to dedicate themselves toward this vocation. What role you feel that the Federal Government could play in helping, and assisting, in uplifting the social service profession, and any general comments that you have on this.

Mrs. LINDSAY. You would like me to add supplementary comments?

Senator KENNEDY. I would be interested now. You could respond now.

Mrs. LINDSAY. I will give it further thought, but my immediate response is that social work is a very young profession, having the characteristic of a profession for only this century.

I would say after the first decade of this century we began to see the emergence of some characteristics that identify a profession. Previously—and I think this probably relates to our cultural heritage, our cultural orientation—it was considered appropriate for a goodhearted person who had the interests of his fellow men at heart to give to the extent of his ability in a voluntary way. That is one factor.

Another factor is that social work, probably because of its youth and probably a more concrete reason because of low levels of salary and high cost of education for it, has not achieved the status of some of the older professions such as law and medicine and education.

Certainly the professionalization of giving services to people is not too well understood. I think the implication in your question, that we need to devise ways for planned recruitment and disseminating the knowledge of the field and the gratifications of it is a very challenging one that the whole profession is struggling with.

Senator KENNEDY. Now, in your testimony on page 5 you indicate that the graduate schools of social work may be able to expand their capacities if resources are made available to enroll a larger number of students.

Are you suggesting there is a role the Federal Government can play in expanding facilities and also funds for scholarship students, for example, by a formula that rewarded the student remaining in the social welfare field or social service field, that the payment or the return of payment for education might be relieved—are you suggesting some of these techniques?

Mrs. LINDSAY. Yes; some of those techniques are certainly very valuable, as has been demonstrated by the grant program of some of the Federal agencies already.

There are grant programs offered to graduate schools of social work by the National Institutes of Health, particularly for social work in the field of mental health, the Vocational Rehabilitation Administration for training social workers, primarily for social services in the rehabilitation field.

More recently, the Children's Bureau has initiated a grant program to help increase the supply of trained workers for child welfare.

These grant programs that I have mentioned afford assistance to schools to hire faculty to help carry the increased load, and they also offer stipends to cover school expenses and living expenses for students who are recruited.

Again, a good many States offer State stipends for education in social work, particularly for child welfare.

There are much more generous resources available for child welfare than for public assistance. In fact, the only resources available for advancing or improving the education of public assistance workers comes from the States or local departments.

Senator KENNEDY. Well, I want to thank you, Mrs. Lindsay, for your appearance here. As I mentioned, I think it is extremely helpful to have your testimony, since I think every one of the principal witnesses both yesterday and today indicated that it is in this area that there is one of our very critical needs.

Adding your supporting testimony to this, and your suggestions on it, I think, will be extremely helpful in deliberations of this committee.

I want to once again thank you for staying with us and being here and taking the time to come down.

I hope we can feel free to contact you, as we hope we can with the other witnesses over these next few months, as we are trying to work on some of the material which has evolved from these hearings, to contact you and to seek out your guidance and your suggestions and your advice.

Mrs. LINDSAY. Thank you very much, Senator. I shall be glad to be available at your request.

(Testimony resumes on p. 109)

(A further statement by Dr. Lindsay follows:)

SUPPLEMENTARY STATEMENT OF DR. INABEL B. LINDSAY

In my earlier testimony before the Subcommittee on Federal, State, and Community Services, I emphasized the deterrent to high quality of services in public welfare occasioned by the lack of a sufficient number of well-prepared social workers. I am submitting some case illustrations which I hope may further

document the need for more and better trained social work personnel to staff the public welfare (especially public assistance) programs.

The following six cases illustrate the improvement in social functioning which is possible of achievement when adequate personnel is available to supply good services.

MR. R.

Mr. R., age 42, had worked at an automobile agency as a laborer for 20 years when he had to stop work because of a serious heart condition. Relatives helped for 3 months when he was hospitalized for congestive heart failure. When the clinic advised bed rest and limited activity for several months, Mr. R. applied for and received an AD grant (aid to disabled).

The worker did not need to encourage treatment for Mr. R. was so afraid that he would not get well that he was overly conscientious in complying with medical advice. On the contrary, the worker had to help him overcome unwarranted fear of overexertion as he improved with treatment, and to assist him to reach a realistic idea of his capacities in terms of work. The busy clinic doctor had not taken time to discuss with Mr. R. activities within his physical capacities until the worker made the suggestion.

Mr. R. wanted to return to his old job and the previous employer was brought into planning. At first the only opening was work that was too strenuous but the employer was anxious to help and, in May, advised that before the first of June he would be able to place Mr. R. when he returned to work in a suitable assignment. His case was closed after his return to work.

*Comment*

The emphasis in work with Mr. R. was upon his remaining capacities and strengths, rather than in reinforcement of his fears. With this supportive help, Mr. R. could regain his independence.

MRS. M.

When she applied for ADC for her three children, 4, 6, and 3, Mrs. M. was unhappy, discouraged, frustrated, and found staying at home caring for her children distasteful. Mr. M. had deserted 3 years before, moving to another State, had had no contact with his family, and his present whereabouts were unknown. There was a divorce and a support order which was not paid. After a few months, the family's resources were exhausted. Mrs. M. continued an unhappy, embittered woman, and wanted the father punished. She felt that although her former husband was to blame for their troubles that it was she who was paying for the failure of the marriage. She did not want to discuss any subject except how worthless the children's father was. The children were unhappy and bewildered because the mother complained and nagged almost continuously.

To help relieve the frustration and bitterness, the worker suggested employment but the mother became distressed and interpreted this as the county department's now turning against her, too. She said it was her former husband's job to support their children, not hers. The children now were all in school. Before her marriage Mrs. M. had been a telephone operator. When a vacancy occurred in the local telephone office, the worker encouraged Mrs. M. to try the job, first as a relief operator, telling her that she would find adult companionship again and might even enjoy her work. Although hesitant at first, she accepted the part-time job. She became interested in her work, in her fellow employees, and her attitude toward her responsibilities gradually changed. She accepted a full-time job within 2 months' time, her hours of work coinciding with school hours. Her appearance began to improve, she began to dress better, her social activities increased, and her friends said she was beginning to be like her old self again. Her tirades against her former husband, although not eliminated completely, gradually decreased. Mrs. M. is now a happier, more secure individual and, therefore, a better mother, earning sufficient to support her family.

*Comment*

Aiding this frustrated, hostile mother to get out of the home and into employment where she could make new contacts was undoubtedly therapeutic for her and created a better environment for the children. Yet, continuing case-work help and active efforts to obtain the warranted support from the father might have helped her become a more adequate and accepting mother.

## MRS. A.

Mrs. A. had to apply for ADC for her three children aged 7, 6, and 3, when Mr. A. had to be committed to a State mental hospital. The State hospital urged her to commit Mr. A. because he had left the hospital twice without permission to return home. He was morose, suspicious, and unpredictable. The final blow came when he threatened her with a gun and struck the youngest child so hard that he became unconscious. When she came to ask for financial help, Mrs. A. was confused, discouraged, and defeated. Efforts of the PA worker helped Mrs. A. to face the fact that Mr. A. could not return to his family as the wage earner. Referral to the mental hygiene clinic helped her to accept her responsibility and to look more hopefully toward the future. When all of the children had reached school age, encouraged by the worker, she began to sell cosmetics from door to door. While her earnings were limited, this experience helped her gain confidence and develop sales ability. After nearly a year, she secured a full-time job as saleswoman in one of the town's finest department stores and the A. family has been self-supporting since. A close neighbor was hired to supervise the children after school hours until the mother's return home.

Meanwhile, the children have done well at school. The oldest boy has shown talent in drawing and a "Big Brother" has been found who is helping to supply a father figure. The girl has a music interest and plays in the school band. She is an honor student in the sixth grade. The youngest is a Cub Scout and a husky active boy—far different from the timid, anxious child of 3 who, when first known, had nightmares and the digestive troubles of a dyspeptic old man.

*Comment*

Sustained by the worker's understanding support and the financial assistance, Mrs. A. was able to develop inner strengths to help in rebuilding a shattered family life. The worker's wise and constructive use of other community resources was an especially good factor in helping this family to a better life.

## MISS H.

Miss H., age 71 and an OAA recipient who lived in a home of good standards, was placed in a nursing home when she felt too ill to stay alone during the hospitalization of the landlady. Although Miss H. had seen several private doctors and had been in a rehabilitation hospital twice in the previous 5 years, no clear picture of the reasons for her repeated periods of hospitalization and convalescence was available until she was referred to the geriatrics rehabilitation program at a local hospital. There, a diagnosis was made which included: senile emphysema, otosclerosis, and munchausen syndrome. Intensive neurological examination of this patient did not reveal any organic brain disease. There was a perceptive type of bilateral deafness which was not incapacitating and did not at the present time require a hearing aid. Her weakness was attributed to general muscular weakness which responded to PT and OT. She was discharged to live on room and board.

The caseworker helped her secure a hearing aid and Miss H. has been fitted with dentures. It has become clear that Miss H. becomes ill from worry about herself. She feels a great need for the contact and support of the caseworker as she has no one but her niece. She has been encouraged by the worker to renew her interest in the community center she previously attended. In this way she has kept well and lives a satisfying life outside of a nursing home without repeated periods of illness and hospitalization as formerly.

*Comment*

Helping this elderly and lonely woman live outside a nursing home increased her enjoyment of life and facilitated normal contacts, at less cost from public funds than otherwise would have been necessary.

## MR. A.

Mr. A., age 72, single, received old age assistance in the county home, where he had resided (against his will) for 12 years. Both legs had been amputated above the knees when he was in his late sixties. He was a wiry little man with piercing blue eyes, sharp features, intelligent, sarcastic, and bitter, considered uncooperative by the county home, didn't like living there, and said so. He sat and brooded a great deal in his wheelchair. Prosthesis had not been approved, presumably due to age.

Prior to entering the county home, Mr. A. had worked as a civil engineer and was still mentally keen. The public welfare worker requested an examination by

the county home doctor as the first step in a rehabilitation plan. The doctor did not recommend full legs, in view of Mr. A's age and the cost. Over the next few months, however, the worker secured consultation with the University Hospital, and with vocational rehabilitation, meanwhile maintaining constant encouragement to Mr. A., pacifying his impatience, and bolstering his morale. The director of the hospital's orthopedic service admitted that Mr. A. could probably learn to walk, "But what could a man of his age do if he did learn to walk?" The worker investigated job possibilities and, after many efforts, secured the promise of two jobs. After more than a year from the beginning of this plan, Mr. A. entered University Hospital for surgery preparatory to being fitted with permanent legs. Upon his discharge the hospital psychiatrist said the patient was "withdrawing" and would never use his legs.

The worker took him back to the county home and arranged for physical therapy and training at the local hospital, where Mr. A. progressed rapidly. Soon he started work on one of the jobs the worker had located, the first day completing seven pages of figures using formulas, logarithms, slide rule, etc. His employer found him alert, eager, and diligent. After 2 weeks Mr. A. resigned, however, because he said there was not enough work and he did not want to be an "object of charity." The worker then arranged for him to start on the second job, previously secured. During this time there had been an unsuccessful attempt to live outside the county home, involving much effort on the part of the worker in making necessary arrangements. Mr. A. was able to reenter the county home on a special commercial basis, paying for room and board. At last report he was still working, very enthusiastic, taking only 15 minutes for lunch, doing maps, computations, "reducing" notes when survey parties come back, working on "topo" notes, using calculating machines and other computing devices. Employers were well satisfied and very much interested. His old friends reported that Mr. A. had not let them know where he was all these years as he was mortified at being in the county home, but was no longer embarrassed.

#### *Comment*

The time and effort necessary to help this old, severely handicapped man regain his interest in life and realize to the fullest the extraordinary potentials which he possessed were possible only because the agency had established a special unit, with reduced caseloads, where individualization of the client was the focus of service. The loss to Mr. A. in personal satisfaction and in economic productivity as well as the loss to society, had such service not been available, are disturbing to contemplate.

#### MRS. S.

When Mrs. S. was admitted to the institution for the aged and infirm, she had been living with one of her daughters, Mrs. W. She was referred to the institution because of conflict with the daughter's husband who was nervous and whose condition was aggravated by Mrs. S.'s presence in the home. Mrs. S. had a diagnosis of diabetes and incompetency. Mrs. W. complained that she could not control her mother's eating habits and reacted with nervousness and irritation to her mother's eccentricities. Mrs. W. also expressed resentment that her brothers and sisters living in the community failed to share the responsibility for their mother.

During the 8 months that Mrs. S. remained in the institution she was irritable and uncooperative. Her physical condition deteriorated to the point where she refused to get out of bed. The worker undertook to reestablish contact with her children and met with a ready response from Mrs. W. She agreed to visit her mother and to try to get her brothers and sisters to do likewise. These visits were encouraged and although infrequent seemed to have a good effect on Mrs. S. After the first visit from Mrs. W., Mrs. S. subsequently got out of bed and walked for the first time in months. Mrs. W. then began to consider possible arrangements for her mother's return to the community, and explored with the worker the possibility of a small apartment in the same building as the W. family, where Mrs. W. would be able to give her mother attention but would not have to have her in the home. Mrs. S. responded enthusiastically to this plan and, with the worker's help and medical approval, was permitted to spend the Christmas holidays with her daughter and to explore the possibilities of the apartment nearby. The daughter was instructed in the administration of insulin for her mother and felt that she would be able to manage comfortably with her mother near. After the trial visit worked out well, plans were begun for Mrs. S.'s eventual return to the community with assistance of an OAA grant. The worker also began to explore the possibilities of homemaker service so that Mrs. W. would not have sole responsibility for her mother.

*Comment*

The strengthening of the relationship of Mrs. S. to her children seemed to have been the key restoring her to sufficient interest in life to want to walk again. The worker's alertness to the meaning of these relationships and the ability to help the daughter work out modified plans for her mother's care, meant that Mrs. S. no longer had to face the isolation of institutional life but could return to the community and be near enough for her children to enjoy contact with her again.

Unfortunately the service component in public assistance programs is frequently lacking for various reasons; significant among these being lack of sufficient numbers of workers qualified by professional education and/or in-service training. The following four case summaries illustrate some of the inadequacies in service due to such lacks:

## MISS H.

Miss H., a 23-year-old unmarried mother with one child 3 years old, applied for assistance when she became pregnant. A previous application a year and a half earlier has been denied because Miss H. was nonresident in the State; whereupon she had found employment as a dietitian's aid at the hospital. Her parents remained in Oklahoma. Her father was a minister of a small Baptist Church. Her parents had been disappointed in her behavior but had not been punitive and had accepted her and the child in the home.

Through casework referral to the Red Cross and helping Miss H. follow through on instructions given by the Red Cross, monthly support for the 3-year-old child was secured from the father who was located in the Army. Unsuccessful efforts were made to establish paternity and secure support from the father of the second child. Financial assistance was given and plans made for vocational rehabilitation training for Miss H. which promised eventual self-support.

*Comment*

This case suggests the kind of environmental assistance which may be offered by untrained workers in agencies where good supervision and orientation to community resources are provided. Comprehensive in-service training and/or the opportunity for professional education should have helped this worker learn something about the causes of the behavior of Miss H. and the dynamics of the interpersonal relationships involved. Such understanding is needed if Miss H. is to be helped to refrain from further illicit relationships and to achieve a more satisfactory way of life. Also, a better trained worker would have tried to individualize the child and to determine what needed to be done to safeguard his future.

## MR. B.

Mr. B., age 45, his wife, age 28, and five children ranging in ages from 4 to 12 received ANB and ADC. Prior to receipt of assistance Mr. B. operated a filling station and grocery store, but these had failed along with his health. He suffered congenital eye defects which became progressively worse. One of the children will probably have to enter the State school for the blind. After certification for assistance, the vocational rehabilitation counselor for the blind began working with Mr. B. and after a few months he secured work as a switchboard operator for a local cab company. He was on a trial basis earning 70 cents a day but at least was occupied and feeling more useful. Mrs. B. showed evidence of a personality difficulty, having frequent trouble with neighbors and problems in relation to child care. Collateral contacts on behalf of the family have involved doctors, vocational rehabilitation counselors for the blind, and State school for the blind. Housing has been a problem as the family lived in a housing project but were forced to get out because they were unable to get along with neighbors. The worker helped them make better housing arrangements. She also worked with Mrs. B. to help her become a better homemaker and to try to reduce the evident tension. Since Mr. B. has secured employment the situation in the family seems to be considerably better. Nevertheless there is a need for more work and at this point it seems that public assistance will be needed indefinitely although there is an advantage in Mr. B. working some. Very frequently the VR counselor for the blind has pointed up the need for casework service with this family because of the family problems and the time that should be spent in counseling them.

*Comment*

The need of this family for extensive and intensive casework service is evident. Because of too large caseloads and lack of training of staff, such service was not possible.

## MRS. Y.

In one ADC case the father was in the State mental hospital, and the mother was greatly concerned about him. A teacher had referred the family because the two boys in school had no lunch. The worker explained to the mother that in order to receive ADC she would need to seek employment or have a physical examination to establish her inability to work and suggested the university clinic for obtaining the examination. The mother became greatly disturbed at discussion of the examination, but the worker apparently was not alert to the possible significance of this reaction. Assistance was authorized contingent upon the mother's complying with the worker's request. There was some evidence of worker's attempts to persuade the mother to follow through on the referral to the clinic but no indication of trying to understand why the mother became hysterical each time it was mentioned. Finally, threatened with withdrawal of assistance if she didn't go to the clinic and having no other source of income, the mother went to the clinic. The diagnosis was cancer, and a complete hysterectomy was performed. The medical report following the operation was good. The worker commented that the medical report shows that "our efforts were necessary."

*Comment*

Aside from revealing the worker's confusion about State policy governing employment of mothers and the act of threatening clients with the withdrawal of assistance, this case appears even more revealing in terms of what the worker does not understand about the meaning of illness to people, the fears, the significance of these fears and, of course, how to go about considering these and other inherent problems with clients.

## MRS. M.

The case record carried an early entry as follows:

"Her eyes are inflamed and are giving her great pain. She says she wishes she had the money to have treatment and to have new glasses. She was rubbing her eyes and twisting her head as though in pain." A year later, recording indicated that "Mrs. M. is almost blind and is showing signs of age and infirmity. \* \* \* She complains of being ill much of the time \* \* \* is worried about her granddaughter entering white school \* \* \* she needs better clothes." Still another year passed and the worker recorded, "M. looks thin and tired, says she hasn't been well for a long time \* \* \* wishing she had money to go to a doctor when she felt she needed to go \* \* \* her eyes look bad and she now fears blindness \* \* \*."

*Comment*

For 3 years the worker observed Mrs. M.'s eye difficulty and deteriorating vision, with no recorded effort to refer her to medical resources. Even though legal and policy limitations might have precluded provision of funds for the needed care and even though Mrs. M. might have had to take her place on a waiting list of a public clinic, nevertheless some recognition of her need for medical care would have been reassuring. This disregard of evident need shows insensitivity or perhaps unconcern for the well-being of Mrs. M. and also lack of sufficiently careful supervision to point out to the worker the significance of factors of which she was seemingly unaware.

(Transcript continued from p. 104)

Senator KENNEDY. This concludes the hearings for today. The record will be left open for any additional statements that may be submitted.

The hearings will resume at the call of the Chair.

(Whereupon, at 4:30 p.m., the subcommittee recessed, subject to the call of the Chair.)

(The following was submitted for the record:)

## EMPLOYMENT POLICY AND INCOME MAINTENANCE FOR THE AGED

(By Juanita M. Kreps\*)

The secular decline in the labor force participation of older men, interrupted only by the sharp rise in demand for labor during the Second World War, suggests

\*Associate professor of economics, Duke University. This statement is excerpted from a forthcoming volume, John C. McKinney and Frank T. de Vyver, "Aging and Social Policy" (New York: Appleton-Century-Crofts, 1966).

that increasing attention will need to be given to the maintenance of retirement income in the decades ahead. The economic plight of today's aged is intensified, moreover, by the shrinking of job opportunities for workers in their late fifties and early sixties, and by the pressure for early retirement. Attempts to formulate policy dealing with the aged's position must therefore take into account both the immediate pattern of economywide unemployment, which penalizes the older worker and threatens the adequacy of his future retirement benefits, and the secular trend toward shortened work-life, which makes it necessary to spread work-life earnings over a longer nonworking period.

Progress in solving both the shortrun and the longrun problems has been impeded first, by our failure to distinguish between the two. Under pressure to improve the low-income status of today's aged—a status conferred on them by past events—we are constantly in the position of preparing for the last war.

In concentrating on these tactics, we may fail to set in motion a course of events that will insure adequate income and employment opportunities for future aged, whose lot we clearly can control. The second deterrent to a solution to the aged's problems arises from the fact that retirement practice has come to be used as a measure for reducing labor force size (and hence lowering the number counted as unemployed). What we have tended to view as a problem of the aged—lack of job opportunities—has in reality been a problem of the age. Since the difficulty arises from circumstances not related to the age of the individual, but rather to the state of the economy, policy of necessity pertains to economywide measures. Finally, progress has been slowed because of society's failure to agree as to the goals of policy for the aged. Since the goals implicitly embedded in present programs are only vaguely defined, it is difficult to analyze the feasibility of these aims within the constraints placed by total national product and the competing claims of other age groups.

In the ensuing analysis, four major questions are raised: (1) What are the origins of the income problems of this particular age group? (2) What timing is involved both in the appearance of the problems and in the introduction of programs? (3) What goals are to be sought for the aged? In particular, what is to be their income position vis-a-vis that of other age groups in the society? And finally, within what areas and subject to what constraints are these goals to be pursued?

#### I. ORIGINS OF NEED FOR SOCIAL POLICY

Broadly summarized, the economic dilemma of today's aged originated in the demographic and technological changes of the 20th century. As Professor Spengler has shown elsewhere,<sup>1</sup> collective aging, or an increase in the relative number of older persons, arises from a decline in fertility which reduces the proportion of younger persons in the population. But while greater life expectancy has hardly influenced the percentage of the population aged 60 and over, it has affected, significantly, the individual person's view of his survival possibilities. In the early 19th century concern on the part of the middle-aged person with his post-60 economic status would have been a bit farfetched. Expectation of life at birth was 30 to 35, with only 60 to 66 of 100 newly born reaching the age of 10, and perhaps a dozen of these reaching age 70. By contrast, 98 out of 100 today's newly born persons will live to age 10 and three-fourths of the 98 will live to the age of 70.

But neither the view that the individual has of his greater life expectancy nor the increase in the relative number of older persons in the population evokes a need for change in economic policy unless these demographic trends are accompanied by some change in the patterns of work and income distribution. Since the health of older persons is gradually improving, their work capacities could be expected to extend to later ages. Their earnings could thus sustain them during a longer work-life span, or viewed in lifetime perspective, each man's total output would be sufficiently increased to provide for his needs during a longer lifespan. Under such arrangements lifetime income not only reflects the individual's productivity; the income is also apportioned relatively evenly over most of his adult life, so that he receives factor income in the later years as well as in the years up to, say, 65.

The need for a new economic policy, dramatized and given voice by the collective aging of the population and by the individual's perception of his own future, must, in fact, be explained by a currently changing industrial framework within which jobs and earnings are coming to be concentrated within the years of 20 to 60. And although total life earnings from work—now compressed within a shortened portion of adult life—are increasing, their temporal distribution is nevertheless

<sup>1</sup> Joseph J. Spengler, "Aging Populations: Mechanics, Historical Emergency, Impact," *Law and Contemporary Problems*, 27 (winter 1962), pp. 2-21.

less changing. The problem of evening out one's total income through the life-span, rather than receiving all of it during working years, becomes more acute as the industrial setting further telescopes man's work-life span.<sup>2</sup>

Reduction in the portion of man's adult years spent in working is largely attributable to the forces of technology. In fact, technology can be credited to a great degree both with making reduced work-life necessary (by raising productivity and thus lowering the amount of labor required for any given volume of output), and with making it possible (by producing enough goods to sustain both the working and nonworking members of society). Moreover, technological developments also affect decisions as to the age composition of the employed labor force. The pace of automation in the 1950's and 1960's has created demands primarily for workers with education and up-to-date skills, and these demands are increasingly met by younger, more recently schooled workers.

A period of rapid technological advance which in the short run, at least, disemploys large numbers of persons, is, of necessity, a period in which a society by implication decides how jobs and earned income will be allocated and, as a corollary, how nonworking groups are to be supported. Thus, when the supply of labor exceeds the manpower demanded by the economy, critical questions are posed: (1) Who will comprise the labor force (and what mechanisms will bring about this allocation of jobs); and (2) what portion of the total product is to be available for the nonworking groups (and again, what mechanisms will bring about this distribution of the product)?

In a decentralized economy, decisions as to the allocation of jobs and factor income are not necessarily made on the basis of age. However, the individual firm's hiring and retirement policies have in recent years reflected the gradual rise in unemployment and the consequent pressure to find jobs for younger men. In the mid-1960's retirement is being used as a device for drawing workers out of the labor force, and helping to restore the balance between labor supply and what many believe to be restricted labor-force requirements. The current movement toward early retirement, evidenced by labor-union action and by the lowering of eligibility age for OASDI benefits, suggests that the decision is being made to allocate the available jobs to young and middle-aged workers.

Retirement policies designed to reduce labor-force size seem defeatist and unimaginative in comparison with policies aimed at increasing the rate of economic growth and hence providing more jobs. In a full-employment economy the availability of jobs solves many of the economic problems of the aged, first by providing continued employment during their youth and middle age, thereby permitting the accumulation of privately held equities and pension claims, and second, by providing full- or part-time jobs after age 65. Efforts to stimulate aggregate demand, most recently made by a tax reduction, are therefore extremely significant.

The extent to which a given increase in demand induces an increase in employment depends primarily on the composition of the demand increase. In certain sectors of the economy increased output can be produced with very little increase in the work force employed;<sup>3</sup> existing capital facilities are simply utilized more fully. A given increase in the demand for services, by contrast, furnishes a greater increase in employment. The substantially larger demand for labor accompanying an increase in the output of services is associated with productivity differentials; real output per man rose about 3½ times as fast in the goods sector as in the service sector in the period 1929-61.<sup>4</sup> Thus, the labor required per unit of output in services will be higher, and a shift in the composition of demand toward services will tend to raise the labor input requirements of aggregate product. As the composition of demand shifts away from goods and toward services, demand-stimulation policies may become more effective in creating jobs. But at present the rate of mechanization in manufacturing, particularly, permits great increases in output with no substantial increases in the manpower required.

Concomitant with this mechanization, certain structural problems have acted to worsen unemployment. Resources made idle by automation in one industry or location do not move easily and swiftly into other uses. Lack of geographical mobility, lack of education and training, insufficient knowledge of job opportunities, all militate against the goal of full employment in the present era. And

<sup>2</sup> Seymour L. Wolfbein, "Changing Patterns of Working Life," U.S. Department of Labor, August 1963.

<sup>3</sup> For a summary of postwar trends in output per man-hour, by industrial sector, and a projection of these trends to 1970 and 1975, see Juanita M. Kreps, C. E. Ferguson, and James M. Folsom, "Labor Force Requirements and Labor Supply," in Kreps, "Employment, Income, and Retirement Problems of the Aged" (Durham: Duke University Press, 1963).

<sup>4</sup> An analysis of shifting demand composition and its effect on the demand for labor is made in Joseph J. Spengler, "Today's Circumstances and Yesterday's Theories: A Note," a paper not yet published.

although governmental policy now encompasses programs for retraining and relocating workers, these programs have so far not been able to deal to any great extent with the particular employment problems of older workers.<sup>5</sup>

The combination of increasing output per man-hour, which reduces the effectiveness of increased aggregate demand as a means of stimulating employment, and the structural problems involved in transferring workers from one job to another, has led policymakers inevitably back to a consideration of measures designed to reduce the labor supply. Obviously, labor supply could be limited by means other than early or compulsory retirement. Further postponement of entry to the labor force would reduce the number of job applicants; policies which keep young adults in school longer are therefore desirable, not only as a means of restoring the labor demand-labor supply balance, but more importantly, as a means of providing a qualitatively improved labor force for the future. Too little attention has, in the past, been given to the kinds of continued education that are appropriate for today's noncollege youth, although high levels of unemployment, particularly among young men, and acute shortages of certain fairly low level skills (automobile mechanics, TV repairmen, etc.) have coexisted throughout most of the postwar period. Until more educational resources are devoted to vocational and technical training, qualitative improvements in the labor force might be negligible, even if age of entry were postponed. Finally, a reduction in the workweek or some variation on this idea (such as the "sabbatical" plan negotiated by the United Steelworkers) is constantly under discussion.

Regardless of what decisions are made on the allocation of jobs, the corollary question of providing nonfactor income to the retiree, the unemployed, the young adult in school must be resolved. In the case of earlier retirement, it should be noted that except for private pension plans,<sup>6</sup> no retirement income is now available to workers at age 60 and OASDI benefits, when taken at age 62, are reduced. If early retirement is to be used effectively as a means of reducing the number of jobseekers, it will clearly be necessary to provide a stronger (income) incentive to retire.<sup>7</sup>

In summary, the economic problems of the aged in this era are attributable to the demographic and technological nexus which have produced on one hand a rapidly expanded labor force and on the other a pace of mechanization that acts to slow the aggregate demand for labor and to change its composition. Current retirement practice, used as an instrument of overall employment policy, therefore reflects the pressure of postwar unemployment. Policies designed to reduce unemployment through the media of increasing aggregate demand and improving labor force quality have thus been accompanied by measures designed to lower retirement age and thereby reduce labor force size.

## II. THE GOALS AND TIMING OF SOCIAL POLICY

If persistent unemployment means that retirement age is to be lowered, or even that most workers must retire at age 65, certain questions demand attention. First of all, what are the related programs that need to accompany attempts to induce retirement if these attempts are to be effective and if the retirees are to share in the national product? This question poses the paradox of providing incentives not to work, when throughout most of our history society has been concerned with providing incentives to work. There are parallels however, the most obvious one being that of restrictions placed on farm output. This first question is one of goals: in what measure is the national product to be shared with nonworking groups, the retirees in particular? A second question has to do with timing. Given a longer period, what social changes may occur that will dictate different policies for the aged? The circumstances of the man who retires 10 years hence may have changed significantly both by reason of a markedly different economic environment and because of the changes in his own needs and capacities.

### A. *The goals of policy*

Although the overall economic goals of a predominantly free enterprise system may be quite clear, policy commitments to any one group of persons may be only vaguely defined. In this decade and the one past the primary economic objective has allegedly been economic growth; price stability and full employ-

<sup>5</sup> Gerald G. Somers, "Training the Unemployed," to be published in Joseph Becker, S.J., "In Aid of the Unemployed."

<sup>6</sup> Joseph Krislov, "Employee Benefit Plans, 1954-62," "Social Security Bulletin (April 1964), pp. 16-20.

<sup>7</sup> For an analysis of the relation between retirement benefits and willingness to retire see Margaret Gordon, "Income Security Programs and the Propensity To Retire," in Richard A. Williams, Clark Tibbitts, and Wilma Donahue, "Processes of Aging" (Englewood Cliffs: Prentice-Hall, 1963), pp. 436-468.

ment were also major goals. Emphasis on making the size of the national product ever larger, however, has not been paralleled by concern with the composition of this output or with its distribution. In one sense it may be argued that governmental attempts to influence the composition (except, say, in wartime) or the distribution of output conflict with the operation of a free price system. Whatever the explanation, our growth objective has been justified not on the basis of providing any particular goods for any particular group of persons but on the basis that growth raises the standards of living of all.

The fruits of this growth would be shared by all consumers if the greater output resulted in gradually falling prices based on the lowered cost of output. But the downward trend of prices which characterized much of the 19th century no longer holds. During the 20th century productivity gains have been taken mainly in the form of rising money incomes. Under these arrangements, the increased output accrues to the worker and the owner of capital who brings about the increase, but not to the person who has ceased to be actively engaged in production. Hence, the economic position of retirees on fixed incomes gradually worsens relative to that of the active population. The wage guidelines indicated by the Council of Economic Advisers, incidentally, endorses the practice of wage increases commensurate with the overall rise in productivity.

This worsening occurs even if price stability is maintained. In fact, the emphasis on increasing the money incomes of the aged commensurately with price rises has only helped to obscure the basic consideration of whether retirees are sharing in the Nation's growth in output. A policy of tying social security benefits to the price level, while guaranteeing a fixed real income from this source, permits most of the aged no participation in economic progress and may even discourage broader attempts to liberalize benefits. Only by tying retirement income to the growth in output, rather than to prices, will their relative deterioration in income be prevented.<sup>5</sup>

The goal of extending the gains from growth to retired persons may become merely one part of an economywide movement to spread technology's expanding output to nonworking members of society. Just as rising productivity per man-hour speeds up the rate of movement out of the labor force and increases the amount of leisure time, so, too, this rising productivity increases the quantity of goods and services that must be purchased. As the number and proportion of nonworking adults increase, the problem of distributing the national product becomes more acute. To the extent that insufficient demand (rather than resource constraints) limits total output, failure to apportion money claims to the aged, the unemployed, etc., results in lower levels of output than need be the case. Again, the curious inversion seems to have occurred. In the past it has often been argued that distributing income to persons not at work would reduce economic incentives and lower output. Now there seems to be some grounds for fearing that failure to apportion income to nonworking persons will limit demand and thus lower output.

The difference lies, of course, in the decline in need for certain types of human labor. This decline renders unemployable many of today's workers, and because of their inferior educational and skill levels a large proportion of these are workers approaching retirement age. It is therefore important to consider policies dealing with today's retiree in this particular context of diminished job opportunities, and to analyze separately the position of the retiree of a decade hence.

#### *B. The timing of social policy*

It is obvious that the present generation of retired persons have scant opportunity to work, and that in the absence of some shift in policy, the age group 60 to 65 will be under pressure to retire altogether at age 65, or in many cases to retire earlier. This confusion of retirement policy and unemployment policy encourages today's worker aged 62 or over to dilute his social security benefits and accept a reduced private pension, if any. Once he has decided to do so, he is thereafter classified as retired, rather than unemployed, although often he would prefer to continue working.

Two types of policies have been suggested for this immediate situation. First, it would be possible to adopt measures which would spread the work differently and in so doing "share the unemployment" among all age groups. By reducing the workweek, for example, or by major efforts aimed at educating and training young persons it might be possible to reduce the pressure for early or compulsory retirement. Such measures could be viewed either as a means of creating part-time unemployment for a much larger group as opposed to full-time unemployment for older persons, or as a mechanism through which all of society is permitted

<sup>5</sup> Joseph J. Spengler and Juanita M. Kreps, "Social Credit for the Aged," in Kreps, *op. cit.*

to share in increased leisure. The view one holds of this process depends on whether he prefers goods to leisure or vice versa.

Not only is the question of goods versus leisure at stake, however, with increased productivity some increase in leisure is inevitable. The use of the word "inevitable," incidentally, belies our reluctance to embrace this non-Calvinistic use of time. At issue also is the question of the temporal distribution of leisure discussed elsewhere by Professor Spengler. He suggests that a reduction in the number of workweeks per year is preferable to a shortened workweek or workday, and this distribution of leisure would seem to be preferable also to the shortening of worklife via early retirement. For one thing, an increase in the length of the annual vacation would surely have great utility to the man who has 50 weeks of work and only 2 of leisure. It seems likely, also, that the shorter workyear would increase the taste for and consumption of various goods and services. Spreading leisure in this manner would then have the effect of raising the demand for labor along with the increase in leisure. Even more important, perhaps, the distribution of earned income is uninterrupted by lengthened vacation, whereas retirement usually brings sudden and sharp curtailment in living standards. Spreading the leisure among the employed members of society has the advantage of lengthening worklife (as compared with conferring an ever-lengthening period of leisure on the retiree), and hence spreading earnings over a longer portion of life. Since one of the major problems created by the increase in the number of nonworking years is the apportionment of income during these years, measures to prevent further enlargement of the retirement period are appropriate.

In practical terms, however, there may be little hope of staying the pressure for early retirement of workers in the present 55 to 64 age group. A long-term reduction in the number of workweeks will not solve today's problem; in fact, in the case of the lengthened vacation period provided for steelworkers, early reports have indicated that the number of new jobs created has been disappointingly small. Even a reduced workweek might affect the demand for older workers, services only moderately, given the present level of unemployed younger persons' and the likelihood that industry would economize further in the use of labor if labor costs rose.

In this period of unemployment, it would seem important to deal with the unemployed older worker on the same basis we deal with the unemployed of any age groups, i.e., through unemployment insurance, and to retain retirement benefits for actual retirement which would ideally not occur before age 65, and certainly not before age 62. In so doing it will clearly be necessary to make increased unemployment benefits available for longer periods. Since many States are now reluctant or unable to make any substantial increases in benefits, but instead are attempting to reduce outlays because of diminished reserves, some form of Federal supplementary unemployment benefits is needed. Within the framework of unemployment compensation, special attention should be given to the older workers, who suffer longrun unemployment more frequently than younger workers. It may even be necessary to provide something close to permanent benefits to those older workers who have been displaced by technology and who possess low levels of education and skill.

This second type of policy—of "pensioning off" many of the workers in their preretirement decade, through special unemployment insurance arrangements—has the advantage of being a shortrun device for meeting what we hope will be a shortrun problem. In the longer run, the problem may be eased somewhat whether or not we achieve full employment, as a result of broad social changes and as a result of improvement in the position of the older worker and retiree. Society's gradual acceptance of (and even demand for increases in) the amount of leisure may result from changes now taking place in the composition of the labor force.<sup>9</sup> This tendency will hold, however, only if income is maintained in the retirement period. Moreover, the longrun pressure for early retirement will diminish if the temporal distribution of leisure and the accompanying temporal distribution of income shift in the desired direction.

The economic position of the older person, although likely always to be relatively disadvantaged, nevertheless will surely improve somewhat in time if his retirement claims are thinned down by financing unemployment during his later working years. Improvement in educational levels should bring improvements in earning capacity and employment stability. Private pension benefits can be expected to grow for certain groups of workers. The increasing use of part-time workers

<sup>9</sup> H. L. Wilensky, "Life Cycle, Work Situation, and Participation," in Robert Kleemier, editor, "Aging and Leisure: Research Perspectives on the Meaningful Use of Time" (New York, Oxford University Press, 1961), ch. 8.

indicates some willingness on the part of industry to create arrangements whereby older workers as well as other adults can achieve a more nearly optimal distribution of their time as between work and leisure. In addition to these sources of longrun improvement, policies designed to spread lifetime earnings more evenly between working and nonworking years, discussed below, would seem appropriate.

### III. POLICY CONSTRAINTS AND MECHANISMS

The problems inherent in providing economic support for the aged are thus in part short run, even temporary, and in part long run and permanent. At present the aged's inferior economic status can be improved only by creating for them better job opportunities or by transferring to them an increased share in the national product. The former requires a solution to the problem of unemployment and such a solution will not be found immediately. On the contrary, continued unemployment among workers of all ages will surely lend support to the move for early retirement. The latter alternative involves both an increase in the level of social security benefits and provision for supplementary unemployment benefits to those workers who cannot find jobs during, say, their 10 preretirement years.

#### A. *Early retirement and income maintenance*

In the long run the male's full-time participation in the labor force will tend to become more and more concentrated within the middle years, making necessary a gradual increase in the amount of income transferred to nonworking adults (both young and old) and their families. This trend can be slowed, however, by distributing leisure throughout working life rather than lowering retirement age. Union-management contracts providing for longer vacations would serve this purpose, as opposed to attempts to provide earlier pensions. Moreover, governmental provision for unemployment compensation for the older displaced worker would slow the downward pressure on retirement age which, in the absence of such provision, will come to be 60 rather than 65.

Permitting retirement at, say, age 60 by offering reduced benefits at that age would seem to allow the maximum freedom of individual choice as between goods and leisure. This freedom is illusory, however, if retirement benefits are merely subsistence level, and if the worker is expected to retire more or less automatically as soon as his pension is available. There is some danger that optional retirement may soon become compulsory retirement in a period of unemployment and that in concentrating on reducing the labor force size the income needs of persons forced into early retirement may not be given adequate consideration. Under the present social security arrangements, the man who retires at age 62 with a wife the same age receives a substantially reduced benefit. Given the income levels of today's aged, it seems unlikely that such a reduction in benefits would be elected voluntarily. Extension of reduced benefits to the group aged 62 to 64 was designed, in fact, for those persons who for reasons other than disability were unable to find substantial employment. The work experience of OASDI beneficiaries indicates that of the beneficiaries aged 62 to 64, a smaller proportion work full time than is the case of the beneficiaries aged 65 and over. The composition of the younger beneficiary group further reveals characteristics that adversely affect employment opportunities. Nonwhites are about twice, and persons in hospitals and nursing homes about four times, as prevalent among the 62- to 64-age male beneficiaries as among the older beneficiary group. Average earnings in the younger group were only \$700 in 1962.<sup>10</sup>

Optional early retirement which merely serves the function of providing income to the present group of older workers who cannot find jobs would not be objectionable if this policy did not also have the effect of reducing benefits to the group whose retirement income will be extremely low even without such a reduction. If, in addition, industry, unions, and the public adopt the attitude that workers who can claim even a reduced OASDI benefit should do so in order to make their jobs available for younger workers, a hardening of the lower retirement age is likely to ensue. Such a development is undesirable unless it is accompanied by a significant upward revision in benefits.

#### B. *The constraints on income*

The shortrun costs of providing adequate income for older workers now being squeezed out of the labor force and the longrun costs of raising the benefits paid to retirees (and paying these benefits for a lengthened retirement period) need to be considered with reference to the economic changes now taking place. In

<sup>10</sup> Lenore A. Epstein, "Report No. 2: Work Experience and Earnings of the Aged in 1962," Social Security Administration, April 1964.

particular, the kind of income maintenance program a society can afford for its aged is a function of its level of output and the competing demands of other age groups. If because of productivity growth and increased labor force size, society no longer demands the services of a large proportion of its older people, the argument that maintaining too high a retirement income discourages incentives to work is not applicable. Or, to the extent that it is applicable, the higher income accomplishes the now desired end of inducing people not to work. The only constraints on the income provided the retiree are then the constraints placed by aggregate output and the claims of younger members of the society.

In the decade of the fifties the output of goods and services rose from a dollar value of \$285 billion in 1950 to an aggregate of \$503 billion in 1960. At the beginning of 1965 gross national product was running at a rate of roughly \$625 billion. This growth in the Nation's output raised the median income of families from \$3,319 in 1950 to \$5,620 in 1960. In constant (1960) dollars, the median family income rose about 40 percent in the period 1947-60; this was a rate of growth of about 2½ percent per year. The median income of unrelated individuals rose from \$980 in 1947 to \$1,720 in 1960. In 1960 the median income for families headed by persons aged 65 and over was \$2,900, or about half the \$5,900 received by families with younger heads. The median for unrelated individuals aged 65 and over was \$1,100, or about 40 percent of the \$2,600 median for younger persons.<sup>11</sup> Later data from the 1963 survey of the aged indicate 1962 median incomes of \$2,875 for aged couples and \$1,130 for aged individuals.<sup>12</sup>

By what order of magnitude might the income of the aged be raised during the present decade, on the assumption that these trends in total output and in median family income continue? Assume, for example, that median real income for all families rises another 45 percent between 1962 and 1975. If they are to share in this rise on the basis of present incomes the aged's median family income would increase to \$4,169 and the aged person's median to \$1,639 in 1975. Money incomes would have to increase faster to the extent that prices rose. A 45-percent increase in real income during this period would not reduce the disparity in incomes now existing; in fact, since the aged's income base is so much lower, the absolute rise would still allow the young to gain relative to the elderly.

Given the constraint of the assumed growth in real income, the aged's economic position can be further improved only by some redistribution of the output. This second constraint—the competing demand of younger age groups for the Nation's product—is particularly evident at present, as efforts to train and create jobs for youth; to reduce poverty, especially in certain geographical areas; and to raise wage incomes, gain momentum. Such programs are of obvious longrun importance to the aged; success in upgrading the skills and earning capacity of today's worker improves his chances of an adequate retirement income. The question of the aged's proper share in the national product nevertheless continues to go unanswered. In the growing volume of literature on the deprived position of the aged vis-a-vis the rest of the population, questions of how much of a shift in income is appropriate, or on what basis the income ought to be apportioned, are seldom raised.<sup>13</sup>

Proposals for redistributing income are generally viewed with alarm and this opposition persists even when the proposed redistribution is from son (who works and pays OASDI taxes) to father (who is retired). The impersonal tax arrangements by which the working generation now transfers income to retirees tends to obscure the true nature of intergenerational support. An increase in payroll taxes may be resisted by the worker, although alternatively he may have to supplement his parents' income directly. In either case, a redistribution of income occurs. But the manner of redistribution markedly affects family relation-

<sup>11</sup> "Income of Families and Persons in the United States, 1960," Bureau of the Census, Current Population Reports, Consumer Income, series P-60, No. 37, 1962.

<sup>12</sup> Lenore A. Epstein, "Income of the Aged in 1962: First Findings of the 1963 Survey of the Aged," Social Security Bulletin 27 (1964), pp. 3-35.

<sup>13</sup> The question of income standards is discussed in Lenore A. Epstein, "Income Security Standards in Old Age," a paper presented at the International Gerontological Research Seminar, Markaryd, Sweden, Aug. 6-9, 1963. The issue of public versus private programs for financing income in old age is discussed in Eveline M. Burns, "Public and Private Provision for Income Security in Old Age," a paper presented at the same meeting.

ships, particularly living arrangements. Moreover, the aggregate demand for goods is likely to be influenced significantly, intrafamily support, being less predictable, providing a much less stable demand for goods on the part of the aged.

Opposition on the part of middle-aged and younger persons to a higher payroll tax might be reduced if the relation between taxes and benefits were more clearly understood, and if it were further understood that higher benefits would also be available to the present taxpayer when he retires. But even the promise of a higher retirement income would probably fail to convince a majority of persons of the merits of shifting income via taxes. For vast numbers of Americans have traditionally exhibited very high rates of time preference. Usually, the family's demand for goods and services rises faster than income, with the result that personal debt, rather than saving, ensues. Even relatively high income families often overspend their incomes. They are therefore under pressure to collect as much of their income as possible for current consumption. Failure to spread the family's income more evenly over the lifespan through private saving and annuity plans indicates the extent of our unwillingness voluntarily to postpone consumption. It indicates also the wisdom of relying on some form of forced saving (as in a pension plan) or public transfer to provide income for old age.

Consideration of the question of the aged's proper share of the total income may be one indirect result of the attacks now being made on low income groups in general. The position that incomes below a certain level should not be permitted implies a willingness to take the action necessary to raise these incomes. Capacity to raise incomes is dependent partly on growth of output, but partly also on the willingness to redistribute what is produced. If the public accepts the notion that a family income of less than \$3,000 is "too low," it accepts a definition of the minimum extent to which any family shares in a given output. Although the target group includes all families whose incomes are below a certain level, the disproportionately large number of older families who are below this level calls attention to this particular group. Families headed by persons age 65 and over comprise 34 percent of the families with incomes under \$3,000, but only 14 percent of all families.

Until such time as the concept of a minimum income is actually established, or until some other benchmarks are drawn indicating the extent to which the aged are to participate in present and future national product, the goal of economic policy for the aged (and hence the constraints on this policy) remain undefined. Broadly conceived, the goal might be set, as indicated above, in such a way as to insure that the aged share proportionately in future growth of national income, thus making the rate of such growth the only constraint, no redistribution of present incomes being involved. Alternatively, the goal might be the maintenance of some level of real income (above that now prevailing) for all aged persons, with incomes in excess of this minimum being determined by past savings, wage-related benefits, private pensions claims, etc. The setting of such minimums would involve some redistribution, presumably through general tax revenues, and the establishment of mechanisms through which these minimum incomes would be maintained in the future.

### C. Policy mechanisms

The media for publicly transferring income to the aged are already established, and there is growing use of private transfers through the medium of pension funds. The expectation that a decade hence only about 25 to 30 percent of the aged population will be receiving private pensions underscores the continued need for reliance on social security benefits, which by 1965 will extend to 9 out of 10 persons aged 65 and over.

In order for the aged to achieve the minimum incomes currently set as the poverty levels, more than 50 percent of the families and about 60 percent of the nonmarried persons would need increases in income. Alternatively, money incomes somewhat lower than the \$3,000 per family and \$2,000 per individual have been suggested, in part to take account of the fact that an elderly couple has a lower cost of living than a younger family. For an elderly couple, figures of \$2,800 and \$2,500 have been discussed. If \$2,500 for an older couple and \$1,800 for a single person are taken as the poverty lines<sup>14</sup> (which are the approximate amounts required for the Department of Agriculture's low-cost food plan, assum-

<sup>14</sup> See Margaret S. Strotz, "The BLS Interim Budget for a Retired Couple," *Monthly Labor Review*, November 1960; Mollie Orshansky, "Budget for an Elderly Couple: Interim Revision for the Bureau of Labor Statistics," *Social Security Bulletin*, December 1960. "Technical Note: Estimating Equivalent Income on Budget Costs by Family Type," *Monthly Labor Review*, November 1960; Lenore A. Epstein, "Retirement Income and Measures of Need," *Division of Program Analysis, Social Security Administration*, February 1964.

ing that the elderly couple spends 27 percent of its income for food), a large proportion of the aged would still fall below these incomes. In 1962, two-fifths of the older couples and three-fourths of the single persons would not have sufficient incomes to meet the low-cost standard. Even the Department of Agriculture's economy plan, which has been priced at \$1,800 for an older couple and \$1,300 for an individual, is out of reach of more than one-fourth of the couples and about three-fifths of the older single persons.<sup>15</sup>

If a minimum income is to be guaranteed to the aged, the minimum needs to be set with reference to the acceptable minimum for all families. However, some of the means by which the minimum might be achieved for younger families would not effect the aged's income. An increase in the minimum wage, for example, would not improve the position of lowest income elderly, since most of them do not work. Increases in social security benefits and in old-age assistance payments are essential if the extremely low incomes are to be affected. However, the cost of financing of such improvements in income should probably be spread broadly, rather than being limited to payroll taxes.

A very rough estimate indicates that the cost of raising the incomes of aged families and individuals to the level necessary for the economy food plan (\$1,800 and \$1,300) would be about \$3½ billion.<sup>16</sup> The cost of raising the incomes to the low-cost food plan (\$2,500 and \$1,800) would be something over \$7½ billion. Approximately three-fifths of the costs involved would arise from payments made to nonbeneficiaries; hence reliance on an increase in the OASDI tax to carry all of this cost does not seem appropriate. Rather, the cost could be borne in the same way the overall poverty program is financed—i.e., from general tax revenues. Or some combination of general revenues and payroll taxes could be utilized.<sup>17</sup>

Once the aged's incomes have been raised to these levels, the problem of providing retirees some share in the growth of the national product can be met most easily through increases in OASDI benefits which reflect this growth. Since wages rise

<sup>15</sup> These figures are based on the aged's income levels according to the 1963 Survey of the Aged, and reported by Lenore A. Epstein in the table below:

*Size of money income for units aged 65 and over: Percentage distribution by income interval, 1962*

Total money income	Married couples <sup>1</sup>	Nonmarried persons		
		Total	Men	Women
Number (in thousands):				
Total.....	5,445	8,731	2,402	6,329
Reporting on income.....	4,719	7,709	2,173	5,536
Total percent.....	100	100	100	100
Less than \$1,000.....	5	44	32	49
\$1,000 to \$1,499.....	10	22	25	21
\$1,500 to \$1,999.....	14	13	12	13
\$2,000 to \$2,499.....	13	8	11	7
\$2,500 to \$2,999.....	12	4	5	3
\$3,000 to \$3,999.....	16	4	6	3
\$4,000 to \$4,999.....	11	2	3	1
\$5,000 to \$9,999.....	15	4	6	3
\$10,000 and over.....	5	(?)	1	(?)
Median income.....	\$2,875	\$1,130	\$1,365	\$1,015

<sup>1</sup> With at least 1 member aged 65 or over.

<sup>2</sup> Less than 0.5 percent.

Source: Social Security Bulletin, 27 (1964), p. 8.

<sup>16</sup> This estimate was made earlier and reported in Kreps, "The Aged Poor," a paper prepared for the U.S. Chamber of Commerce Task Force on Economic Growth and Opportunity.

<sup>17</sup> A popular technique for making any desired outlay appear feasible is to compare it with the national defense budget. Hence, it can be argued that raising the aged's incomes to the "economy" level would require an expenditure equal to about 6 percent, and raising these incomes to the low-cost budget level an expenditure of approximately 14 percent of the current defense cost. By the same reasoning, the cost of raising the incomes of all families and persons to the \$3,000 and \$1,500 levels has been estimated at \$11 billion or one-fifth of the defense budget. One might also note the relative magnitudes of the cost of a particular program designed to alleviate poverty at home and the cost of foreign aid, which in a general way is aimed at the same goal for underdeveloped countries. If foreign aid expenditures were diverted to expenditures for the aged in this country, most of the cost of raising incomes to the "economy" level would be covered.

in rough proportion to productivity growth, the source of some of the revenue for benefits would logically be some proportion of this wage increase. The possibility of financing improved retirement benefits on a tripartite basis, with employers, employees, and public revenues sharing the cost, should be considered.

#### IV. SUMMARY AND CONCLUSIONS

Employment opportunities for most persons past the age of 65 are scant, and it seems unlikely that these prospects will soon improve. In fact, the persistence of long-term unemployment among older workers and current attempts to draw men in their early sixties out of the labor market threaten both the earnings of workers in their preretirement years and the adequacy of benefits received during retirement. The availability of part-time employment for persons in retirement may offer some supplementary income, but the secular decline in labor force participation of older men is expected to continue. The position of today's aged is particularly disadvantaged because of their relatively poor earnings in the past, resulting in low retirement benefits; because of their low educational levels resulting in low job aptitudes; and because of the current level of unemployment, which reduces job opportunities for all persons, but particularly the elderly.

Movements toward earlier retirement age, being attempts to alleviate the present problem of unemployment, sometimes result in merely reclassifying the older unemployed worker, whether or not an adequate retirement income is available. There is some danger that in this attempt a new class of future aged poor will be created. These early retirees will not only have meager private resources; they will also suffer reduced monthly benefits which then must sustain them during longer periods of retirement. Alternatively, it would be possible to provide unemployment benefits or some other form of transfer to these marginal workers until they can qualify for retirement benefits at age 65, and thereby maintain for them their maximum income during actual retirement. These temporary measures would ease the aged's present difficulties but would not create additional future problems.

Decision as to the appropriate retirement age is but one aspect of the larger question: What is the best temporal distribution of leisure? Increased leisure, made possible by the growth in productivity, can be apportioned over the work-life rather than being concentrated in a longer retirement period. The advantages of such an apportionment are at least twofold: one, leisure in the form of longer vacations is likely to have a greater utility than leisure in the form of extended retirement (and may well raise the level of demand for goods and services) and, two, earnings are distributed more evenly over the lifespan.

Even if the present problem of unemployment is treated as unemployment and early retirement is resisted, the future incomes of persons aged 65 and over will be maintained at an adequate level only after certain fundamental decisions are made regarding (1) the minimum income, if any, which society intends for all its members, including the aged, (2) the extent to which non-working groups are to share in the fruits of economic growth. The first of these questions is far from being resolved, but past measures such as the minimum wage laws, and current discussions, particularly those surrounding the poverty program, reflect a view that incomes below certain minima are unacceptable. The second question has received very little attention, although in its resolution rests the economic future of the aged.

The primary constraint placed on income maintenance programs is, of course, the size of the national product; to date, no method has been discovered that would enable an economy to confer on its members more goods and services than it produces. However, if the income in question is that of a particular group in the economy, obviously the further constraint of the needs of other groups also applies. Since there are competing needs, defense of higher transfers of income to the aged rests upon the present disparities between the incomes of the aged and those of younger persons, and on the inability of the aged, in most cases, to find jobs.

If the gains from technological progress are to be taken partly in the form of increased leisure, and if a good bit of this leisure is to accrue to mankind during his later years, it is necessary to spread man's ever-growing income over a longer lifespan, which includes an increasing number of nonworking years. Allotting the aged person an increased span of leisure without also allotting him adequate income converts leisure from a utility to a disutility and makes retirement synonymous with unemployment. Within the overall constraints of total income and total needs, the temporal distribution of both leisure and income needs to be reappraised.

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS,  
DEPARTMENT OF SOCIAL WELFARE,  
DIVISION OF PUBLIC ASSISTANCE,  
Providence, R.I., August 20, 1965.

HON. EDWARD M. KENNEDY,  
Senate Office Building,  
Washington, D.C.

DEAR SENATOR KENNEDY: I am writing to express my support of your efforts to establish some realistic base to the standards of assistance for the aged as reported about hearings before the Special Senate Committee on Aging. Despite Federal participation, there have been wide extremes between the case payments in the various States.

For a long time I have felt that Federal leadership is necessary in order to assure that the needy aged would receive payments which would assure a reasonable standard of health and well-being.

Enclosed please find a copy of a speech which I gave at the American Public Welfare Association meetings in Washington, D.C., in 1963. This paper with modifications was published in Public Welfare, the journal of the American Public Welfare Association in October 1964.

I consider the furnishing of the essentials of living to be the basic element in providing social services. Effective rehabilitation, or even self-care, is unlikely without the means for basic subsistence. Therefore, I feel that the 1962 Public Welfare Amendments will be limited in their effect until the problem of adequate assistance is resolved.

In the subcommittee hearings of the Special Committee on Aging which you held in Providence, R.I., on January 21, 1964, I attempted to convey to the committee the urgency of this matter, but unfortunately sufficient time was not available to make a complete statement.

Please be assured of any support which I can give to your efforts in this matter.

Very truly yours,

JAMES H. REILLY, *Administrator.*

THE PRIMARY FACTOR IN GOOD SERVICES—ADEQUATE ASSISTANCE GRANTS

Address by James H. Reilly, Public Assistance Administrator, at the American Public Welfare Association Round Table, Washington, D.C., December 4, 1963

I was most anxious to accept this invitation to speak to you about this very important subject. I know that there is not a man or woman among you who has not borne that burden of disaster which has inclined our shoulders and moistened our eyes within the past 10 days. And though I do not demean—could not even if I were so disposed—the greatness of John F. Kennedy, my own personal bereavement haunts me with yet another of his fellows.

I was younger then and there was great poverty in these United States. Men marched on Washington and sold apples on the streets. In those days medicare—or whatever else you want to call it—was not known. To our disadvantage, if not our ignorance, there were no great programs for the mentally ill, the retarded, the crippled, the weak at heart, the person with cancer. There was only the poor, and one man was determined to act on this problem and spoke openly about it. He made plans on how to mount his attack as feeble as they might seem in these enlightened days.

These plans were known as CCC, WPA, PWA and they were useful and men worked and they had pride in themselves. That man's name was Franklin Delano Roosevelt. And there were those who helped him—lobbyists and legislators strode the Halls of our Congress and assured the passage of bills that would feed men and their families. The same was true at every State legislature in the land. Men and women were concerned with the plight of the poor and they were determined to act—if only through "make work" programs. There were few, if any, legislators in the land who did not cultivate the vote of the poor.

Today there are few. Today I would wager there is not a lobbyist or Congressman who, above all else, espouses the problems of the poor. Not in our Congress, not in our State legislatures; but there is no dearth of persons who wish to investigate the poor.

Ever since the days of Franklin Delano Roosevelt and the birth of the Social Security Act small advances have been realized. I am aware of this. Our situation today, and I guess for the near future at least, will rest with those in the social work field to promote advances which will swell the stomachs of the poor

with food rather than with hunger. Public welfare arouses the conscience of the community to the acute needs within the field.

Adequate assistance grants are a prerequisite to the achievement of social service goals. The presence or absence of sufficient money to purchase the necessities of life affects physical condition but also personal relationships within the family and the community. The caseworker may have at hand improved resources within and outside of the agency, but if adequate assistance is not available, the casework staff operates with considerable handicap. An increased investment in social services without a similar commitment for adequate allowances limits the possibilities for case movement.

#### *The intent of Congress*

In 1956, Congress promulgated the goals of self-care, self-support, and the strengthening of family life for public assistance. In 1962, it extended these objectives with the services amendments which directed the States to establish "prescribed" services. Both the Congress and President Kennedy expressed a concern that the States would not only develop services, but would also increase their assistance grants. The Congress had increased the formulas for Federal participation but few States passed the money along to recipients. It should be noted that although the Federal formulas were increased three times in 6 years, the revisions in 1960 and 1962 did not apply to ADC, the family program with substantial unmet need.

The Public Assistance Advisory Council report in 1960 showed that unmet need for the Nation as a whole according to monthly payments in OAA represented one-half or more of the cost of 1 week's food. In ADC the unmet need represented the cost of up to 3 weeks' food per recipient under the U.S. Department of Agriculture low-cost plan. Although there has been action to improve public assistance services, there has been a paucity of effort in behalf of better assistance grants.

#### *The problem of poverty*

The problem of meager assistance allowances is but one part of the larger picture of poverty in the United States and the apathy of the general public about it. The proportion of income going to the bottom 20 percent of society is less today than it was in 1910 while there has been substantial gain in the middle income groups. In 1947, there were 7.4 million family units with incomes of less than \$40 per week (in 1960 dollars). In 1960, there were 7.2 million family units with income of less than \$2,000 per year, or 13 percent of all families and unattached individuals. In those 13 years the gross national product had risen from \$314 billion to more than \$426 billion (1959). In that period at least 7 million families have not benefited from the postwar prosperity.

David T. Bazelon in his book "The Paper Economy" states: "It is very important that under the New Deal and early war years we experienced a genuine decline in poverty. But not during the postwar boom. The reason is partly that in the thirties the decrease in poverty was intended, and since the war years, there has not been any concerted attack upon it. The poor have been left behind while the organized workers and the new middle class continue their climb up the ladder \* \* \*"

The New York Times on October 7, 1963, commented on this problem in an editorial called "Our Affluent Metropolis:"

"The family budget standard just issued by the Community Council shows that New Yorkers in low-to-moderate income brackets are eating more meat, seeing more shows, walking on thicker rugs, and generally living better than they did 8 years ago. In fact, a family of four now spends \$6,268 annually as against the \$5,325 that made up its budget in 1955. All this would give us a decidedly expansive feeling were it not for the fact that 300,000 New York families, or roughly one family in eight, have incomes less than the standard budget, and in this group the ratio for Negro families runs 2½ times the ratio for whites. The ratio for Puerto Ricans is three times as great. Affluence still has a lot of picking up to do."

Although only about 20 percent of the poor receive welfare aid, the Conference on Economic Progress says that two-fifths of our Nation lives in poverty or deprivation. Estimates run from 34 million persons to 77 million persons. The low estimate is based on a single person with less than \$1,250 annual income; a couple with less than \$1,750 annual income; or a family of four with less than \$2,700 annual income.

Although 60 percent of all Negroes are classified as poor, 80 percent of the poor are white. There are 4.5 million aged living on pensions, support from relatives, or OAA. Some 3 million children and about 8 million adults receive public

assistance. Another 3.5 million persons in financial need receive surplus foods from welfare departments. The social work profession should be vitally interested not only in the public assistance caseload, but about all of those living in these groups which spawn public assistance need. Those living on the threshold of public assistance are the potential recipients of assistance in the future depending upon economic developments.

#### *The public assistance situation*

The advisory council on public assistance devoted a major portion of its report in 1960 to the need for adequate public assistance grants. It noted that American standards for health and well being assume that every human being needs:

Food enough and of the right quality to nourish his body.

Clothes and the wherewithal to keep them repaired and clean.

Shelter decently furnished and clean, with light and heat and water and sanitary facilities.

Incidentals for personal grooming and a little extra for a newspaper, the church collection, for school and to participate in school activities.

In addition to these basic living requirements, adequate medical care is an essential.

Have the Federal, State, and local contributions been sufficient to permit the maintenance of a level of health and decency? The national investment in public assistance has remained at a static level of only 0.8 percent of personal income since 1953. Dollar expenditures have increased but no greater share of our increased affluence has been invested in this segment of our society in an attempt to improve their condition. The average payment per person per day on ADC is less than \$1 per day. Since the last revision in the Federal contribution in AFDC was in 1958, a revision is overdue. In March 1963, 30 States were making payments in AFDC which were higher than the Federal matching ceiling. At the State level only 12 States are meeting need in full in AFDC. Only 13 States are meeting need in full in OAA. Most States apply a maximum to the amount of the money payment made to individual recipients and families. Another 12 States are not meeting need according to their own established standard of need. These States reduce payments on a flat basis or apply a percentage reduction in one or more programs. It should be noted further that some States which claim to meet need in full base it upon standards that have not been adjusted to the increases in the costs of the necessities of life over the years.

The nationwide study conducted by the University of North Carolina for the American Public Welfare Association in 1963 called "An American Dependency Challenge" said:

It is clear that the public welfare agencies estimates of the needs of ADC families fell far short of what is considered a minimal budget for U.S. families as a whole."

#### *The effects of inadequate income*

You are aware as I am that inadequate income has a destructive effect on human life. It causes poor nutrition, it forces people to inhabit crowded slum areas, it causes poor health, and it destroys incentive. A recent report in Rhode Island showed that it even causes a higher death rate. Dr. Edward G. Stockwell, of Brown University, in a special study found "a very pronounced inverse relationship between social rank and the level of mortality."

Inadequate income causes children to become distraught, resulting in maladjustment in school and in the community. It leads to school dropouts because of the need to earn to improve their level of subsistence. Lack of income causes family breakdown. It is an important factor in the dissolution of marriages through divorce, separation, and desertion.

Low income is a characteristic of the one-parent family. In 1960, among the 4.6 million families with a female family head the median income was only \$2,968 and almost two-thirds lived in poverty. About one-third were under \$2,000 and nearly one-sixth under \$1,000. Low income and ill health are closely linked—16.5 percent of persons with family income of less than \$2,000 are disabled or have their major activity limited by a chronic ailment.

There is also substantial evidence that the growth of poverty and dependency are in themselves caused by poverty. Although satisfactory income alone does not guarantee that children will escape low income status as adults, it is usually a prime criteria. Calling it "the legacy of poverty" Mollie Orshansky in an article "Children of the Poor" in Social Security Bulletin, July 1963, stated:

"There are people whose only legacy to their children is the poverty and deprivation which they themselves inherited."

She pointed out that 40 percent of the parents receiving ADC had themselves been assistance recipients as children.

The recent nationwide study of AFDC requested by Congress identified extensive error in the use of assistance standards by social workers. The simplification of these procedures has been suggested to enable an improved correctness of payment. Some believe that the errors are caused by the inadequacy of the standards and the efforts of the social worker to grant every possible allowance to the family to enable minimum subsistence. The Bureau of Family Services has begun work with the States to simplify their standards. A meeting of a group of State administrators in Washington, D.C., in September 1963, suggested that the focus be placed on increasing the allowances and that administrative simplification should be a byproduct of such action. It was generally agreed that if States are not meeting need according to their own standards for low-cost subsistence, intensification of social services could have limited results. At the APWA regional conference in September 1962, Sidney Hollander said:

"Relief grants are so inadequate in some areas as to constitute a national scandal. Should you be inclined to complacency give a glance at the recent report of Eveline Burns and hide your heads. Not security but planned and imposed hunger is what it reveals. 'Casework' she insists, 'can be no cure for empty bellies'; that there can be slight acceptance of reconstructive help in settings of degradation and squalor, where every vestige of decency and self-respect is denied. That has long been my conviction too. For me, the inadequacy of aid constitutes welfare's challenge No. 1. Many of you, I suppose, see those monthly HEW charts with their record of each State's aid to its unfortunate, and I wonder if they shame you as they do me. That anywhere in this land of affluence pittance averaging less than \$3 a week are considered adequate for a dependent child; less than a dollar for those on 'general assistance.' To me this is a scandal, a national disgrace. Is this the goal of security, not to relieve distress but to assure it? Can any program be justified that fails to recognize that people must eat whether we list them as employables or unemployables; that they must have clothes whether they are married or single; that they must have a place of shelter whether they are black or white; that they are eligible for sickness and death even through they be ineligible for relief. Is it enough to keep people from starving? Have they not the right to live, not simply to be kept alive? If a 'challenge' is what you seek, need you look further than this?"

#### *Plans of action*

1. *Congress.*—Congress should review Federal participation in AFDC and bring this to the same level as the adult categories. With so much at stake in the development and maintenance of sound family life and the preparation of children to become responsible adults, it is difficult to understand the lack of adjustment of the Federal financial formulas in ADC.

The Conference on Economic Progress reported that:

"During the 9-year period from the start of 1953 to the end of 1961 as a whole sufficiently higher public outlays in addition to reducing poverty and deprivation by promoting more employment and production, should have flowed substantially into improved education, health services, housing and other human welfare programs."

It stated that Federal sponsorship of increased general public assistance payments is urgently needed. Under the Federal-State program of ADC the average payments in November 1961, were only \$31.26 per recipient and only \$121.29 per family with dependent children. In the same month the average monthly payment under the Federal-State program for OAA was only \$68.78. With much more Federal aid, these averages generally should be doubled by midsixties. ("Poverty and Deprivation in the United States"—Conference on Economic Progress, Washington, D.C., 1962.)

2. *U.S. Bureau of Family Services.*—There are a variety of actions which should be taken to remedy the problems of inadequate assistance. The Bureau of Family Services should assume a leadership role in setting up standards of assistance that are compatible with health and well being. Historically the States have had the responsibility to establish standards. When a State has failed to meet need adequately, people become deprived. It should be the responsibility of the Bureau of Family Services to influence the States to set standards which will help maintain reasonable subsistence. If the Bureau has the power to require the establishment of caseload standards and types of services to be rendered by the States, it should be just as concerned about those parallel factors in public assistance, allowances to purchase the necessities of life.

Both the U.S. Department of Agriculture and the U.S. Department of Labor publish statistics on living requirements and on the cost of living. The Bureau of Family Services could begin to influence State plans by designing minimum cost standards according to a regional plan and set reasonable standards of living for those who must depend upon public assistance.

The Social Security Act begins with a statement that it exists "to provide for the general welfare." What could be more important to the general welfare than enough food to eat, decent clothing, and a place to live? In 1961, Secretary Flemming ruled that a State was out of conformity for Federal funds when it imposed a "suitable home provision" in ADC. Isn't the establishment of a level of assistance inadequate to meet basic need out of conformity with the objectives of the Social Security Act?

*3. Local responsibility.*—Basically, however, the quality of the public assistance program must be determined by the State and local communities. The States should maintain their contributions toward public assistance and not permit the increase in the Federal contribution to replace the State share. Note should be taken as to whether allocations for public assistance have continued to maintain a ratio to other expenditures in government, or whether, in fact, as a percentage of State-local costs they have been declining. There is evidence that, in general, demands for education, public works, and redevelopment are having a prior claim to State dollars.

During this same period the costs of welfare institutions have risen more sharply than public assistance expenditures. It seems that the public or its representatives are willing to meet the costs of the brick and mortar and the personnel of institutions despite the fact that the use of community placements may be more desirable and also less costly. Undoubtedly, the personnel engaged in these institutions and the relatives of the patients have been powerful factors in effecting more reasonable expenditures. As another example, within the public assistance budget, medical and nursing home care continue to consume an increasingly larger portion of total expenditures while the income maintenance aspect of the public assistance program remains static.

Progress will be achieved in this area to the extent that those who work within the program, and who know the program, communicate with the community in general and help it to understand the problem. Public welfare must become more social action minded. The needy, as a group, do not represent a lobby in legislative halls so an informed citizenry must stimulate governmental action. Studies of local assistance budgets by university specialists could bring the weight of such authority to mobilize public opinion. Citizen boards can be helped to understand the issues through involvement in the public assistance program. This can be made even more effective through direct visiting to assistance families to permit actual contact with case situations. Community council planning groups should be aware of the need for adequate assistance standards, and through study and action influence the development of a reasonable plan. In their activity with communications media, agencies should interpret not only service goals, but income maintenance needs and its meaning for human beings.

Although inadequate financial assistance is one of the most devastating factors in personal and family breakdown, more reasonable standards of assistance are not a panacea for the elimination of dependency. Knowledge, skill, imagination, and courage are required to develop programs aimed at prevention and rehabilitation. Solutions must be found to the problems which perpetuate poverty: Chronic unemployment, poor housing, education, retraining, and health. There must be greater planning and intervention into the cycle of poverty by both governmental and private resources. The public, its representatives, and the news media must come to realize that public welfare does not create need. It heeds need.

George S. Hoshino of the School of Social Work at the University of Pennsylvania in the October 1963 issue of *Social Casework* has said:

"The need for and interest in services should not be allowed to divert attention from what should be the basic purpose of an income maintenance program in a democratic society—to maintain a level of health and well-being under conditions that enhance the individual's dignity and self-respect."

If the potentials of the 1962 service amendments are to be realized, aggressive action to provide the necessities of life to the needy must be a top priority. Services are no substitute for income. It may even be that adequate allowances would eliminate some of the need that exists for services.

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