

Public Assistance: Report of the Advisory Council*

The Commissioner of Social Security, as Chairman of the Advisory Council on Public Assistance, submitted the Council's report on December 31 to the Secretary of Health, Education, and Welfare and to Congress. The Council had been established, under the 1958 amendments to the Social Security Act, to review the status of the public assistance program in relation to old-age, survivors, and disability insurance, the fiscal capacities of the States and the Federal Government, and any other factors affecting the amount and proportion of the Federal and State shares in the program. The Council's recommendations and findings are presented verbatim below. Supplementary statements on various recommendations were made by five members and are given in the full Report. For reasons of space, they are not carried here.

Recommendations and Findings

1. Extension of Coverage of Financially Needy People

The Social Security Act should be amended to add a new provision for Federal grants-in-aid to States for the purpose of encouraging each State to furnish financial assistance and other services to financially needy persons regardless of the cause of need (including for example, the unemployed, the underemployed, and the less seriously disabled).

Excluded specifically from the present public assistance categories are persons in nonmedical public institutions, patients in hospitals for tuberculosis or mental diseases, patients in medical institutions as a result of a diagnosis of tuberculosis or psychosis, and children in foster homes and in public or private institutions. These exclusions have been in the law for some time, and should be reevaluated and studied. In the meanwhile, the new legislation should retain them.

Despite the scope and cost of current public assistance programs, uncounted numbers of financially needy

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families and individuals still can get little or no public assistance help. They may fall between categories of the four federally-aided programs, hence be ineligible for any of them. They may because of limited education or job skills or discrimination not be able to earn enough to live decently and healthfully, yet because they are employed or employable, be debarred from recourse to tax-supported assistance. They may live in a State or locality which cannot or does not provide funds for taking care of them. They may be ineligible for social insurance, or the social insurance benefits they receive are too small to maintain them.

Five different programs meet needs for public assistance today. All have the same broad purposes and are often administered by the same agencies and personnel in the States and localities, but differ in the needy groups they serve and how they are financed. Four, commonly called the special (or categorical) types of public assistance—old-age assistance, aid to dependent children, aid to the blind, and aid to the permanently and totally disabled—are financed from Federal, State and local funds. Although the administration of the special public assistance programs is left to the States, which have considerable latitude under the Social Security Act in determining their nature and scope, Federal grants-in-aid

are conditional on meeting certain requirements, including certain minimum conditions of eligibility.

As a result, since the minimum legal age for receiving old-age assistance is 65, a State, for example, can get no Federal money for helping a desperately needy 64-year-old. Nor is any Federal aid available for a needy 39-year-old woman, no longer eligible for assistance under the aid to dependent children program because her youngest child has passed 18, until she reaches her sixty-fifth birthday and can come under old-age assistance. As another example, although a family breadwinner may be so incapacitated by a physical or mental illness that he has been unable to work for several years, his State can get no Federal money for his care because he does not meet the statutory requirement of being "permanently and totally disabled."

A fifth kind of public assistance program, general assistance, is supposed to cover needy people not covered by the other four programs. No Federal funds are now available for general assistance; only State and/or local funds are used. Understandably, a majority of States place the main emphasis on developing and improving the programs for which Federal funds are available, so by and large general assistance receives less adequate support.

General assistance is in a period—long since passed for the special types of public assistance—of transition from the traditional system of complete local responsibility for both financing and administration of assistance to the needy, to the assumption of some State responsibility. In 18 States, there is no State administrative responsibility for general assistance, and the traditional local poor relief authorities continue to administer the programs and to provide almost all of the financing. In 8 others, the State's supervisory and fiscal responsibility is limited by law to specified situations. In the re-

maining 27, the States assume a State responsibility for general assistance relatively comparable to that exercised for the federally-aided programs.

Obviously, the very States and localities with the most people in need are likely to be those least able to provide financial help. Even where needy individuals and families are not disqualified from local general assistance for one reason or another, and are provided with some tax-supported income, more often than not by any standard it is insufficient. In the majority of States, average payments per recipient of general assistance fall well below even the most generally meager payments in any of the federally-aided programs—aid to dependent children. Strikingly, in December 1958, the average amount per general assistance case (averaging three persons) was \$68.88 per month—about the same as what is paid per person in the federally-aided program for the blind!

In the light of the facts, we believe that a new provision in the Social Security Act for Federal participation in general assistance will give impetus to the States to develop their general assistance programs. Inasmuch as the term "general assistance" has such a variety of definitions in the States, we believe that the new title should be couched in broad terms, to permit inclusion of any person found by the States to be in need, except for those specifically excluded in the public assistance titles of the Social Security Act.

These exclusions have a historical basis. One of the original conditions for a State's receiving Federal aid for its public assistance program was that funds be used to maintain individuals in their own homes rather than in institutions. The objectives of the exclusions were excellent; they brought about an exodus of old people from county almshouses and saved children from going into orphanages. Today, the very wording of the exclusions is dated. But since we do not have the data to act with respect to them, we recommend further study of the current validity of the exclusions.

In recommending Federal grants-in-aid to the States for general as-

sistance, we do not intend that a general assistance program should be considered as a preferred method of dealing with large-scale unemployment if it should again occur. Neither should general assistance be a substitute for unemployment insurance. General assistance would serve the purpose of providing an underpinning for the other social measures by aiding those for whom no other means of support is available.¹

2. Options Available to States

States should have freedom of choice in determining whether public assistance should be administered as a single program or as separate categorical programs. States should have the following options:

a. Establishing, under a new title, a single category for financially needy persons to include all those covered under the existing programs and additional groups of needy persons not now covered, thereby eliminating the separate categories;

b. Continuing the present categorical programs and adding a new category of general assistance under the new legislation;

c. Retaining one or more of the present federally-aided categories (for example, aid to the blind, which, in a few States, is administered by another State agency) and consolidating the remaining groups of needy persons in a single category; or

d. Expanding the existing federally-aided categories to include additional needy persons.

The recommended new title, providing for Federal aid for general assistance, should represent an offer of help from the National Government to the States, which they are free to accept or not.

States are in various stages of development in their public assistance programs and, therefore, we recognize the desirability of offering them as much flexibility and as many choices as possible if they decide, with Federal aid, to give assistance to a broader group of needy people than is now possible.

For States which want to take ad-

vantage of the Federal offer, the same types of assistance would be authorized as under the present federally-aided categories: money payments to the recipients or, where young children are concerned, on their behalf to relatives, and direct payments to suppliers of medical care such as physicians, hospitals and nursing homes.

The options we recommend are designed to allow the States to organize and reorganize their public assistance programs however they see fit. We hope, however, that under such administrative freedom, the States will want to extend assistance to groups of needy people not now eligible under present public assistance programs, and that they will do away with restrictions unrelated to need.²

3. Extension of Aid to Dependent Children Program

Under the existing provisions for aid to dependent children, Federal grants-in-aid are available to the States only for the assistance of children deprived of support or care because of the absence, death or incapacity of one parent. As an ironical result in many States, destitute children living with two able-bodied parents are actually penalized. On the premise that a hungry, ill-clothed child is as hungry and ill-clothed if he lives in an unbroken home as if he were orphaned or illegitimate, the program for aid to dependent children should be expanded to include any financially needy children living with any relative or relatives "in a place of residence maintained by one or more of such relatives as his or their own home."

In a number of areas in the Nation, the aid to dependent children program has been severely criticized as encouraging unstable family life and unmarried parenthood. We cannot embrace this viewpoint.

Births out of wedlock have been increasing in this country, both in absolute numbers and as a proportion of all births, and so have the number of desertions. These increases show up in the public assistance program

¹ Dissents from this recommendation were made by two members.

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as well as in society generally. There is some difference of opinion as to whether the program encourages desertion. There are instances of fathers who are unemployed and desert because they see no other way to get their hungry children fed. We do not share the view that a significant number of women deliberately proceed to have babies just to get the meagre amounts allowed for their support (see findings for Recommendation 7). Rather than the aid to dependent children program's being a major cause of social evils, we regard it as a reflection of their existence, just as public assistance programs as a whole mirror, not cause, poverty that results from inadequate educational programs, poor or unavailable vocational training, insufficient opportunities for minority groups, uncorrected physical disabilities, weaknesses in family life and other gaps and inadequacies of our social and economic institutions.

We are opposed to public assistance provisions that seem to put a premium on broken homes. Our deep concern is for needy children, purely as children. We want to encourage and preserve family life. Eliminating the negative eligibility factors that now qualify a child for assistance—that is, a parent must have deserted or died or be incapacitated—will, we believe, strengthen the program positively by helping families to stay together and indeed, even serve to prevent the disintegration of homes.

This does not mean that we recommend discontinuing aid to dependent children now eligible for it. Our recommendation is to expand the program, so that *all* needy children outside foster homes and institutions, whether they be legitimate or illegitimate, orphaned or half-orphaned, victims of a deserting parent or members of a stable healthy family, qualify under the category.

Not only are we concerned over present eligibility requirements, but also over some States' decisions to exclude children from public assistance on grounds of their parents' behavior. We believe that the primary criterion for financial assistance to a needy child should be his need. Whatever may be the steps necessary to correct the social evils

reflected in the aid to dependent children program, we feel strongly that no more should a needy child be punished for his parents' actions, than he should be deprived of financial aid because his able-bodied mother and father lawfully and lovingly together try to maintain a home for him.³

4. Residence Requirements

The great majority of States have residence requirements that, with much resultant hardship, exclude many financially needy persons from public assistance. Federal grants-in-aid should be available only for those public assistance programs imposing no residence requirement that debars any needy person in the State from help to which he would otherwise be entitled.

When the Social Security Act was enacted in 1935, the States were permitted the option of having residence requirements. If they chose to have them, the law prohibited requiring longer residence than set maximums. Today, in the three adult categories, the States may not require residence for more than five years of the nine preceding application for public assistance. In the aid to dependent children program, they may not require more than one year's residence of the parent or other relative who is the child's caretaker and receives money on his behalf.

For some years there was a trend towards the liberalization of residence requirements in the States. Since 1950, however, very little has been done to relax them. Today only a few States provide that assistance be given without regard to residence. The remainder have varying requirements up to the maximums permitted by the Social Security Act. Many States take no responsibility for the nonresident group.

We think it is time for a change in the matter of State-determined residence requirements for eligibility under the federally-aided public assistance programs. For one thing, Federal financial participation has grown considerably since 1935. For another, beginning with World War

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II, State to State migration has greatly increased.

Free movement of people is encouraged by our economic system, which enables the individual to improve his own situation. Many persons move to seek employment. Others, especially older men and women, move to be near relatives or for reasons of health. The head of a dependent family, or a feeble old person, may find himself stranded far away from home, destitute and resourceless, when something happens that through no fault of his own dashes his hope of employment or changes his living plans. The 1959 Governors' Conference recognized the need for change in the present law by recommending that the residence requirements permitted under the Federal Act be reduced to one year.

Most of us regard residence requirements as an anachronism, and see no reason why a needy person should be precluded from getting essential aid solely because he is caught in the technicalities of residence laws. We find no evidence that people move solely to qualify for public assistance. Although in general we firmly uphold the States' rights to have wide latitude in determining the nature and scope of their public assistance programs, we think that State residence requirements are inconsistent with the high degree of national interest reflected by the extent of Federal participation in the public assistance programs.⁴

5. Adequacy of Assistance

a. In view of the evidence of unmet need, steps should be taken by the Federal, State, and local governments toward assuring that assistance payments are at levels adequate for health and well-being.

b. The Federal Government should exercise greater leadership in assuring that assistance payments are at levels adequate for health and well-being. It should promote greater public understanding as to what constitutes a level of living sufficient to maintain health and well-being, and the relationship of present payments to such level. As specific steps toward

⁴ Partial dissents from this recommendation were made by two members.

these ends, the Federal Government should exercise leadership in (1) developing up-to-date budget guides, for typical families, showing the items of living requirements and their costs necessary to sustain a level of living adequate for health and well-being; (2) making these budgets available for the guidance of States in evaluating their own budgets; (3) requiring periodic State reporting on budgets in use, and on actual individual payments in relation to these budgets; and (4) publishing periodically information on budgets in actual use in individual States and other data significant in indicating adequacy of appropriations and assistance payments in each State.

Not only is there great variation among the States in their concept of what constitutes adequacy in public assistance, but also in the way they meet the standards they themselves have set. The Social Security Act leaves to each State the responsibility for determining need. But less than half the States fully meet need by their own standards for any of the federally-aided categories. The rest do not. They may impose maximums on the monthly amount of assistance any individual or family may get, or by policy meet only a specified proportion of need, or both.

State policies and practices concerning evaluation of recipients' resources sometimes result in some real need not being met. Assumed resources may actually be nonexistent; this is especially true of the assumption that some income will be forthcoming from relatives even though it may fail to materialize. Or resources may be figured on such a pinchpenny basis that initiative may be discouraged.

For a variety of reasons, payments are often very low. Too often poverty is perpetuated, and people's efforts to maintain a constructive life and move toward self-support are thwarted.

In reaching a conclusion as to inadequacies in present payments we considered various available types of evidence: analyses of practices in regard to the determination of need; actual payments by States as related to their own standards of need; the size of the cash payments as related

to the cost of necessities; and the experience of informed individuals. Special estimates were also prepared by the staff to assist us in evaluating the total financial extent of unmet need. Relevant material will be found in Appendix B [of the full Report].

The estimates suggest that the amount of unmet need in the old-age assistance and aid to dependent children programs range from about one-half billion dollars to about one billion dollars. We are impressed by the magnitude and seriousness of the unmet need the estimates indicate. To meet the need would require an increase of almost one-fifth to more than one-third in current old-age assistance—aid to dependent children costs.

The responsibility for providing adequate assistance is shared between Federal and State governments. The Federal Government does not set required standards for determining need, and we are not proposing that it do so. We do believe, however, that the Federal Government should exercise greater leadership in assuring necessary State action to provide adequate assistance.

We have recommended extending coverage to additional groups of needy adults and children (Recommendations 1 and 3). We would not, however, want this to be effected by reducing assistance to the present categorical groups. Already there is too much unmet need among them.

We recommend certain specific steps that the Federal Government should take toward promoting greater public understanding as to what constitutes a level of living sufficient to maintain health and well-being. These are enumerated in our recommendation.

We regret that except for minimum food requirements, there is no comprehensive national standard of living compatible with health and well-being, either in terms of essential items or their quantity, quality and cost. Such a standard is not impracticable for the actual cost of living throughout the United States varies much less than most people think. The observable differences in the way different groups in different areas live are more the product of regional or local attitudes and culture than of

significant price differences for basic items.

More current, scientific budgets like the U. S. Department of Agriculture's for one item, nationally developed and available to the States, would, we believe, have a far-flung effect in raising standards of assistance in States where they are at a low level.

We believe, therefore, that the Federal agency should develop essential budget guides and publish periodic information about the practices of individual States so that the citizens of each State and of the Nation may be in a position to judge the extent to which the assistance programs are meeting their objectives. In this way there will be public understanding and support of additional legislative and appropriative actions that may be required.

Public assistance alone cannot overcome poverty in situations where opportunities to earn are chronically inadequate for large numbers of people. Other types of action are required which will enable families with employable members to be self-supporting. Such action may include the development of additional educational opportunities, promotion of additional job opportunities, economic development programs for both industrial and farm areas, particularly distressed areas, and programs which will assist in improving conditions of migratory workers.

So long as public assistance continues at substandard levels in areas where large groups are living in poverty, this should be made known so the Nation may utilize its full resources to help overcome such conditions.

Pertinent also to the question of adequacy are the variations of eligibility requirements among the States. We disapprove eligibility requirements that are either ultra-liberal or ultra-restrictive.

The absence of more clearly defined eligibility standards is a serious defect in the entire federally-supported welfare program. The wide range among the States in standards of (a) support from legally responsible relatives; (b) property and income exemptions; (c) purposes to which income may be applied; (d)

disposition of insurance benefits including those from old-age, survivors, and disability insurance; and (e) recoveries and assignment of personal property and real estate goes beyond a reasonable latitude.

We recognize the difficulty of achieving greater uniformity of eligibility conditions. We suggest, however, that the Federal agency continue to examine present practices and to evaluate them in terms of their effect upon adequacy and to make this information available to interested groups.⁵

6. Adequacy of Medical Care

a. Since it appears that future public welfare costs may increase largely because of increasing medical care needs and costs, Federal and State governments, in cooperation with nongovernmental agencies, should take a more active role in stimulating more comprehensive medical services of high quality, including preventive services.

b. Steps should be taken by the Federal, State, and local governments toward assuring that health services available to public assistance recipients are comprehensive in nature and of high quality. Improvements in medical care should not be accomplished by reducing money payments to recipients.

c. The Federal Government should exercise greater leadership in stimulating and encouraging States to extend the scope and content and improve the quality of medical care for which assistance payments are made to or on behalf of needy individuals. As specific steps toward this end, we recommend Federal leadership in (1) developing guides to States for evaluating and moving toward improving their programs of medical care; (2) requiring periodic State reports on types and amounts of medical care for which assistance is paid; and (3) publishing periodically comparative State data secured from these reports and other information that will promote greater public understanding about needed medical care.

d. The Federal agency should es-

tablish a broadly constituted Medical Care Advisory Committee to advise it on all aspects of medical care in public assistance.

We are concerned by the wide incidence of medical need in the public assistance group. By its very nature, it includes those most in need of medical care, like the disabled, the aged, and children from disorganized families, yet least able to pay for it.

The original Social Security Act specified that all payments must be made to recipients or their legal guardians only in money. This was to protect needy people's right and freedom to manage their own affairs, like other members of the community. But primarily for practical and administrative reasons, since 1950 financial assistance for medical needs may be paid either to the recipient or to the supplier of medical care, such as physician, hospital or nursing home. Direct payments to suppliers of medical care are often called vendor medical payments.

Differences among States in the amounts and kinds of medical care provided through public assistance programs indicate glaring defects in the way medical needs are being met in some places. Not many States provide assistance for comprehensive medical care. Some pay only for a single item. In a State that pays only for hospitalization, a needy diabetic on public assistance, for example, may not be helped to get insulin. But if, as a result, his diabetes worsens and his leg becomes gangrenous and must be amputated, public assistance will foot the hospital bill.

Another indication of unmet medical need is the small average amount spent per recipient of public assistance for vendor medical payments which, in most States, represent the largest share of assistance expenditures for medical care. During March 1959, among recipients in the categorical programs, nationwide, the average expenditures for the permanently and totally disabled were \$9.75, for old people \$8.15, for the blind \$4.96, and for dependent children \$1.69. Comparable averages for general assistance are not available, though it is known that in some areas

they are only a few cents. To be sure, the known averages are lowered by the inclusion of all those public assistance recipients who do not get any assistance for medical care. But in view of the fact that, nevertheless, they may badly need it in one form or another, and in comparison with what anyone knows from personal experience about the cost of hospitalization, nursing home care, drugs and physicians' services, the sums expended show up as pitifully insufficient. People in metropolitan areas think of medical help as available from many sources and without charge to needy persons. But in most communities outside sizable urban areas, the public assistance agency is the only resource—public or private—to which needy people can turn for help beyond what is available from their families and churches.

The Federal Government should exercise greater leadership in stimulating and encouraging States to extend the scope and content and improve the quality of medical care for which assistance payments are made to or on behalf of needy individuals. This involves many areas of medical care and service. We think that it is especially important to move rapidly toward great improvement in the quality of care in nursing homes.

The guides proposed in our recommendation could be used in evaluating State programs and in helping the States to establish and maintain medical services adequate in amount and kind. To this end, there also ought to be increased medical staffing for the Bureau of Public Assistance.

The increasing costs brought about by new medical discoveries and methods tend to increase the costs of public welfare. But the "comprehensive medical services of high quality, including preventive services" which we recommend, are likely to be a long-run economy. Low income and poor health work in a vicious circle. Malnutrition, untreated physical handicaps, debilitating chronic conditions, and the like, do not make for vigorous self-supporting people. In many cases, families who have lived even well above assistance levels may be forced by prolonged illness and unusually heavy medical expenses to use up their assets, and eventually

⁵ Partial dissents from this recommendation were made by two members.

turn to assistance. Preventive medical care, particularly geriatric, may keep old people independent and ambulant who, without it, are headed toward being bedridden.

7. Equitable Treatment Among Categories

Currently there is an often striking disproportion in payments in the same State among the public assistance programs; for example, old-age assistance payments tend almost everywhere to be relatively more adequate than aid to dependent children payments. States should be encouraged to apply the same assistance standards to all categories of needy persons, and to ensure that similar treatment is accorded to persons in similar circumstances, regardless of the particular form of public assistance. By similar we do not, of course, mean identical. Obviously there are differences in the living requirements of, for example, a 66-year-old public assistance recipient living alone in a large industrial city and a 4-year-old child living with a rural family. But determination of the extent of need and the amount of assistance, including payments for medical care, can and should be realistically related to known facts about these differences, without partiality for one categorical group as compared to another.

All 50 States, the District of Columbia, Puerto Rico, the Virgin Islands and Guam administer programs with Federal aid for old-age assistance, aid to dependent children, and aid to the blind. All but five of the States, among the 54 jurisdictions, have federally-aided programs for the permanently and totally disabled.

We have already pointed out in the findings for Recommendation 1, how general assistance which is not now federally-aided, is the most inadequate of the public assistance programs. But even among the federally-aided categories of public assistance aid to dependent children is downgraded in comparison to the others. The average monthly payments September 1959 were about the same for adults—\$69.18 for the blind, \$64.79 for the aged, and \$63.66 for the dis-

abled. But the national average amount paid per recipient of aid to dependent children, in the same month, was only \$28.58—below half the lowest national average of the adult categories.

Some of these great differences may be caused by the relatively larger incidence of exceptional needs, especially for medical care, among the aged, blind and disabled. The lower Federal maximums — currently \$30 per recipient per month for aid to dependent children against \$65 per recipient per month in the adult categories — have undoubtedly also influenced State programs. Another probable cause of financial partiality for adult recipients of assistance—albeit with some exceptions, is that they have a voice in community affairs; many, indeed, were and may still be highly articulate and influential citizens. Dependent children, on the other hand, not only cannot speak for themselves, but by and large also come from such a low socio-economic group that their relatives rarely speak for them.

We have reason to believe that even regardless of other causes for their plight, dependent children are the stepchildren of public assistance because States set the lowest assistance standards among the categories for their maintenance, medical care or unusual needs. Psychological, emotional and moralistic factors, whether they be overtly expressed or rationalized, generally underlie the discrimination. We are convinced it would lessen substantially with the adoption of our Recommendation 3. But in any case, opposed to inequities among the federally-aided categories, we favor working toward a single State assistance standard of meeting needs for them all.

We gave consideration also to another kind of inequity among categories. Only in the aid to the blind program does Federal law require income to be disregarded in the determination of need and the amount of assistance payment. In the other categories this is not permitted.

From time to time there have been proposals—particularly in the aid to dependent children program — that recipients be allowed to retain a portion of their earnings for their per-

sonal use. The “pro” arguments are that a child would not only be helped to learn to hold a job and to take adult responsibility for managing money but also get satisfaction from his work; that encouraging both children and adults to work is consistent with the objective of self-support and self-care.

The “con” arguments are that disregarding income is contrary to the basic concept that public assistance is a means test program supplemental to the applicant's other resources; that it tends to confuse public assistance with social insurance; that it discriminates against persons without earnings, usually the elderly and the sick, who need the most help; and that it might well delay any substantial improvement in a State's standards of assistance. Where children specifically are concerned, there is danger that virtually forcing them into employment tends to depress wages and working conditions, for children are usually hired because they are cheap and will put up with conditions adults would not accept; that they are likely to be employed when unemployed adults are available; and that bright youngsters, perhaps potential scientists, might become bogged down in blind-alley jobs.

We frankly see no clear-cut answer to the proposals for disregarding income. We make no specific recommendation on the subject. Actual data on the practical value, if any, of exempting a limited amount of earned income in the aid to dependent children program would be desirable. Hence some of us think that for a specified trial period—say five years—the Federal law ought to be amended to give States the option of such an exemption, and that the experience thus acquired should be evaluated by the Bureau of Public Assistance in terms of incentives to self-support, strengthening family life, and the principle of similar treatment of needy people in similar circumstances.

8. Community Participation and Use of Voluntary Agencies

The Federal Government should encourage each State to (a) stimu-

late public interest and increase public knowledge of the role of public welfare programs; (b) establish appropriate advisory committees; (c) utilize services of voluntary agencies, when available and qualified, to serve recipients of public assistance; and (d) involve private as well as public organizations in studying problems of family disintegration and breakdown, and developing coordinated programs for strengthening family life.

A State's fiscal capacity is by no means the only factor in determining its standard of assistance or the extent of unmet need among assistance recipients. Public opinion is a potent force, and State and local attitudes towards the needy, the causes of their need, and what their minimum standard of living ought to be, make for an adequate or inadequate public assistance program.

Citizens of a democracy, in order to be intelligently effective, must be well informed. It is our impression that too many of our citizens either are ignorant of our vast public assistance program or have mistaken ideas about it. The more the community becomes part of the public assistance program the better it will be.

Towards this end we suggest that the community be kept informed on facts, on figures, and on needs in human terms, through the usual channels of written and spoken communication; local newspapers, local radio and television, and speakers at meetings of church groups and civic and social clubs. Voluntary workers used at the public assistance agencies not only can perform many needed services that consume precious staff time but also can become a liaison with the community. Appropriate advisory committees, composed of such representative individuals as physicians, clergymen, educators, and business people can further knit an informed community with a just and merciful public assistance program.

Private as well as public organizations should be, we feel, an integral part of a comprehensive plan for helping the needy. From the beginning of settlement in this country, relatives, friends, neighbors, religious groups and privately organized agencies have voluntarily helped the

needy and otherwise unfortunate.

The number of voluntary agencies in large urban centers increased during the 20th century. However, since they were overwhelmed by the financial demands of the needy during the depression of the 30's, and since the provision of tax-supported financial assistance to the needy by the 1935 Social Security Act, their primary function has not been to give money. It is, rather, to render a wide variety of services.

A few examples are counseling on personal problems and family situations; vocational guidance; foster home care for children or old people; group living facilities for those who cannot live alone; adoption services; day care centers for children of working mothers; and homemaker services that help children or old people remain in their own homes instead of going to institutions.

We are aware that voluntary groups and agencies and public agencies often work together now. The more systematic and consistent this involvement becomes, we believe, the broader and deeper, in human terms, the public assistance program can be. We are impressed with the fact that public assistance programs deal with people whose problem is not poverty alone. They have a complex of problems, aggravated in each instance by poverty.

Public assistance agencies consider it part of their job to help people find a place to live, stay in touch with relatives, keep their children in school, and generally to help them with day-to-day practical problems. Indeed, in any but sizable urban areas they are the only secular agencies giving such services to the needy. But almost everywhere public assistance staff are overburdened with too many cases to work thoroughly with each, and almost nowhere are there public assistance agencies with sufficient staff adequately trained to deal with the really difficult problems that recipients face.

Voluntary agencies also have their limitations of staff and financing. Thus, the job to be done is greater than the resources of both combined. Coordinate planning of both agencies in a community is essential if their limited resources are to be most effec-

tively used. In some instances the needs of people can best be met by referral of the individual to an appropriate agency—voluntary or public.

Authorities agree that many needs are not met by any agency. Both public and voluntary agencies should study the community problems, particularly those related to family disintegration and breakdown, and work closely together in developing programs for strengthening family life. The wholehearted partnership of public and private agencies is the best assurance of a job well done.

9. The Federal Share

Under present conditions, the proportionate Federal share of total public assistance expenditures, including general assistance, for the Nation as a whole, should not be less than is currently provided under the Social Security Amendments of 1958. For the present, the over-all average Federal proportion for all States combined, for all public assistance expenditures, including general assistance, should fall between approximately 50 and 60 percent.

Before the 1946 amendments to the Social Security Act, the Federal Government paid about 40 percent of all public assistance payments, including general assistance. Amendments in 1958 — the seventh increasing the Federal share of public assistance costs — brought Federal funds for January-June 1959 to 52 percent.

Although we are aware of the concern of President Eisenhower and others over the continuous rise of the Federal proportion of public assistance funds over the years, we are recommending that the proportionate Federal share of total public assistance expenditures, including general assistance (see Recommendation 1) be no less than is currently provided.

One of the reasons for our recommendation is the magnitude of the unmet need we discovered (see Recommendation 5) and the realization that where it is concentrated may be the very place where it is least likely to be met by the State or locality. That inadequacies tend to be most

serious in States with low fiscal capacity is obvious. But it is not so obvious that such States are likely to spend a relatively high proportion of their funds for public services in general. If public assistance is the most inadequately financed among these services, it may be because of some unwillingness to spend State-local money upon it. But more often a financially-straitened State if it wants to improve the adequacy of its assistance payments, is faced with the alternative of dangerously weakening its other public services. We believe that the national government should assume that share of assistance costs which, demonstrably, State and local governments and private sources cannot meet.

Throughout the Nation, many States are burdened today by heavy fiscal responsibilities. State expenditures have risen steeply and so have State debts. From 1948-1958, State and local tax collections increased from \$13.3 billion to about \$30.5 billion, and their indebtedness rose from \$19 to \$57 billion. Current political realities do not promise a sufficiently rapid increase in State appropriations to make possible any immediate reduction in the Federal share for public assistance.

Furthermore, we do not find the Federal share of public assistance programs unduly high in relation to the Federal share of other Federal-State programs. For example, the Federal share of vocational rehabilitation averages slightly more than 60 percent for the Nation as a whole.

The facts available to us did not indicate any possibility, under present conditions, of any sizable decreases in the need for public assistance. Hence we have no evidence that might warrant a decrease in Federal responsibility for them. Indeed, most social and economic factors indicate a probable increase in total costs of public assistance; the growing numbers of the aged and of children, rising living costs especially for medical care, family disintegration in our complex urban culture and increasing displacement of workers by automation and other changes in industrial and agricultural methods.

We have considered the concern

expressed in some quarters, that the present degree of Federal responsibility assumed for public assistance, endangers the authority or responsibility of State-local governments. We have found no convincing evidence to support this viewpoint.

Our recommendation that the over-all Federal proportion for all States combined, for all public assistance expenditures, including general assistance, should fall between approximately 50 and 60 percent for the Nation as a whole, is derived from the figures that the Federal percent nationally for all assistance expenditures, including general assistance, for January-June 1959 was 52.0 percent, for the federally-aided programs by themselves, 59.4 percent. This, however, was but a single period. The over-all Federal percent for the Nation as a whole is somewhat variable and is likely to remain so, since it results from and reflects variations among the several programs and among the States from one period to another.^a

10. The Federal Amount

To enable the public assistance program to expand or contract sensitively with changing conditions, the amount of the Federal appropriation should remain "open-end"; that is, the amount should be the total necessary to match State-local expenditures for public assistance under the formula specified for Federal financial participation, with no limiting predetermination of what the total shall be.

Our recommendation that the Federal amount be "open-end" is based on the thinking expressed in the last paragraph under the preceding recommendation, and on our ideas stated in paragraph 4 under Recommendation 2, that Federal financial participation should not hamper the States' flexible use of assistance funds. Any limiting predetermination of amount in a changing economy like ours might seriously damage the effectiveness of public assistance programs.

^a A dissent from this recommendation was made by one member, and two members presented explanatory statements.

11. The State Share

All States should exert fiscal effort for public assistance commensurate with their ability to do so in relation to their State-local resources.

The States should take steps to modify the financial burden on localities for public assistance if the availability and adequacy of assistance is adversely limited by local financing or resources.

"Fiscal effort" is the proportion of total income in a State that is used for public assistance. No satisfactory measure of "equitable" fiscal effort among States now exists. Albeit we appreciate that the development of one would be a long-time, difficult job, we believe that studies should be undertaken towards this end. A measure of equitable fiscal effort among States should take into account income that can reasonably be expected to go into public services, the need for public assistance in the State, and the relationship between public assistance and a desirable balance of maintaining other public services. Such a measure would not only give a realistic basis for assisting and stimulating each State to bear its full and just share of public assistance costs, but would also be useful in fiscal considerations of other governmental functions.

At present a concept of "equal" fiscal effort is generally used. Equal fiscal effort would be achieved if all States drew off into public assistance the same proportion of personal income. Naturally, the amount of revenue or expenditures per capita would vary as per capita income varies among the States.

Current fiscal effort among the States, far from being "equal," does not even correlate with income. As a rule, the States with per capita income at or above the national median devote a smaller proportion of total income to public revenue than the States with income lower than median; because of their greater resources, they are able to provide more adequate services, yet use less of their citizens' personal income.

Although, as we pointed out in paragraph 3 of the findings for Recommendation 9, some of the lowest-

income States make the greatest fiscal effort in their public services, albeit not for public assistance, the fact remains that the most unmet need generally occurs in these States. Clearly, when a considerable portion of a State's population needs financial help, a smaller proportion are taxpayers who can provide that help. For several low-income States, average personal income is actually less than some high-income States' average public assistance payments per recipient.

Despite the fact, then, that many of the lowest-income States not only use inadequate living standards to determine need for public assistance, but also meet less than 100 percent of need by those very standards (see Recommendation 5), a large proportion of their population receive some public assistance. Were standards adequate and needs fully met, a so much larger proportion would be getting financial help that public assistance would be a major rather than a supplementary support to such States' economy.

We recognize that it would not be feasible as a continuing public policy, to provide income adequate for health and well-being through the public assistance program, to the large proportion of needy individuals and families who now, in the lowest-income States, regularly subsist far below the generally accepted American standard of living. Indeed, even if such provision were practicable, considering the social and economic consequences with which it is fraught, we question the wisdom of making it. Other measures, outside and beyond the scope of public assistance programs, are needed to strengthen the general economy of our financially disadvantaged States. We believe that their problems should be studied with a view to steps for reducing their incidence of inadequate income and to bring down needs for public assistance.

This is a large order involving a broad program. But meanwhile, even the lower-income States ought to take more responsibility for general assistance than most States do now. In 16 States, localities now pay all the costs of general assistance. In 4 additional States, localities finance

90 percent or more of it. In the Nation as a whole, in fiscal year 1959 localities bore nearly half of general assistance costs, as against their eight percent financial contribution to federally-aided programs. The Social Security Act, as we have pointed out previously, requires State financial participation in the special types of assistance, to ensure State-wide operation and a greater degree of adequacy and equity than is possible under the method of local responsibility for the poor.

The extent of reliance placed on localities, tax-wise the weakest of any level of government, is, we believe, the chief cause of the present inadequate state of general assistance. Just as we have recommended Federal participation to help the States improve this program (Recommendation 1), we now recommend substantial participation in it by the States. Nowhere should financing general assistance be left, solely or primarily, to those localities that are relatively resourceless and inadequately financed.⁷

12. Equitable Distribution of Federal Funds

The specifications of the Federal formula determining the Federal proportion for individual States should recognize variations among States both in fiscal ability and incidence of need to a greater extent than the present formula does. The formula provisions of the Social Security Act should be amended to provide that Federal percents for individual States will be related to interstate variations in fiscal ability and need for the total of assistance expenditures in which the Federal Government participates, instead of only part of such expenditures as under the present formula. The Federal provisions should specify limits to the range among States in Federal percents; that is, the minimum and maximum percent to be received.

In the findings for the preceding recommendation, we described how some States, although they try as

⁷ A dissent from this recommendation was made by one member.

hard as wealthier States to meet financial need, or harder, are unable to do so. Despite our firm conviction that within broad limits the States should have freedom to define and administer their public assistance programs as they see fit, for this is in line with the value Americans place on experimentation and diversification, we consider inadequacies and inequities in public assistance a matter for national concern. Consequently we think that the Federal government should do more than it does now to equalize the fiscal capacity of the States.

The present formula that determines the Federal share of assistance payments in each State is in terms of average payments per recipient per month. The maximum matchable amount is \$65 in the adult categories, \$30 in the aid to dependent children program.

The formula is in two parts, with the Federal ratio different for each. The first part is constant and applies to all States equally. The Federal Government contributes four-fifths of the first fraction, \$30, of each monthly payment of \$65 or less to adults, and $\frac{14}{17}$ of the first \$17 of each \$30 or less monthly payment in the aid to dependent children program.

The second variable part gives some recognition to differences in per capita income among the States. Before 1958 the matching share of Federal payments up to the specified maximums per recipient was 50 percent for all States. A 1958 amendment provided for an "equalization" formula, whereby the matchable Federal share for the second fraction of assistance payments remains 50 percent for the States above-average in per capita income, but ranges from 50 to 65 percent for the below-average per capita income States.

The amendment, a compromise between equal and equitable treatment of the States, was, we believe, a step in the right direction. It has helped the lowest-income States make somewhat higher assistance payments than would otherwise be possible. Also, the proportionately high Federal share available for the smaller payments tends to have some equalizing effect.

We are not satisfied, however, with the present formula for Federal participation. Since the proportion of Federal participation is so much greater in the lower, constant fraction of payment, than it is in the differential between that and the maximum, too many States fail to go above giving any more than meagre, below-minimal financial help.⁸

13. Federal Maximums

a. Maximum amounts of assistance expenditures in which the Federal Government will participate should continue to be specified, as now, in terms of an average amount of all assistance paid per recipient, including both money payments to recipients and payments to suppliers of medical care.

b. The specified maximums should be high enough so as not to hamper State efforts to provide assistance at levels adequate for health and well-being and to meet rising costs of basic living requirements and medical care. Current Federal maximums should be raised accordingly.

c. Any difference in Federal maximums specified for different groups of needy people (for example, per adult and per child), should be reasonably related to available knowledge about differences among the groups in the cost and content of their living requirements. The current Federal maximums for aid to dependent children do not meet this criterion, and should be raised to an equitable relationship with the other programs.

The 1958 amendments to the Social Security Act specify that Federal financial participation in public assistance be based on an average of State payments to all public assistance recipients, rather than on individual payments as had been the case before. This desirable change permits both greater flexibility in meeting individuals' "unusual" needs and simplifies fiscal procedures for determining State claims to Federal funds.

Federal maximums are merely fiscal devices to limit the Federal share, and from the beginning have never

been intended to indicate any standard of adequacy for assistance payments.

Under the current formula, the fact that Federal participation in meeting unusual need is available (providing that total average payment does not exceed the specified Federal maximum) makes it possible for the States to meet at least some of it. Moreover, with the average-payment maximum the elaborate procedure of relating every payment to the Federal maximum is no longer necessary.

In the findings for Recommendation 5 we have already discussed concepts of assistance levels adequate for health and well-being, and in that for Recommendation 6, medical needs in particular. The current Federal maximums fall below levels needed to achieve better standards of assistance than the States now use. We have pointed out that assistance payments are inadequate in many States. Even so, in September 1959 many States' average payments per recipient equaled or exceeded the Federal maximums; in 34 States for aid to the blind, in 28 for aid to the permanently and totally disabled, in 29 for aid to dependent children, and in 25 for old-age assistance. Any further increases have to come from State-local funds.

We believe that Federal maximums should be high enough not to hamper or discourage States' efforts to provide adequate assistance. They should be raised immediately to meet current costs of basic living requirements and of medical care. In line with Recommendation 7, they should be calculated on an equitable basis among the categories. The current Federal maximums for aid to dependent children do not meet this criterion, and should be raised to an equitable relationship with the other programs. They are in fact, less than half the amount for the adult programs. Available information indicates that a maximum for the children's program that is three-fifths of the amount needed for the others would be more nearly related to differences in need.

We consider arbitrary maximums undesirable, for in our ever-changing economy with its fluctuating prices

and time-and-place employment opportunities, maximums need to be not only adequate but also flexible. However, for two reasons we recognize the practical necessity of setting some fiscal limits and controls on Federal expenditures. One is the lack of a definitive national minimum standard of living discussed in the findings for Recommendation 5. The other is that the appropriation for public assistance is open-end; that is, as long as a State complies with certain Federal statutory conditions it may have as many needy people on its public assistance rolls as conditions require.

14. Single Federal Matching Formula

To promote equitable standards among the different categories, a single formula for Federal financial participation should be used, to apply to all categories of assistance and to all assistance expenditures.

We reiterate the principle of equitable treatment among categories and our belief that similar treatment should be given to all needy people in similar circumstances, regardless of the reason for their need. The same Federal percentage of contribution in all categories, and Federal maximums that vary only to reflect actual differences in need, are ways to implement the principle.

15. Transition Period

In the event that a revised formula would result in reduced Federal funds for any State, a transition period should be provided to permit States to adjust to such changes, either by postponing the effective date of revised legislation or by building into the formula a device for gradual reduction in the Federal share over a period of years.

A substantial Federal increase would be necessary for the Nation as a whole to prevent decreases in any State under an extended public assistance program (see Recommendation 1) and a variable grant formula. Legislation embodying our recommendations might result in some States receiving more Federal money

⁸ A dissent from this recommendation was made by one member.

and others less than at present.

If a State does not elect to provide federally-aided assistance to all financially needy people (see Recommendation 2) it might receive a smaller amount of Federal participation for the current federally-aided categories than it does now. On the other hand, if a State does elect to provide federally-aided assistance to all financially needy people, it could, particularly under adverse economic conditions, receive a larger amount of Federal funds than it does now.

We are convinced that States' potential fiscal problems do not negate the soundness of the principle of Federal sharing for all categories of needy people, on a basis variable in accordance with the States' per capita income.

However, since a sudden substantial reduction of Federal funds summarily is likely to hurt needy people, we recommend that the States be given a reasonable period of years of adjustment, during which, if they wish, to extend their assistance programs and/or arrange through State-local funds to carry costs now federally-covered.

16. Administrative Costs

The Federal share of administrative costs for public assistance should remain at 50 percent for the Nation as a whole, and for each State.

Administrative costs, like assistance payments vary widely among the States. In general they reflect the States' fiscal ability and the scope, level and quantity of services provided.

Combined administrative costs, per case per month in the fiscal year 1958 ranged from \$0.82 to \$11.18 for old-age assistance, \$1.46 to \$24.52 for aid to dependent children, \$1.45 to \$18.27 for aid to the blind and \$1.67 to \$15.60 for aid to the permanently and totally disabled. The size of each public assistance worker's caseload per month, ranging from 500 to just under 100, varied inversely with the amount spent.

In States where administrative costs per case are relatively high, staff have relatively more time to explore financial resources and to help

people develop their personal potentialities for self-support, self-care, and strengthened family life. Individuals and groups, especially those in the public welfare field, have questioned whether the public assistance programs in low-income States having low administrative costs and huge work-loads can be administered efficiently and economically enough to do full financial justice both to the needy and to the community as a whole.

Questions about administrative costs, especially in States at either extreme of spending, have also been raised by Congressional appropriations committees primarily concerned with the rising costs of administration. They have inquired, do the cost differences among States reflect differences in efficiency and economy? Are the highest-cost States perhaps overspending?

A 1954 study resulting from these concerns revealed that since the lion's share of administrative costs is for service, the wide difference in the size of the caseload visitors carry accounts for 72 percent of variation among the States. Three other factors are differences in the rates of other employees to caseworkers, 17 percent; salaries, 10 percent; administrative costs for items other than services, 1 percent. The States whose high administrative costs were particularly questioned came up with such convincing data on the relation between spending money on administration and saving it on assistance payments, that amendments under consideration, to limit Federal sharing in administrative costs below the present 50-50, were not made. Statements of those of the members of the Council with knowledge and experience in the administration of public assistance confirm that the current provisions are working satisfactorily.

17. Training and Personnel

a. In order to improve administration, promote social rehabilitation, and help prevent dependency, States should increase the numbers and raise the qualifications of personnel administering the public assistance programs.

b. To assist States in increasing

the number of their qualified staff, the existing Federal matching provisions for educational leave programs should be amended to provide 100 percent Federal funds for training of public welfare personnel, as is provided in other specialized fields.

c. As an aid to increasing generally the present short supply of social workers, it is recommended that, in addition to grants for other groups, 100 percent Federal funds be made available to accredited graduate schools of social work for the training of persons in such fields as strengthening family life and caring for the needs of the aging.

d. States should take such action as is necessary to assure that the salaries of public welfare personnel are established and maintained at levels required to obtain and retain competent personnel, in order to provide the services required by public welfare recipients.

Most public assistance agencies are understaffed. Some limit services to determining and checking on need. Only a few State public assistance agencies provide directly such special services as homemakers, volunteer aides, or foster homes for the aged. Some persons are accepted and remain on public assistance for want of intensive effort directed towards solving their employment, family housing, emotional or physical health problems.

In demonstration projects, groups of typical assistance recipients whose workers carried small caseloads were compared with equally typical groups whose workers carried large caseloads. Consistently, the activities of the public assistance workers concerned with relatively few individuals and families paid off in terms of reducing assistance payments.

The quantity of visitors, however, is only one element in the staff deficiencies of current public assistance programs. Their quality is another. Although hospitals do not attempt to treat patients without having qualified doctors on their staffs, latest available figures show that public assistance agencies must make out with only 2 percent of qualified social workers among their caseworkers, and about 15 percent in addition with

partial social work training. We deplore the fact that even some of these have their skills and energies drained off in nonprofessional activities, and urge the States to take steps to ensure that all professional staff be productively used for the strictly professional service they alone can give.

Social work is so young among the "helping" professions that many people do not really know that it is a profession nor what it encompasses. A qualified social worker has had at least two years of postgraduate study at an approved school of social work and of supervised experience. He is schooled in why human beings behave as they do and has the skills to help them make the most of themselves. Also, he learns about community organization, and how to use community resources.

The widespread lack of social work training among public assistance workers compels agency supervisory staffs to give more or less satisfactory in-service training. Increasingly, agencies are giving "educational leave" under the 50-50 provision for Federal participation in administrative costs, so that staff members can get real professional training. As against 1954, when only 118 individuals from 19 State welfare agencies went to schools of social work, 40 agencies sent 392 to school in 1958. We heartily approve this trend, and recommend that to accelerate it, there be not 50 percent Federal participation as now, but 100 percent Federal funds for the professional training of public welfare personnel. Similar Federal training grants exist in fields like medicine, vocational rehabilitation, mental health, and the physical sciences. Surely it is equally appropriate and vital to the nation to support a profession that contributes to efficiency and economy of administration, and at the same time furthers the happiness, well-being and independence of individuals.

There is a nationwide shortage of social workers. But there is an even more acute shortage of social workers in public assistance. One reason is that scholarships are available in other fields of social work. We therefore recommend that 100 percent Federal funds be made available to accredited schools of social work for

professional training in fields of social work needed in public assistance agencies as well as voluntary agencies, such as work with the aging and strengthening family life. Another reason for the shortage of both qualified social workers and others in public assistance agencies is that the caseload required and the salaries paid cannot compete with working conditions and pay in other governmental or in voluntary agencies. In 1958, the turnover of public assistance employees, professional and nonprofessional combined, was very heavy. Separations were at the rate of 22 per 100 jobs; the accession rate was 27 per 100 jobs.

18. Strengthening Family Life

a. The Congress should appropriate funds authorized under the Social Security Amendments of 1956 for grants for research and demonstration projects such as those relating to the prevention and reduction of dependency, coordination between private and public agencies, and improvements in social security and related programs, and research leading to strengthening family life.

b. We recommend the establishment of a National Institute which would have the responsibility for studies and demonstration programs leading to strengthening of family life.

Although the people coming to the assistance agencies need more than money, and the agency staffs often lack proper training for their complex responsibilities, large sums of tax revenue are continually spent and intimate details of many people's lives are involved. The cost of carrying on the daily job and the pressures on overloaded staff to deal with applicants and recipients make virtually impossible any research or experimentation in improved ways to prevent or meet need.

We regret that the Congress has never appropriated the money to implement the authority, enacted 1956, for research and demonstration activity, and we recommend that it do so now. Numerous Federal grants are made to States and to voluntary agencies for research and demonstra-

tion projects in the fields of biology, mental health, psychology, education and others. We believe that similar investment in exploration of the problems brought to public assistance agencies would likewise pay dividends both in human and fiscal terms. Research and demonstration related to the causes and prevention of dependency are especially necessary because public assistance functions in an ever-changing setting.

A National Institute dedicated to discovering the best means possible of solving social problems like family break-up and chronic dependency is as appropriate and desirable in a democracy as the existing National Institutes of Health.⁹

19. Strengthening Social Insurance

The Council supports the generally accepted principle underlying the American social security system that the social insurance programs should provide the primary defense against the common risks to economic security. The Council regards the strengthening of the social insurance programs as an important objective of public policy. Because of the close relation between any extension or improvement in social insurance and the extent of need for public assistance, the Council has taken note of the major proposals for changes in the old-age, survivors, and disability insurance program and in the State unemployment insurance programs that have been advanced in recent years. It has not attempted to resolve the issues relating to all of these proposals; it has, however, reached conclusions regarding some that would have an immediate impact on public assistance. As desirable steps, the Council recommends the following:

a. Coverage under the contributory wage-related program of old-age, survivors, and disability insurance should be extended to include as many additional workers as possible not now covered under any public retirement system: in particular, the

⁹ A dissent from part (b) of this recommendation was made by one member.

program should be extended to such additional farm and household workers as it is feasible to cover.

b. *The proper Federal authorities should take all feasible measures to assure that everyone who is covered by law under the old-age, survivors, and disability insurance program does in fact have his covered earnings reported and recorded to his credit, so that he will receive the full amount of benefits to which he is entitled. Additional effort in this respect seems to be particularly necessary for migratory farm workers.*

c. *The provision that disability insurance benefits can be paid under the old-age, survivors, and disability insurance program only to people age 50 and over should be eliminated; benefits should be paid to qualified disabled workers regardless of age.*

d. *Benefit levels under the old-age, survivors, and disability insurance program should be adequate and kept in line with the growth of the economy; to this end, increases in wage and price levels should be appropriately reflected both in benefit amounts and in the maximum amount of earnings taxable and creditable toward benefits.*

e. *The Federal-State unemployment compensation system should be extended to improve its protection of the unemployed.*

f. *Continued attention should be given to strengthening the contributory wage-related social insurance programs with particular view toward reducing need for public assistance.*

We reaffirm the principle that the social insurance programs should be the first line of defense against income loss through any of the commonly shared hazards of life—unemployment, old age, or death or disability of the family wage earner. Through such programs, individuals receive benefits as a matter of right without the necessity of an inquiry into their needs. People know that benefits will be available, in addition to the accumulation of savings and private insurance resulting from their own individual efforts to achieve security.

In accordance with our legislative mandate, our recommendations on

social insurance deal especially with the old-age, survivors, and disability insurance program, as indicated above. We recognize that there are many other possible ways of strengthening the social insurance programs. For example, under the provisions of old-age, survivors, and disability insurance, widows' pensions are now very small, both relatively and absolutely; only three-fourths the amount that would have been payable to the husband or one-half to the couple. We doubt whether these proportions would be justified by differences in living requirements. Another example might be to change present provisions to assure that people in recently covered groups and presently close to retirement age will be able to qualify for benefits without being required to work in covered jobs as long as is now required by law. We did not consider in detail all the other possible modifications in old-age, survivors and disability insurance that might have some impact on public assistance.

All of us agree to the pressing importance of meeting medical care needs, particularly those of older persons. Their inability to pay for medical care is one reason they have to turn to public assistance, and unless there is going to be some organized program of prepayment of medical costs, the burden on public assistance is almost certain to increase. We all agree, too, that while adequate health services should be available through the assistance programs for those who cannot get them any other way, providing these in this way, is not the most desirable method of dealing with the problem.

Some of us strongly support expansion of the old-age, survivors, and disability insurance program so that it includes designated health service benefits, with costs covered by prepayment through increased social security contributions. Others believe that they have not studied the matter enough to be ready to make either this or alternative proposals.

We also gave attention to proposals that all aged persons not eligible for old-age, survivors and disability insurance benefits or for benefits under a public retirement program, be "blanketed-in" under the insurance

program and receive a minimum monthly benefit. We recognize that there are considerable numbers of aged persons who were never eligible for old-age, survivors and disability insurance; the largest group among them consists of widows whose husbands died before coverage was extended to the husband's particular occupation. Minimum benefits for this group would be analogous to the past service credits under some private pension plans.

But we have not recommended blanketing-in. Many among the ineligible group have been able to make independent provision for their old age and are reasonably well-to-do; others can rely on sons or daughters or other relatives. Using public funds to provide them with a small pension does not seem to us to rate high priority among social objectives. Moreover, any blanketing-in plan likely to be feasible would still leave a substantial need for public assistance; most of the persons now on old-age assistance are getting payments considerably higher than those proposed as the minimum pension, and would continue to need supplementary income for maintenance as well as for medical care and social services.

Probably the most serious objection advanced to blanketing-in was that a minimum pension from old-age, survivors and disability insurance funds, for those who have made no direct contribution to old-age, survivors and disability insurance, would be a very real threat to the wage-related, contributory character of the insurance program. The consensus was that the possible advantages of blanketing-in, at the present time, are far outweighed by the importance of preserving and strengthening the basic social insurance program.

20. Periodic Review of Program

The status of the public assistance programs, including their adequacy in promoting health and well-being, the formula for Federal financial participation in public assistance costs, and their relationship to social insurance programs should be reviewed and reevaluated by an Advisory Council at least once every 5
(Continued on page 36)

Table 7.—Amount of vendor payments for medical care for recipients of public assistance, by program and State, November 1959¹

| State | Old-age assistance | Aid to dependent children | Aid to the blind | Aid to the permanently and totally disabled | General assistance |
|----------------------|--------------------|---------------------------|------------------|---|--------------------------|
| Total | \$22,223,086 | \$4,668,301 | \$572,336 | \$3,548,912 | ² \$8,772,000 |
| Alabama | <i>1,295</i> | <i>540</i> | | 80 | 3 |
| Alaska | | | | ⁽³⁾ | ⁴ 24,060 |
| Arkansas | 298,516 | 20,431 | 10,040 | 45,099 | |
| California | 2,422,405 | 948,654 | 128,475 | 149,952 | 72,099 |
| Colorado | 786,344 | 37,372 | 2,562 | 16,010 | 81,187 |
| Connecticut | 259,542 | 150,188 | 9,358 | 89,561 | ⁽⁵⁾ |
| Delaware | | | 1,366 | | |
| District of Columbia | 22,552 | 1,412 | 77 | 12,798 | 656 |
| Florida | 254,435 | 2,556 | 5,720 | 39,461 | |
| Hawaii | 11,253 | 24,608 | 546 | 8,662 | |
| Idaho | <i>31,869</i> | | <i>557</i> | <i>2,800</i> | |
| Illinois | 2,274,166 | 520,295 | 67,543 | 407,842 | ⁴ 794,454 |
| Indiana | 502,378 | 123,883 | 24,137 | ⁽³⁾ | ⁴ 286,504 |
| Iowa | 231,961 | 64,790 | 8,729 | ⁽³⁾ | ⁴ 224,697 |
| Kansas | 331,560 | 79,912 | 4,804 | 58,734 | 57,534 |
| Louisiana | 236,506 | 12,502 | 3,240 | 49,512 | 4,076 |
| Maine | 119,750 | 22,704 | 4,490 | 21,923 | 56,600 |
| Maryland | 50,253 | 82,398 | 1,261 | 17,509 | |
| Massachusetts | 3,348,874 | 205,482 | 5,336 | 558,086 | 155,693 |
| Michigan | 427,652 | 79,386 | 8,147 | 28,333 | 194,935 |
| Minnesota | 1,472,346 | 188,259 | 29,750 | 9,439 | 527,072 |
| Montana | 3,519 | 154 | 1,160 | 180 | ⁴ 208,073 |
| Nebraska | 340,395 | 7,359 | 26,868 | 29,149 | ⁴ 24,420 |
| Nevada | 15,732 | | 1,110 | ⁽³⁾ | ⁴ 87,722 |
| New Hampshire | 85,797 | 16,810 | 3,459 | 13,293 | ⁽⁵⁾ |
| New Jersey | 630,209 | 36,747 | 130 | 129,630 | 154,403 |
| New Mexico | 91,000 | 56,720 | 2,592 | 20,864 | 18,859 |
| New York | 2,476,635 | 1,021,755 | 97,851 | 1,055,453 | 197,050 |
| North Carolina | 107,895 | 58,588 | 9,073 | 63,176 | ⁴ 201,586 |
| North Dakota | 227,103 | 25,361 | 1,081 | 37,999 | ⁴ 21,200 |
| Ohio | 898,189 | | | | ⁴ 1,637,982 |
| Oklahoma | 455,000 | 7,593 | 374 | 53,766 | ⁽⁵⁾ |
| Oregon | 447,026 | 18,540 | 3,163 | 88,647 | 21,276 |
| Pennsylvania | 184,667 | 315,724 | 49,278 | 90,605 | 268,538 |
| Rhode Island | 95,802 | 75,392 | 920 | 40,785 | ⁴ 58,725 |
| South Carolina | 34,251 | 11,953 | 1,518 | 12,766 | 9,514 |
| South Dakota | | | | | ⁴ 109,623 |
| Tennessee | 16,874 | 21,778 | 852 | 1,686 | |
| Utah | 24,181 | | 975 | 11,150 | 1,135 |
| Virgin Islands | 284 | 130 | 5 | 54 | 131 |
| Virginia | 112,947 | | 4,190 | 32,395 | ⁴ 10,744 |
| Washington | 1,364,382 | 169,035 | 18,708 | 206,168 | 97,162 |
| West Virginia | 59,356 | 79,257 | 2,634 | 18,507 | ⁴ 7,812 |
| Wisconsin | 1,443,733 | 173,632 | 29,909 | 123,129 | 187,733 |
| Wyoming | 28,452 | 6,401 | 448 | 4,119 | 30,161 |

¹ For the special types of public assistance figures in italics represent payments made without Federal participation. For State programs not shown, no vendor payments were made during the month or such payments were not reported.
² Includes an estimated amount for States making vendor payments for medical care from general assistance funds and from special medical funds and reporting

these data semiannually but not on a monthly basis.
³ No program for aid to the permanently and totally disabled.
⁴ Includes payments made in behalf of recipients of the special types of public assistance.
⁵ Data not available.

PA ADVISORY COUNCIL

(Continued from page 22)

years. The Social Security Act should be amended to authorize such a Council.

This Advisory Council is the first ever established by the Congress with examination of public assistance as its primary responsibility.

We believe that the total public assistance program should be reevaluated regularly.

In Recommendation 1 and the

statement of findings, we have called attention to the need for reappraisal of the present exclusions for eligibility under the federally-aided categories. The lack of uniformity of eligibility among the States (see findings for Recommendation 5) likewise calls for up-to-date periodic review. These problems are indicative of the kind that can and do arise and require periodic review and study. While these particular studies should not await the establishment of a future Advisory Council, we recom-

mend that the Congress provide for such a body.

Throughout our deliberations we have been keenly aware that it is difficult, if not impossible, to make even reasonably accurate predictions of conditions in our fluid, changing American economy. Any of the measures we propose, like other measures before them, may become dated. We consider that it is as essential for the total public assistance program to be reevaluated regularly, as it is to improve and strengthen it now.