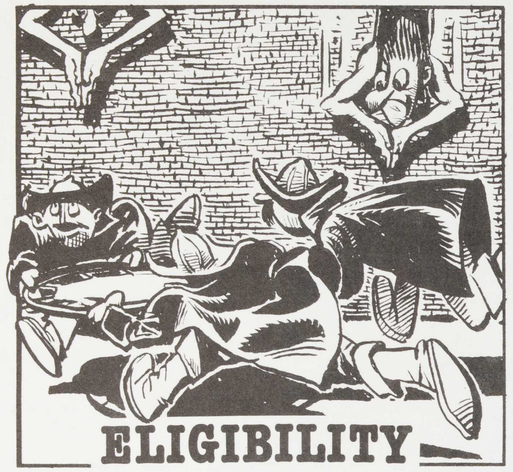


ELIGIBILITY

Although programs may differ by strategy they often share similar shortcomings, the major one being eligibility requirements which exclude certain people and circumstances. In the area of welfare only the poorest of the poor are eligible for the handful of categorical welfare programs available. The 1970 Census showed that only 27.3% of families in Massachusetts earning below poverty incomes received public assistance (excluding social insurance and "in-kind" and support services). Only 9.2% of unrelated individuals earning below poverty incomes received such assistance. More recent estimates show that the situation has somewhat improved even though the bias against helping single persons still remains. Of the estimated 900,000 poor people of Massachusetts (those with incomes below $7,100), 514,000 residents, or 57%, receive public assistance. Excluded from eligibility are poor but "employable" individuals and couples without children.

Other welfare programs in the form of social insurance are likewise limited in coverage. Social Security, in general, benefits only workers who have retired or been disabled and survivors of deceased workers. To be eligible recipients must have paid social security taxes for a specified length of time. Unemployment insurance provides no benefits to either inexperienced and unemployed new labor force entrants or to workers in low paying, seasonal occupations (e.g., farm and domestic work). Of the approximately 213,000 unemployed workers in June, 1976, only 115,000 received Unemployment Compensation.

"In-kind" and support services are equally limited in the number of people they serve. Medicaid is available only to welfare recipients or to the medically indigent. Manpower programs and child care facilities serve only a fraction of those in need of such services.

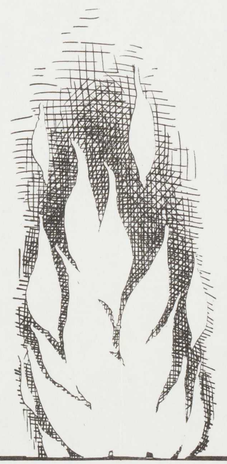
TOO LOW

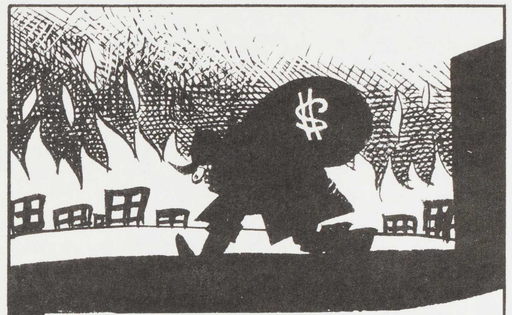
Aside from pointing out the inadequate coverage, the critics of the present system argue that benefits received from existing programs are too low to afford recipients a decent standard of living. For example, it takes $15,000 a year for a family of four to live comfortably; $10,000 a year just to get by; and $5,700 a year to barely survive. Yet the same family on AFDC is forced to survive on an annual allowance of only $3,970. Even if foodstamps and Medicaid are allowed for, the AFDC family would still have a total income far below that necessary to provide an acceptable standard of living. Not only are the benefits low, but they are also often short-lived. Unemployment Compensation, for example, usually provides benefits for only 26 weeks. But because the unemployment rate in Massachusetts is so high an extension of another 26 weeks is allowed for, followed in some cases by another 13 week grace period on federal supplemental benefits.

RED TAPE

In addition to inadequate coverage both in terms of eligibility and benefits there are many other objections that have been raised against the present income support system. Programs such as AFDC and GR are cumbersome to administer effectively and efficiently, it is argued. Complex regulations and administrative red tape result in delays and complications that take weeks to untangle. The problem is exacerbated by the fact that welfare service offices are typically understaffed and are swamped by heavy case loads. Eligibility requirements and their enforcement often demean recipients, critics maintain, and make them feel like "second-class" citizens. Critics further argue that present programs actually discourage recipients from working. Any earnings are deducted from benefits at so high a rate that recipients are no better off than if they had not worked at all. Other programs such as OASDHI and Unemployment Compensation are criticized on the basis that they are financed by regressive payroll taxes. OASDHI is regressive, for example, because it is financed by a flat tax rate of 5.85% on earned income up to $15,300. Earnings above $15,300 are not taxed at all. Finally, all programs, the critics point out, are not uniform across the states, resulting in more confusion and inequities.

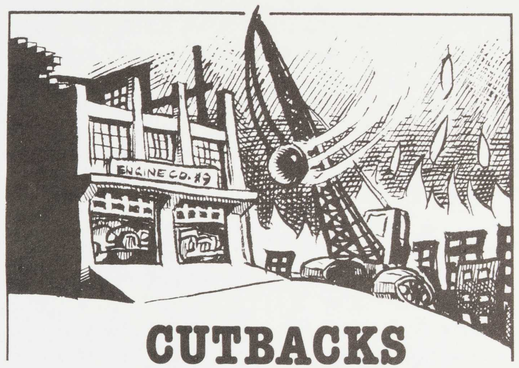
Similar objections are raised against "in-kind" and support services. Job training programs are criticized because they too often train trainees for nonexistent jobs. Employers are suspected by many of taking advantage of government sponsored on-the-job training programs to subsidize their own operations. The Division of Employment Security is faulted with inefficiency and ineffectiveness. In 1974 the Government Auditing Office rated the Massachusetts Division of Employment Security as one of the worst in the country, "in both the proportion of applicants placed in employment and in the proportion of job orders filled." (Massachusetts was rated 42nd and 51st respectively.)





RESPONSIBILITY

The present system doesn't meet up to its promise for several reasons. The first and foremost reason is the fear that a system with wide coverage and decent benefits would undermine people's work incentive. Benefits are therefore kept just high enough to keep workers from starvation and total deprivation but low enough to ensure that they do not compete with low wages paid to workers paid by private industry. A second reason is that the present system is overburdened with responsibilities shifted to it by private industry. Income support programs in effect actually act to subsidize employers at the expense of workers. The availability of public relief programs means that employers can afford to pay lower wages since deficiencies in workers' incomes are expected to be compensated for by government. Another way the income support system pays for the irresponsible actions of private industry is in bearing the costs imposed when an industry modernizes or becomes automated. When a firm decides to modernize its only cost is the cost of new capital equipment. The cost to society, on the other hand, is the cost of unemployment created and the problems that follow. Similarly, when an industry or individual business moves to another state, the Commonwealth is left with the responsibility of caring for the workers left behind. Finally, a third reason why the present income support system is inadequate is because it is so expensive to operate. The Commonwealth of Massachusetts contributes over $1 billion a year to welfare and in-kind support programs. Part of the reason it is so expensive is that many of the services and programs are delivered by private entities which operate for profit. This is most evident in the delivery of medical services. In New York a grand jury recently found that $1 billion dollars in Medicaid funds were being squandered to pay nursing home bills for dead patients, pharmacy claims for nonexistent prescriptions; and for kickbacks among scheming suppliers of drugs, supplies, and services.



CUTBACKS

Very little is being done to resolve the inequities and inadequacies of the present system. Both federal and state governments have failed to relieve the plight of poor people; in fact, the general policy appears to be one of attacking the victims rather than the causes of poverty. Last year at a time when unemployment in the State was well over 13% and inflation over 9% the State Administration cut millions from the budgets of welfare and human service programs. As a result, thousands of Massachusetts residents were denied basic necessities of life. General Relief rolls were cut by a whopping 42% and 100,000 working poor were made ineligible for medical assistance. Benefits to some AFDC recipients were cut. (Only recently have some of these benefits been reinstated.) The full effects of the cuts can best be summed up in the words of a 29-year old Worcester area man; "I have no money to buy clothing, food, or anything — I can't depend on my relatives much longer — I may as well be dead." (Department of Welfare study — "Termination of General Relief Cash and Medical Assistance to Employable Individuals: A Four Month Follow-Up study.") At the federal level the government continues to subsidize private industry through tax breaks and incentives and through grants for research and development of new capital intensive technologies which put many more workers out of work. None of these approaches help the poor or working poor. Where then does the answer lie?