

STATEMENT OF  
SECRETARY OF HEALTH, EDUCATION, AND WELFARE  
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IN EXPLANATION OF THE FAMILY ASSISTANCE ACT OF 1969

The Family Assistance Plan is a revolutionary effort to reform a welfare system in crisis. With this program and the Administration's proposed Food Stamp plan, the Federal Government launches a new strategy--an income strategy--to deal with our most critical domestic problems. For those among the poor who can become self-supporting, this strategy offers an avenue to greater income through expanded work incentives, training, and employment opportunities. For those who cannot work, there is a more adequate level of Federal support.

If the Family Assistance and Food Stamp proposals are enacted, we will have reduced the poverty gap in this country by some 59 percent. In other words, these two programs taken together will cut by almost 60 percent the difference between the total income of all poor Americans and the total amount they would have to earn in order to rise out of poverty. In one particular category of the poor, that of couples over 65 years of age, the Family Assistance Plan will in fact raise recipients' incomes above the poverty line altogether. This income strategy includes an Administration proposal for a 10 percent increase in Social Security benefits, coupled with an automatic cost of living escalator. This is a real war on poverty and not just a skirmish.

I. The Failure of Welfare

On August 8 the President addressed the nation and called the present welfare system a failure. He said:

"Whether measured by the anguish of the poor themselves, or by the drastically mounting burden on the taxpayer, the present welfare system has to be judged a colossal failure. . . .

"What began on a small scale in the depression 30's has become a huge monster in the prosperous 60's. And the tragedy is not only that it is bringing States and cities to the brink of financial disaster, but also that it is failing to meet the elementary human, social and financial needs of the poor."

The failure of the system is most evident in the recent increases in welfare costs and caseloads. In this decade alone, total costs for the four federally-aided welfare programs have more than doubled, to a level now of about \$6 billion.

In the Aid for Families with Dependent Children program (AFDC), costs have more than tripled since 1960 (to about \$4 billion at the present time) and the number of recipients has more than doubled (to some 6.2 million persons). Even more disturbing is the fact that the proportion of persons on AFDC is growing. In the 15 years since 1955, the proportion of children receiving assistance has doubled--from 30 children per 1,000 to about 60 per 1,000 at present.

Prospects for the future show no likelihood for relief from the present upward spiral. By conservative estimates, AFDC costs will double again by Fiscal Year 1975, and caseloads will increase by 50 to 60 percent. Yet, the great irony is that despite these crushing costs, benefits remain below adequate levels in most States.