

Senator GRIFFIN. Mr. Chairman, these witnesses are here from Michigan at my request also. They have a very interesting story to tell.

The CHAIRMAN. I hope they can offer something as constructive as the previous witnesses.

Thank you very much, sir.

STATEMENT OF GEORGE A. WELCH, AREA RESOURCES IMPROVEMENT COUNCIL, BENTON HARBOR, MICH., ACCOMPANIED BY J. HOWARD EDWARDS, EXECUTIVE DIRECTOR, ARIC; ROGER CURRY, EXECUTIVE VICE PRESIDENT, TWIN CITIES AREA CHAMBER OF COMMERCE; AND ANDY TAKACS, DIRECTOR, GOVERNMENT AND URBAN AFFAIRS, WHIRLPOOL CORP.

Mr. WELCH. Mr. Chairman and members of the committee, my name is George Welch. I am representing the Area Resources Improvement Council of Benton Harbor, Mich. This council is a nonprofit corporation comprised of the chief executive officers of 30 leading businesses and industries in the Twin Cities area of Berrien County concerned with community problems and development.

I have three associates with me whom I should like to introduce. The first, on my immediate left, is J. Howard Edwards, executive director of the area resources improvement council. Second, on my right, is Mr. Roger Curry, executive vice president of the Twin Cities Area Chamber of Commerce. His organization has been involved in this development of an industrial park and is currently engaged in several manpower development programs. Third, on my far left, is Andy Takacs, director of government and urban affairs, for the Whirlpool Corp.

Like Mr. Takacs, I am employed by Whirlpool Corp. of Benton Harbor, Mich., as a special assistant in urban affairs. I will be testifying today on the welfare problems in Benton Harbor, with specific comments on H.R. 1, and will call upon my associates for appropriate response to questions.

This testimony is based upon facts and direct experience which have been developed from our involvement in community problems since riots swept through Benton Harbor in late summer 1966. We have taken the means available to us to document our case. My intention by this testimony is to share with the committee the background information. I will depart from the text and just quickly sketch some of the characteristics of Benton Harbor.

It has been indicated by Government officials, with whom we have met, that Benton Harbor represents a true microcosm of the welfare problem in America and our comments today will be focused on that experience in Benton Harbor.

Benton Harbor is a relatively small town with a population of 19,136, down 2,655 since the 1970 census. Typical of other cities, the city now reflects a black majority of 60 percent and some estimate as high as 80 percent, but an increase from 24 percent in 1960.

Thirty-eight percent of the city's population receives some form of public assistance; 33 percent represent the AFDC caseload or one-third of the city's total population. The 38-percent welfare popula-

tion in Benton Harbor is the highest per capita caseload among cities in the United States, to the best of our knowledge, more than twice that of any of the 20 major cities in the Nation.

Benton Harbor is second only to Detroit in our State in rates of crime, illegitimate births, unwed mothers and educational disadvantaged. The recent experiment undertaken by the State of Illinois to upgrade welfare recipients has shown indications of increase in recent welfare arrivals in Berrien County from Chicago. Currently, the unemployment rate in this area of southwestern Michigan is 7.2 percent, with Benton Harbor's estimated at 15 percent. This does not include AFDC heads of household. The housing stock in Benton Harbor is estimated 25 percent major substandard and dilapidated—this, in view of the fact that the city percentage was the same in 1963 when it launched a major slum clearance program. For the past 2 years available vacant housing units compressed to less than one-half of 1 percent or fewer than 12 dwelling units in the city, but the caseload kept rising during the same period by an estimated 10 percent of additional families into the city.

Like many other cities across the Nation, Benton Harbor is virtually bankrupt. It can no longer provide the needed services for an increasing dependent population. With nearly 40 percent of the population receiving public aid and a third of them on AFDC, Michigan has been generous in its concern for people and rightly so, but Benton Harbor is a city destroyed by the welfare system. We believe we can draw some helpful conclusions to be considered in overhauling this system from the experience of our community—some, we believe, could be embodied in the legislation being considered by this committee.

No. 1. The sheer blindness that a city is allowed to be disastrously overburdened with a welfare-dependent, migrating population. In this period of comprehensive planning, a survey of local resources should indicate the reasonable limits that municipalities and counties can service and accommodate for those in need. Lack of adequate housing, jobs, classrooms, and municipal services are certainly reasonable indicators in these matters, but it is obvious that limits must be established if, in fact, cities are to survive.

No. 2. The management of the welfare system is lax and is lacking in flexibility. The paradox of this statement lies in the fact that we are unable to detect any administrative relief by the rulebook in what is admittedly a desperate plight created by the welfare system, and yet the immigrating caseload has increased approximately 10 percent during the past 12 months and by establishing residence in a city which has less than 12 vacant houses available for occupancy.

No. 3. We cannot see how the regulation which permits a stepfather with sufficient income to disclaim any financial responsibility for the children of his spouse, and therefore continues her eligibility under AFDC to receive public funds can possibly serve the public interest. We cannot agree that the regulation which permits recipients of public aid to refuse to accept work when it is available and within their capabilities serves the public interest.

We cannot agree with the income-disregard formula which provides higher income to induce the welfare recipient to take a job for the

same work performed by a willing employee doing the same work, is in the public interest.

No. 4. The disparity in grant allowances between the States is a factor in the promotion of welfare migration, high unemployment, and inadequate housing. Also, climatic extremes characterize our area in the Midwest. We must conclude in the face of these hardships that a migrant population is attracted to Michigan for the economic advantage of its welfare program over the States of origin. With the heavy concentration of the welfare population in Benton Harbor—38 percent—we must recognize the development of a welfare population which has dislodged and displaced the working people of the city.

We recommend (1) that cities and incorporated area with comprehensive plans be limited to a welfare population not to exceed 10 percent of the previous census to avoid overloading demands on resources and municipal services; (2) that a residency requirement be provided to ensure the local capability to maintain sound standards and provide an adequate level of services; (3) that there be provisions for an annual review of regulations by the appropriate committee(s) of Congress to insure their compatibility with the congressional intent of that legislation; (4) nationwide, uniform, minimum standards to improve Federal-State relationships with State option for administration of programs; and (5) we oppose the guaranteed annual income provision as a disincentive to work and an additional burden to working families and taxpayers. We endorse the concept of a job opportunity.

We support the provisions for work registration, comprehensive and coordinated work training programs, a national job bank and a flexible program of public employment to meet the fluctuation of the job market. We have constructed a childcare center with private funds in Benton Harbor in response to public statements of this need as a barrier to accepting work by mothers of AFDC families. We support childcare programs for working mothers and we are on record in this support.

We recommend that provision must be made by which families will pay some portion of the care of their children from their income, no matter how modest that amount might be.

I want to focus for a few moments on the problem of illegitimacy. Much has been said of the relationship between illegitimacy and welfare and I believe we can shed some light on the fact of this problem.

It is my strong belief that if anything should be done to curb the welfare problems of future generations that an incisive cut must be made into the accepted practices of illegitimate births, especially as condoned and supported by public funds, for illegitimate births now pose an exponential rate of increase in the Nation.

Unless these practices are reversed, future generations will suffer the costs, social stigma and other burdens. Without wrestling with this problem and acknowledging that it confronts us with a fundamental problem of the future population of this Nation, we cannot hope to relieve the problems of poverty, solve the problems of inadequate education or reverse the trend of increasing dependency, but the question before us is whether there is a supportable charge in the relationship between dependency and illegitimacy.

In the case of Berrien County, it should be noted that illegitimate births more than tripled from 1960 to 1971—107 to 384. This is based on the census of three major hospitals in the county. Compared with the service hospital from Benton Harbor, illegitimate births range from 36 in 1960 to 229 through 1971, a 500-percent increase. Twenty-five percent of the total deliveries in this hospital in 1970 were illegitimate.

The dramatic immigration of welfare families into Benton Harbor from other counties and States compounds the illegitimacy load. For example, in the past year 118 illegitimate children were born in the city hospital. In addition, some births are recorded in the county hospital which figures are unavailable to us.

As further example, 34 families with illegitimate children joined the city population in the caseload from other places just this past month. We conclude that the AFDC caseload which comprises one-third of the city's population must contribute to the rise in illegitimate births. Confidentiality and sensitivity prohibit a total portrayal of details. Any other conclusion can only placate or rationalize a controversial subject.

What is of equal importance is the fact that all of these children will most likely attend the public schools. We have been told by the county health director that over 50 percent of the illegitimate births in Berrien County result in congenital mental retardation and these children cannot be expected to be functionally equipped to cope with any normal educational program due to deficiencies in the area of human development, and other life problems follow in logical sequence, of which the committee is most certainly familiar. Suffice it to say that public supported and permitted illegitimacy creates the reason for the natural parents to avoid marriage and its related responsibilities, impales the child with a lack of identity and, in one case out of two in Berrien County creates a child consigned to an unequal chance in life through no fault of his own.

These data clearly show that illegitimate births are on the increase among females in the earlier years, as low as 11 years of age. In these instances we must be talking about birth-control programs rather than family planning, which is receiving a great deal of attention and properly so. The greater bulge is in the age bracket 16 to 19, where family planning might be considered, but we believe it should be made mandatory since mothers under 18, at the present time, are automatically eligible to be added to the grant of their parents.

Finally, on this subject, multiple births which are illegitimate are not an uncommon occurrence and as long as the unrestricted grant provision exists, the examples also exist of mothers who will bear illegitimate children for that purpose alone, despite statements to the contrary.

Records show, for example, that many cases of repeated illegitimate births, or gravida, mount as high as 8 children by the same mother, all at public expense. These practices and the consequences to these lives are eroding our institutions, posing special human problems which we are simply unable to meet, and destroying the morale and will of the people throughout the area.

We recommend that the committee give most serious consideration to include in the new standards a limit on the number of illegitimate

children per family, with further requirements that it be mandatory that the mother participate in family planning programs and the father be identified for the purpose of enforced child support.

We appreciate this opportunity to present these views to the committee. Because of the time limitations, we should like to submit additional information to the committee before the record is closed.

The CHAIRMAN. Well, I want to say to you, Mr. Welch, that it is refreshing to hear somebody appear before the committee just as the previous witnesses from Michigan appeared who have some contact with the mainstream of the thinking in the United States and who demonstrate a little commonsense. We have heard some awfully ridiculous proposals made to this committee.

Any further questions, gentlemen?

Senator BENNETT. I was just going to say these last two witnesses are probably more valuable to the committee than a dozen others we have been hearing today and the last few days. They get right down to the problem.

Senator HANSEN. The only question I have, Mr. Chairman, is this:

Let me join with the chairman in congratulating you on how refreshing it is to hear people who have come to grips with some very perplexing and difficult problems and have taken such a realistic position as is obvious by your excellent statements.

With respect to limiting the number of illegitimate births per family, it is your recommendation that that be accomplished by making it mandatory that the mother participate in family planning programs?

Mr. WELCH. Yes; I think in our area, Senator, we have launched planned parenthood programs and family planning clinics; they are beginning to show some productivity to this end and it would help us in our problems greatly if these people would be required to do that.

Senator HANSEN. Your feeling is that in the case of a number of people if they knew more about family planning there would be an automatic curtailment of the number of illegitimate births; is that your response?

Mr. WELCH. It would help. What am I really also getting down to is there must be some limitations placed on the economic incentive as well as the service and supportive programs to further promote illegitimacy. Now, obviously, this is a very sensitive social program.

Senator HANSEN. I agree.

Mr. WELCH. The problems are highly debatable. However, in a community that is so overburdened and all of these youngsters are going to grow up in one situation, go to one public school system, which, incidentally, has only one high school, and has the many life problems that surround the future lives of these youngsters as they grow into adulthood just simply is an overwhelming problem for us to try to cope with, to solve.

We don't think that it is a solvable kind of problem because it takes special kinds of education to treat with the deficiencies subject to the mental retardation.

Additionally, I think it would be important if at all possible, to come to grips with the limitation of the numbers in the family that would be

permitted to be supported by the use of public funds. I do not know what that precise answer is, but it does pose a serious problem in our community where repeated, multiple births to the same mother under the same circumstances by the practices and procedures we have heard all day long in testimony, are going on; there is no question about it.

Senator HANSEN. Thank you, Mr. Chairman.

Senator GRIFFIN. Mr. Chairman, I have heard this story presented several times. The witnesses have abbreviated their presentation in order to stay within the committee's time allocation.

Benton Harbor has, as these witnesses have indicated, the most serious kinds of welfare problems. Yet with enlightened public officials and enlightened support from the private sector the community has worked long and hard to get the facts and information necessary to do something about these problems.

As the chairman has already commented, unlike the large cities, it has been possible in Benton Harbor to get the details on individual and community problems. Through the efforts of public spirited citizens, I believe more information is available on the nature of Benton Harbor's welfare problems than almost any other community in the country. If some of the people in the ivory tower down at HEW really want to find out what the welfare problem is all about, they ought to go to Benton Harbor and spend some time studying the situation because by doing so they could find out what the problem is all about. There was some talk in the last session about some demonstration cities where HEW would permit different approaches to the welfare program. Benton Harbor would have been an ideal place to fund an experimental program. Demonstration grants would allow communities to do some of the things that they know ought to be done but which cannot be done because of the archaic rules and regulations.

I am pleased that some of our community leaders have come before the committee and I hope that some of their recommendations will find their way into legislation.

The CHAIRMAN. Senator, what you have said here prompts me to ask the witnesses about one further matter and to get their reaction to it.

If you were in the room earlier today, you heard this talk about fraud. Now, the best I can make of it, no State has been provided with sufficient investigators and if they had them—HEW regulations would not let them adequately investigate these cases to find out what percent is fraud and what percent is not. For example, it is my understanding that before you can ask the next door neighbor about the situation in a family, HEW regulations require that you get the person's permission which would just be about like saying you can't investigate a thief before you first get permission of the thief to investigate him. They don't do that if somebody is not paying his taxes; you don't have to get his permission to start inquiring into his affairs; they just show up and start asking questions and even hand you a subpoena to produce all your personal records.

Now, what is your reaction to this situation, what percentage of those people that you have on your rolls do you feel, for one reason or another, shouldn't be on there?

Mr. EDWARDS. In talking with State Senator Charlie Zoller, the other day, he indicated from information that he had obtained that he felt approximately over the State 15 percent and he quoted this figure in spite of the fact the head of the State Social Services Department testified there was less than 1 percent.

In our community, Mr. Chairman—

The CHAIRMAN. You understand, I am not talking about people who are breaking the law; I am talking about people who are on the rolls who really, by any common sense standards, shouldn't be on there?

Mr. EDWARDS. I don't have an exact figure on that, but I would suspect from some of the information that we have obtained, I was going to explain to you, Mr. Chairman, in Benton Harbor we supplied additional people to the friends of the court operation in Benton Harbor, and we also have supplied for the county an assistant prosecutor to investigate cases of lack of support from the father in divorce cases as well as in paternal cases. About 25 percent of those illegitimates occur on our rolls turned out that we could get payment from them and last year we collected nearly \$2 million from fathers whose children were on ADC and they were failing to make payments.

My estimate is if you want to say how many I think are on there that shouldn't be on there, I would guess somewhat in the 30 percent category and this is a guess; but the talk that occurred here earlier in the committee that said only 5 percent and 95 percent good, I just can't believe that at all.

The CHAIRMAN. So, in other words, you are telling me that it is your impression in the illegitimacy cases if you really make the effort that you can obtain some support payment in about 25 percent of that caseload?

Mr. EDWARDS. That is correct.

The CHAIRMAN. Those who are illegitimate.

How about those who are described as father absent from home under this chart here¹ where the fellow was simply described as being divorced or legally separated but not deserted? What percent do you think might be able to obtain support or separated without court decree?

Mr. EDWARDS. I can't give you any figures but in our recent meetings we had the friend of the court over and he cited several cases where the father testified it was better for his family if he left the family and deserted them. It was higher than represented here but I am sorry I can't give you the exact figures.

The CHAIRMAN. If in case of illegitimacy you are able to get some money out of the father in 25 percent of the cases, wouldn't it stand to reason in cases where the father was married you would get a higher percentage returning than that?

Mr. EDWARDS. I would certainly think so. Mr. Welch, I might respond from a report I just got from the prosecutor's office in Berrien County before coming down here a couple of days ago and I might just read one sentence, if I may, which may shed more official light on this.

¹ See chart on p. 824.

This is under the support team that is in the prosecutor's office. Their annual report states:

In the area of child support, the team interviewed some 1,170 clients during the year, which interviews resulted in the initiation of 420 family support and paternity actions, and approximately 100 URESA proceedings—"

The CHAIRMAN. Approximately what?

Mr. WELCH. URESA proceedings. It is an exchange across county and State lines into the jurisdiction of other States authorized to go after the father who has crossed those lines for official actions.

The CHAIRMAN. That is the uniform reciprocal support we are talking about now.

Can you tell me in what percentage of those cases he succeeded in getting support for those—from those fathers?

Mr. WELCH. I would have to take a moment and sketch through here. I am not familiar with the report.

The CHAIRMAN. He wouldn't have filed the action if he didn't think he would get some money?

Mr. WELCH. Perhaps I should read on:

In addition, several hundred referrals were made to the Friend of the Court in cases where it was felt more appropriate action could be undertaken by that department. As a result of these actions, money judgments have been obtained in weekly amounts as follows: Family support actions, \$5,450.00; paternity, \$1,340.50; and actions under the emancipation of minors act, \$512.00. Thus, as of the end of the year, judgments are now on the books of Berrien County as a result of actions of the support team in the amount of \$7,302.50. On a 100 percent collection basis, these judgments would produce approximately \$380,000 per year of revenue to offset the current amounts being paid for ADC and other forms of support.

The CHAIRMAN. Would you make that record available so it could be printed with the record of your testimony?

Mr. WELCH. Yes, sir.

(The report follows:)

COUNTY OF BERRIEN, OFFICE OF THE PROSECUTING ATTORNEY,
St. Joseph, Mich., January 21, 1972.

SUPPLEMENTARY REPORT TO PROSECUTING ATTORNEY'S REPORT FOR 1971 OPERATIONS
OF WELFARE SUPPORT AND FRAUD UNIT

We are happy to present this report of the activities of the Prosecutor's Special Welfare Support and Fraud team for its first year of operations. It can hardly be disputed that the operations of the support and fraud team for the year 1971 have resulted in unprecedented success in both of these previously neglected areas.

SUPPORT

In the area of child support, the team interviewed some 1,170 clients during the year, which interviews resulted in the initiation of 420 family support and paternity actions, and approximately 100 URESA proceedings. In addition, several hundred referrals were made to the Friend of the Court in cases where it was felt more appropriate action could be undertaken by that department. As a result of these actions money judgments have been obtained in weekly amounts as follows: Family support actions \$5,450.00; paternity, \$1,340.50; and actions under the emancipation of minors act, \$512.00. Thus, as of the end of the year, judgments are now on the books of Berrien County as a result of actions of the support team in the amount of \$7,302.50. On a 100% collection basis these judgments would produce approximately \$380,000.00 per year of revenue to offset the current amounts being paid for ADC and other forms of support in Berrien County.

While it is unrealistic to anticipate that 100% of these judgments will be collected, we believe the first year's operations demonstrates that great progress is being made towards that goal. During 1971, while only a part of these judgments were in force, the actual collections of support rebated to the Department of Social Services increased by 99% over 1970 to 369,355. In 1970 the total child support collections were \$185,556,000 on an ADC caseload of 2,748. In 1971 the case load increased by 15% to 3,160. Assuming that this caseload would have resulted in 15% more collections under normal circumstances, we can project that collections during 1971 without the support unit would have amounted to approximately \$213,000.00. Therefore it is apparent that additional collections directly due to the efforts of the support unit approximately \$156,355.00. In addition, to the support collection, as will be further noted herein-after, collections were made in restitution of amounts fraudulently received in the amount of \$4,642.00. Therefore the total aggregate of the funds received directly through the efforts of the support and fraud team during 1971 was approximately \$161,000.00. It should be noted that the actual expenditures in the program during 1971 were \$28,290.00. Therefore, for every dollar spent on the program this year the net return was \$5.69. We feel this by itself indicates that the program is working well and that the future is bright for this type of approach to the welfare program.

FRAUD

The second aspect of the Support and Fraud Team as it was originally designed is investigation and prosecution of welfare fraud cases. During the year 1971 the team has spent a substantial amount of time reviewing fraud complaints which were forwarded after initial investigation by the Department of Social Services staff. Of some 400 cases reviewed by the Department of Social Services for possibly welfare fraud, 114 were actually referred to the team. After additional review by the Prosecuting Attorney's staff 61 of these cases were referred back to the department with the recommendation that restitution be sought. Thus far, these cases have produced \$4,642.35 in restitution and additional amounts will be forthcoming. Of the balance of the cases 53 warrants for various types of welfare fraud were issued by the office of the Prosecutor. As of this writing, 24 of these cases have gone to Court with only 2 acquittals. Of the balance of the cases, 13 warrants remain outstanding by virtue of the inability to serve the Defendant, 6 are awaiting trial, 10 have been disposed of through agreements on restitution or otherwise. While the overwhelming majority of welfare recipients are honest and have never been involved in any fraudulent activity, there still remains a significant number of people who attempt to take advantage of the system. It is our hope that these levels can be kept at an absolute minimum and to this end we feel that the efforts of the welfare support and fraud units have been extremely successful thus far.

FUTURE OF THE PROGRAM

In 1972 the unit will be increased in size with the addition of one half-time Assistant Prosecuting Attorney. This, coupled with the centralization of all activities of the team in the offices of the Department of Social Services and others will allow greatly for the expansion of services of the team next year. Among these additional services will be efforts to investigate and prosecute child neglect in welfare families, assistance to the Department of Social Services and Health Department in housing problems and general legal consultation within the Department of Social Services itself.

The undersigned wishes to commend Wesley Bowerman, Director of the Berrien County Department of Social Services, and his fine staff, together with the members of the Welfare Support and Fraud Team headed by Mr. Ronald R. Moses during 1971 for their excellent cooperation which has brought about the results indicated in this report. Only with such cooperation and diligent effort can the program continue to grow and we have high hopes that the year 1972 will produce even greater results from this undertaking.

Respectfully submitted,

RONALD J. TAYLOR,
Prosecuting Attorney.

The CHAIRMAN. Fine. So that would indicate that that county, those 1,170 cases, would you mind repeating that? What does that refer to?

Mr. WELCH. The interviews of 1,170 clients that would be in the support area.

Senator BENNETT. They are the mothers or the fathers?

Mr. WELCH. This would be—these would be the fathers, quite active in chasing the fathers for the purpose of obtaining the support.

Senator BENNETT. Yes.

The CHAIRMAN. Right.

Well, that is what I think ought to be done. I take it from the fact that you are doing that, you agree that before you put the family on the rolls to pay out the taxpayers' money for a lifetime, to raise somebody from age first day up to age 18, the first thing you ought to do is to see if you can find who the father is and if he won't agree to pay the support of his child, you ought to sue him and have him declared to be the father and ordered to pay.

Now, are you aware of the fact today that it is just a standard operating procedure to just put the people on the welfare rolls and let the poor people, the taxpayer, pay for a lifetime of that?

Mr. WELCH. Senator, one of the great shortcomings which has caused us to become so involved in these problems is the total lack of any effective enforcement program so that these investigations and pursuits can be made so that the laws are carried out. It is our view if the law is on the books the people ought to be covered by those laws.

The CHAIRMAN. Now, you are making reference to a total lack of any enforcement program?

Mr. WELCH. I am saying that as a general statement, and certainly I could stand to be challenged on any specific area, that somebody had better acknowledge but if general—

The CHAIRMAN. By whom now? Who has a total lack of enforcement program?

Mr. WELCH. Well, we feel that the enforceability of the laws for which the welfare program exists simply is caught up in those things, in the regulations that presently apply, defy any reasonable and practicable solution. Now, we are faced with the previous testimony that indicated, and the language that I operate by, as well as we've been told, and it goes like this: There can be no requirement made of any person as a condition for his public assistance. You cannot require anybody to do anything under that stipulation.

Now, if you can't require people to do anything, they can, in effect, do lots of things, some of them that may even be against the public interest in any given community, and the procedures that are so lengthy to make any progress, where HEW funds, for example, cannot be used for investigative purposes. Investigation after the fact is subject to local costs if it is to be done at all and, therefore, with the great burden of costs on taxes and budgets around areas of government, as a practical matter, those investigations just are never made; so there is no way of catching up with them.

The CHAIRMAN. Well, now, as a practical matter, the existing welfare program, and the administration so testifies, is subsidizing illegitimacy; it is subsidizing family breakup; it is subsidizing desertion; it is subsidizing all forms of corruption.

Senator BENNETT. Including perjury.

The CHAIRMAN. Including perjury; it certainly is subsidizing lying. It is probably the greatest cash program to subsidize lying that the mind of man ever invented.

Now, HEW admits all that because that is the program they are presently administering. They helped to make it that way but now they want to spend twice as much money on the same thing so they call it reform.

So far as I am concerned, I am willing to vote any amount of money to pay people to work or provide them with that opportunity. I voted for bills the President vetoed along that line and I am willing to work out however we can to provide people with an opportunity to work.

But isn't this correct: To be fair about it though, if we just put this whole burden on the Federal Government to pay all of this, and double the benefits, that it will wind up costing the taxpayers a fabulous amount of money up until we just have a taxpayer revolt and vote out of office all the people who voted to make it that way?

Mr. EDWARDS. Mr. Chairman, the present task looks rather mild compared with the higher payments.

There is another problem that is serious; it is especially serious in our community. The Federal Government is subsidizing the maintenance and continuation of the use of substandard housing throughout the entire country. Any house in any condition without plumbing, as you mentioned, Mr. Chairman, earlier, gets the maximum living allowance and we have the same situation where landlords are papering over the cracks and painting over the rotten wood and it would appear to me to be a great consideration for this committee as well as for Congress itself that we are subsidizing substandard housing and thereby perpetuating the system we are trying to allow these people to escape from.

The CHAIRMAN. In other words, if you don't want people to be living in substandard housing you shouldn't be paying a rental allowance that—based on the theory that would pay for decent housing, I mean, if they are in fact in substandard housing.

Mr. EDWARDS. I would hope you would add to the bill that any rental payment or payments for living quarters would require that from the local zoning board they had certification that it met the standards of zoning for the community.

Senator BENNETT. Unfortunately, that is in the jurisdiction of another committee. I serve on the other committee and I am happy to take notice of what you say.

The CHAIRMAN. Well, thank you very much, gentlemen.

(Mr. Welch's prepared statement follows. Hearing continues on p. 1344.)

STATEMENT FOR THE AREA RESOURCES IMPROVEMENT COUNCIL, PRESENTED BY
GEORGE A. WELCH

My name is George Welch. I am representing the Area Resources Improvement Council of Benton Harbor, Michigan. This Council is a non-profit corporation comprised of the chief executive officers of thirty leading businesses and industries in the Twin Cities area of Berrien County concerned with community problems and development. I have three associates with me whom I should like to introduce. The first is J. Howard Edwards, Executive Director of the Area Resources Improvement Council. Second, Roger Curry, Executive Vice-President of the Twin Cities Area Chamber of Commerce. His organization has been involved in the development of an industrial park and is currently engaged in

several manpower development programs. Third, is Andy Takacs, Director of Government and Urban Affairs for Whirlpool Corporation. Like Mr. Takacs, I am employed by Whirlpool Corporation of Benton Harbor, Michigan as a special assistant in urban affairs. I will be testifying today on the welfare problems in Benton Harbor, Michigan with specific comments on H.R. 1, and will call upon my associates for appropriate response to questions.

This testimony is based upon facts and direct experience which have been developed from our involvement in community problems since riots swept through Benton Harbor in late summer, 1966. We have taken the means available to us to document our case. My intention by this testimony is to share with the Committee those facts and experiences which have been developed, and to make pointed comment on the proposed legislation contained in H.R. 1.

CHARACTERISTICS OF BENTON HARBOR, MICH.

Several statements can be made which characterize the City of Benton Harbor which are extremely serious for the well-being of the future of this city. Trends of deterioration have been in motion for the past decade, and within recent years have accelerated in their rates of increase. The following statements can be supported in fact, and I will not attempt to interpret their meaning in this discussion. The 1960 Census of Benton Harbor was 19,136; the 1970 Census was 16,481. During the period when the city's population declined by 2,655 by census, the racial composition of the city reversed and now reflects a black majority of 60%. The City of Benton Harbor has 38% of its population receiving some form of public assistance. In May, 1971, a study by the Michigan Department of Social Services showed 5,041 persons in Benton Harbor as AFDC recipients. Sixty-six percent (66%) of the Berrien County AFDC caseload resides in the Benton Harbor School District. The 38% welfare population is the highest welfare load per capita among cities in the United States, being more than twice that of any of the twenty major cities in the nation. Benton Harbor is second only to Detroit in our State in rates of crime, illegitimate births, unwed mothers and educational disadvantaged. The recent experiment undertaken by the State of Illinois to up-grade welfare recipients has shown indications of increase in recent welfare arrivals in Berrien County from Chicago. Currently, the unemployment rate in this area of Southwestern Michigan is 7.2%, with Benton Harbor's estimated at 15%; this does not include AFDC heads-of-household. The housing stock in Benton Harbor is estimated 25% major substandard and dilapidated; this, in view of the fact that the city percentage was the same in 1963 when it launched a major slum clearance program. Like the major population centers across the nation, Benton Harbor is virtually bankrupt. It can no longer provide the needed services for an increasing dependent population; families and businesses are leaving the city. Having undertaken many programs within its ability, including Model Cities, the city has exhausted its financial capability to participate in other programs of relief, assistance and redevelopment.

There is *absolutely* no question that the American welfare system needs to be overhauled. Benton Harbor is stark evidence of how far out of control the system has become. There is no longer speculation on the shortcomings and ills of the welfare syndrome—we are living with it day-by-day. What others project for states and cities concerning the scheduled increases of caseload under the current proposals of H.R. 1, our city has been a living example of these increases with nearly 40% of the population receiving public aid, and 33% of this total being AFDC families. Admittedly, Michigan has been generous in its concern for people, and rightly so, but Benton Harbor is a city destroyed by the welfare system. We believe we can draw some helpful conclusions to be considered in overhauling this system from the experience of our community; some, we believe, could be embodied in the legislation presently under consideration by this Committee.

1. The sheer blindness that a city is allowed to be disastrously over-burdened with a welfare-dependent, migrating population. In this period of comprehensive planning, a survey of local-resources should indicate the reasonable limits that municipalities and counties can service and accommodate for those in need. Lack of adequate housing, jobs, classrooms, and municipal services are certainly reasonable indicators in these matters, but it is obvious that limits must be established if, in fact, cities are to survive.

2. The management of the welfare system is lax and is lacking in flexibility. The paradox of this statement lies in the fact that we are unable to detect any

administrative relief by the rule book in what is admittedly a desperate plight created by the welfare system, and yet the in-migrating caseload has increased approximately 10% during the past 12 months and by establishing residence in a City which has less than 12 vacant houses available for occupancy.

3. We cannot see how the regulation which permits a stepfather with sufficient income to disclaim any financial responsibility for the children of his spouse, and therefore continues her eligibility under AFDC to receive public funds, serves the public interest. We cannot agree that the regulation which permits recipients of public aid to refuse to accept work when it is available and within their capabilities, serves the public interest. We cannot agree with the income disregard formula which provides higher income to induce the welfare recipient to take a job for the same work performed by a willing employee doing the same work, is in the public interest.

4. The disparity in grant allowances between the States is a factor in the promotion of welfare migration, high unemployment and inadequate housing. Also, climatic extremes characterize our area in the mid-west. We must conclude in the face of these hardships that a migrant population is attracted to Michigan for the economic advantage of its welfare program over the States of origin. With the heavy concentration of the welfare population in Benton Harbor, (38%), we must recognize the development of a welfare population which has dislodged and displaced the working people of the City.

RECOMMENDATIONS

1. We recommend that cities and incorporated areas with comprehensive plans be limited to a welfare population not to exceed ten percent (10%) of the previous census to avoid overloading demands on resources and municipal services.

2. We recommend that a residency requirement be provided to ensure the local capability to maintain sound standards and provide an adequate level of services.

3. We recommend that there be provisions for an annual review of regulations by the appropriate Committee(s) of Congress to ensure their compatibility with the Congressional intent of legislation.

4. We recommend nation-wide uniform minimum standards to improve Federal-State relationships, with State option for administration of programs.

5. We oppose the guaranteed annual income provision as a disincentive to work and an additional burden to working families and taxpayers. We endorse the concept of a job opportunity.

We support the provisions for work registration, comprehensive and coordinated work training programs, a national job bank and a flexible program of public employment to meet the fluctuations of the job market. We have constructed a child care center with private funds in Benton Harbor in response to public statements of this need as a barrier to accepting work by mothers of AFDC families. We support child care programs for working mothers and we are on record in this support.

1. We recommend that provision must be made by which families will pay some portion of the care of their children from their income, no matter how modest that amount might be.

I want to focus for a few moments on the problem of illegitimacy. Much has been said of the relationship between illegitimacy and welfare and I believe we can shed some light on the facts of this problem. It is my strong belief that if anything should be done to curb the welfare problems of future generations that an incisive cut must be made into the accepted practices of illegitimate births, especially as condoned and supported by public funds, for illegitimate births now pose an exponential rate of increase in the nation. Unless these practices are reversed, future generations will suffer the costs, social stigma and other burdens. Without wrestling with this problem and acknowledging that it confronts us with a fundamental problem of the future population of this nation, we cannot hope to relieve the problems of poverty, solve the problems of inadequate education or reverse the trend of increasing dependency, but the question before us is whether there is a supportable charge in the relationship between dependency and illegitimacy.

In the case of Barrien County, it should be noted that illegitimate births more than tripled from 1960-1971; 107-384. This is based on the census of three major hospitals in the County. Compared with the service hospital from Benton Harbor,

illegitimate births range from 36 in 1960 to 229 through 1971. Twenty-five percent (25%) of the total deliveries in this hospital in 1970 were illegitimate. The dramatic in-migration of welfare families into Benton Harbor from other Counties and States compounds the illegitimacy load. For example: in the past year, 118 illegitimate children were born in the city hospital. In addition, some births are recorded in the County Hospital which figures are unavailable to us. As further example, 34 families with illegitimate children joined the city population in the caseload from other places in the past month. We conclude that the AFDC caseload which comprises 1/4 of the city population, must contribute to the rise in illegitimate births. Confidentiality and sensitivity prohibit a total portrayal of details. Any other conclusion can only placate or rationalize a controversial subject.

What is of equal importance is the fact that all of these children will most likely attend the public schools. We have been told by the County Health Director that over 50% of the illegitimate births in Berrien County result in congenital mental retardation and these children cannot be expected to be functionally equipped to cope with any normal educational program due to deficiencies in the area of human development, and other life problems follow in logical sequence, of which the Committee is most certainly familiar. Suffice it to say that public supported and permitted illegitimacy creates the reason for the natural parents to avoid marriage and its related responsibilities, impales the child with a lack of identity and, in one case out of two in Berrien County, creates a child consigned to an unequal chance in life through no fault of his own.

These data clearly show that illegitimate births are on the increase among females in the earlier years, as low as 11 years of age. In these instances, we must be talking about birth control programs rather than family planning, which is receiving a great deal of attention, and properly so. The greater bulge is in the age bracket, 16-19, where family planning might be considered, but we believe it should be made mandatory since mothers under 18, at the present time, are automatically eligible to be added to the grant of their parents.

Finally, on this subject, multiple births which are illegitimate are not an uncommon occurrence and as long as the unrestricted grant provision exists, the examples also exist of mothers who will bear illegitimate children for that purpose alone, despite statements to the contrary. Records show, for example, that many cases of repeated illegitimate births or gravida, mount as high as 8 children by the same mother, all at public expense. These practices and the consequences to these lives are eroding our institutions, posing special human problems which we are simply unable to meet, and destroying the morale and will of the people throughout the area.

1. We recommend that the Committee give most serious consideration to include in the new standards, a limit on the number of illegitimate children per family, with further requirements that it be mandatory that the mother participate in family planning programs and the father be identified for the purposes of enforced child support.

We appreciate this opportunity to present these views to the Committee. Because of time limitations, we should like to submit additional information to the Committee before the record is closed.

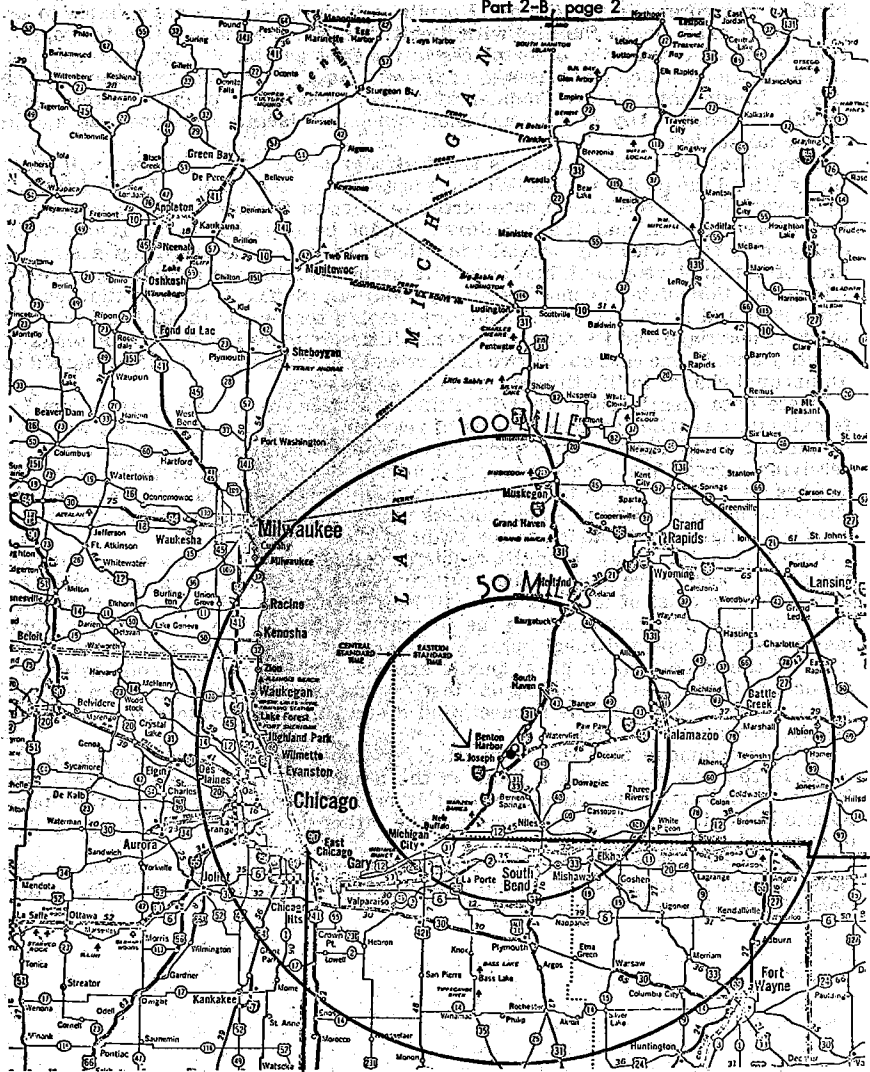
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EXHIBITS

BENTON HARBOR PROFILE
 (Land Area : 2,640 acres ; Population : 16,481)

Benton Harbor-Benton Twp., Mich.
 Part 2-B, page 2



GEOGRAPHIC LOCATION
 BENTON HARBOR, MICHIGAN

-A-

PLATE 1

MAJOR EFFORTS

1. Community Renewal Plans.
2. Modern Housing Codes.
3. Major Urban Renewal Projects, 121 acres.
4. Model Cities Program, 370 acres.
5. Code Enforcement Program, 60 acres.
6. Modern Airport Facilities.
7. New Public Library.
8. Major Non-Citrus Fruit Market.
9. Trained Police Force.

MAJOR PROBLEMS

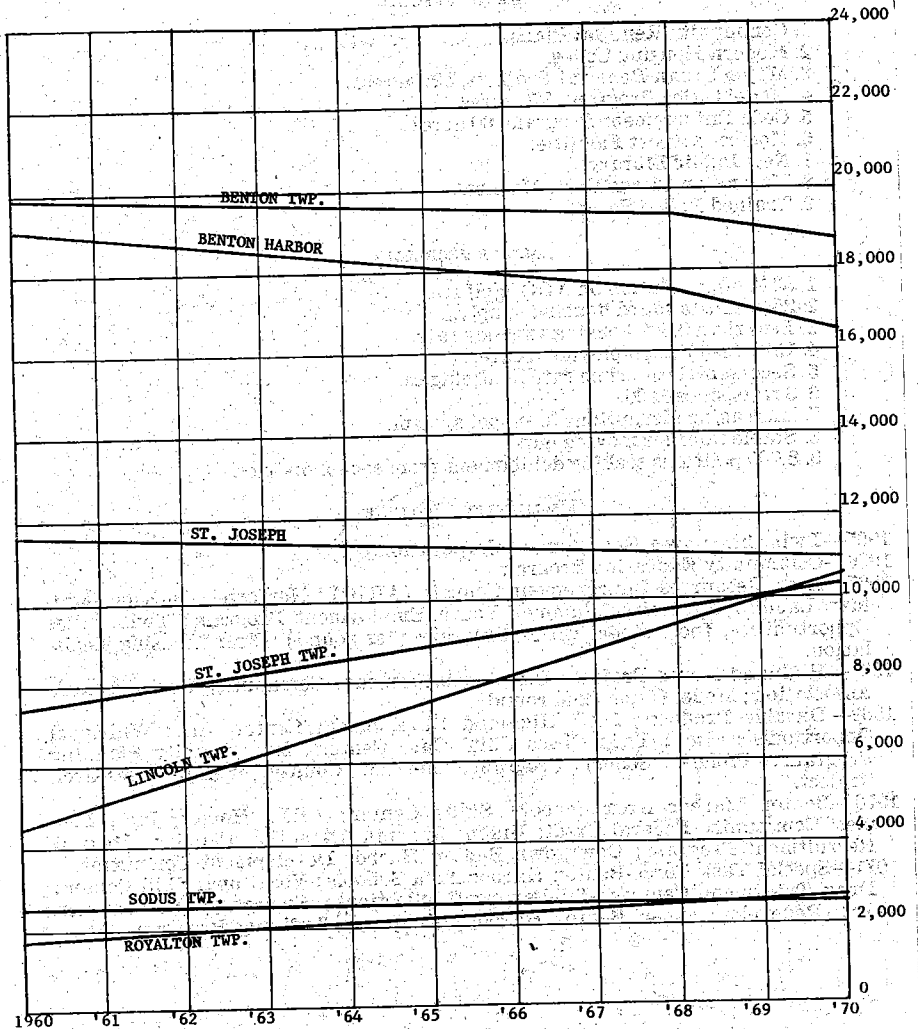
1. 33% of population on ADC Welfare.
2. 25% substandard housing supply.
3. Less than 0.5% housing vacancy rate.
4. 15% (est.) unemployment rate.
5. Second highest crime rate in Michigan.
6. 3 riots since 1966.
7. Increasing disruptions in school system.
8. Stable families moving out.
9. 3,000 petitions seeking detachment from school district.

COMMUNITY PROJECTS

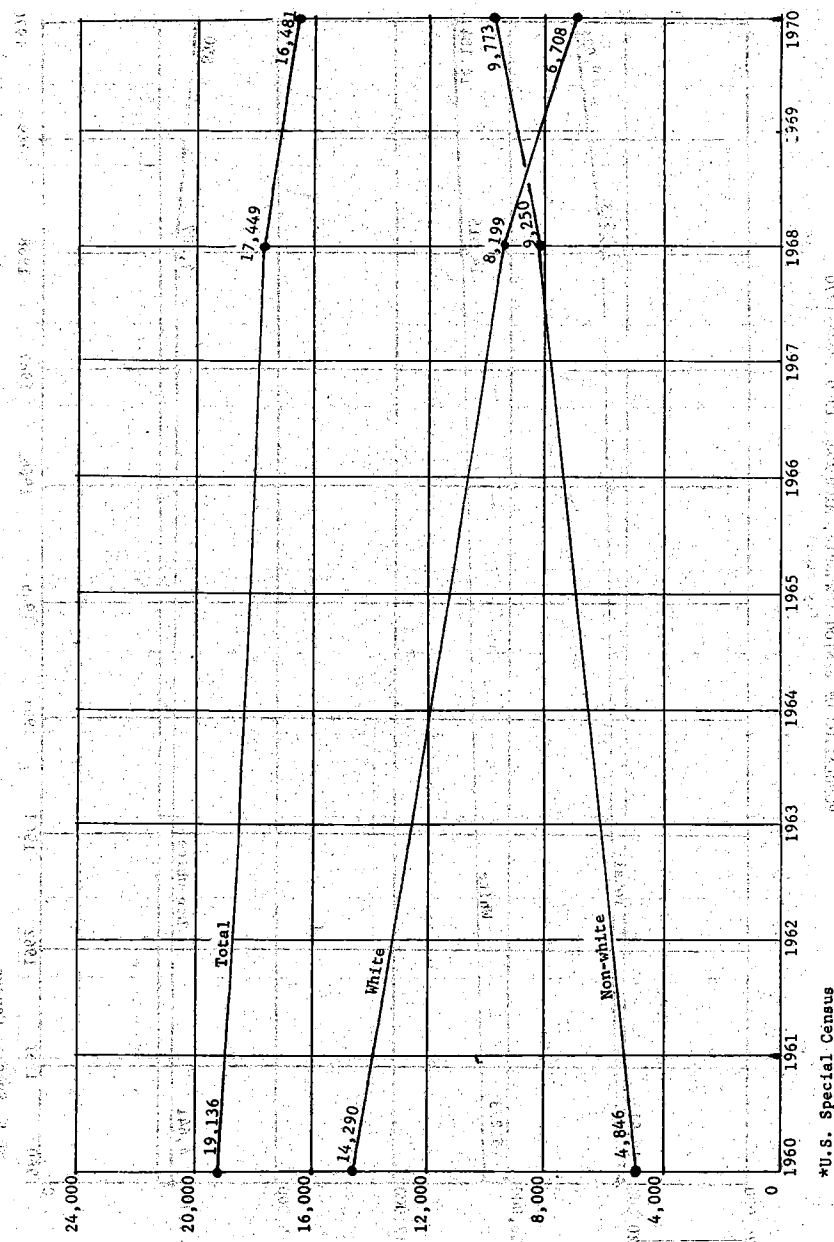
- 1965—Twin Cities Area Development Corporation.
- 1966—Community Education Program.
- 1967—Area Resources Improvement Council (ARIC); Northwest Berrien Sanitary Landfill Authority; Summer Youth Employment Program; Twin Cities Opportunities, Inc.; Model Cities Program (1st round); Fair Housing Legislation.
- 1968—Highland House Project; U.S. Special Census; Community Businessmen's Association; Model Cities (2nd round).
- 1969—Durable Products, Inc.; Highland Development Center, Inc.; Whirlpool Opportunities, Inc.; Twin Cities Child Care Centers, Inc.; Family Planning Program; Pioneer School Program; Berrien County Welfare Research Project.
- 1970—Benton Harbor Area School's Skills Center; ARIC Homes, Inc.; Peoples' Community Federal Credit Union; Juvenile Detention Facility; Medical Recruitment Program; Downtown Benton Harbor Development Committee.
- 1971—Special Task Force-Benton Harbor Area Schools; Vocational Skill Center; Drug Treatment Center; Child-support collections; Emergency Employment Act; Redevelopment of Benton Harbor; Manpower Training Program.

TWIN CITIES AREA POPULATION, 1960 - 1970

BERRIEN COUNTY, MICHIGAN

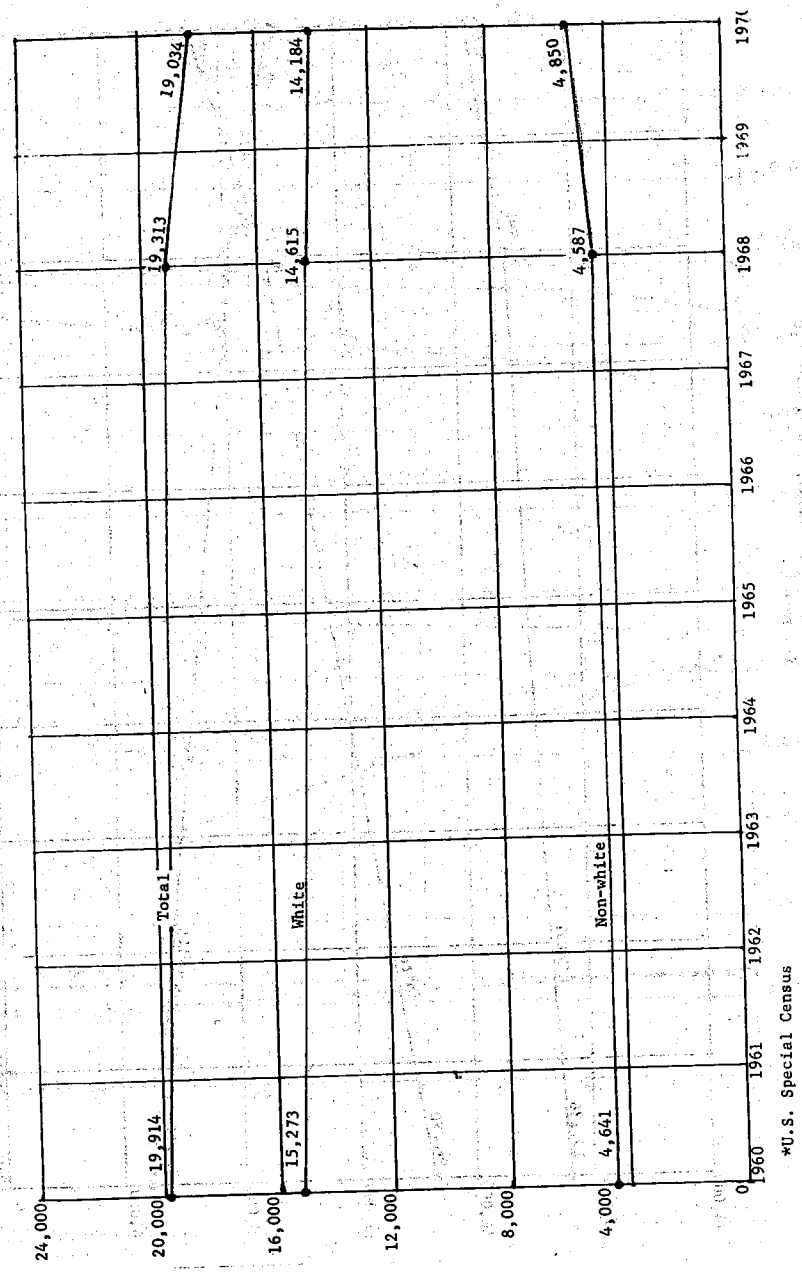


POPULATION OF BENTON HARBOR, MICHIGAN, 1960-1968* - 1970
(by race)



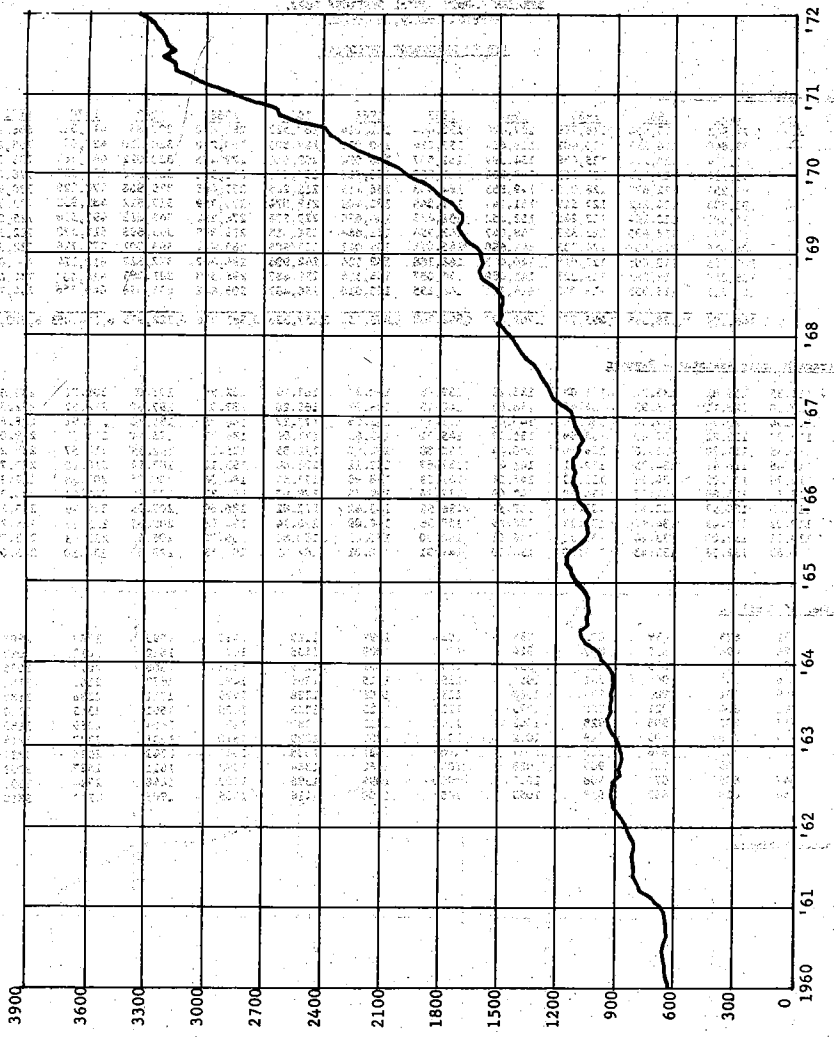
*U.S. Special Census

POPULATION OF BENTON TOWNSHIP, MICHIGAN, 1960-1968*1970
(by race)



*U.S. Special Census

NUMBER OF ADC FAMILIES, 1960-
BERRIEN COUNTY, MICH.



Source: Mich. Dept. of Social Services Reports