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Alice K. Wolf
City Councillor

TO: Cambridge City Council and City Manager

FROM: Alice K. Wolf, City Councillor *AKW*

RE: NATIONAL LEAGUE OF CITIES HUMAN DEVELOPMENT STEERING COMMITTEE -
AUGUST 7 & 8, 1986

DATE: August 11, 1986

POLICY RECOMMENDATIONS

The Human Development Steering Committee of the National League of Cities has completed its work on policies to be recommended to the Board and Business Meeting at the annual meeting. This year, the Committee has studied issues related to homelessness, medical care for the poor, and welfare reform - small agenda! At the committee meeting on August 7 & 8, the committee adopted recommendations in each of these areas. Unamended drafts of these policy changes are attached. When the final copy is available, I will forward it.

Homelessness

Presently the National League of Cities has no policy on homelessness. The Steering Committee is recommending that a policy be established.

The recommendations recognize the need for immediate emergency assistance, but also the need to address the core issues that have resulted in increased issues of homelessness. In addition the policy recognizes that responsibility for responding to this crisis rests with all levels of government.

Health Care for the Poor

It is estimated that medicare today covers less than one-third of adults living in poverty and one-half of the children. Additions to present NLC policy language in this area recognizes this problem.

The Committee recommends broadening medicaid's availability and making eligibility standards more uniform. It also recommends the need for State and local government initiatives and cooperation to improve health delivery for the poor.

Welfare Reform

It is expected that Congress will turn to welfare reform when it has completed its work on tax reform. In this area, recommended amendments to present NLC policy emphasize responses to the feminization of poverty; the need for adequate support systems (child care, transportation, health care) and training and education programs within welfare-to-work programs; and the need to respond to high rate of teen pregnancies and low rate of child support systems.

RESOLUTIONS

In addition, to these policy recommendations, the Human Development Steering Committee adopted two significant new resolutions to be recommended. One which I submitted (a copy attached) sets a high priority for NLC's support of early childhood and compensatory education programs. I introduced this resolution in light of the importance of these programs and the fact that our Council had recent funding concerns about these programs. The other resolution recommends that the NLC divests of its own investments in companies doing business in South Africa. Last year, the organization had voted that the cities divest; no one raised the issue of the organization's own portfolio, however.

INFORMATION FROM WASHINGTON

General Revenue Sharing. HR1400, reauthorizing General Revenue Sharing, has been passed by House Ways and Means and will soon come before the House. In addition, it is thought likely that Congress will again have to fund the Federal Government through a continuing resolution and that it will include continuation of GRS even without authorization.

The odds were given as 60-40 that there will be some general revenue sharings with the next fiscal year, probably at around 50% of this year's funding level.

Homelessness

Homelessness is the subject of several bills that are in Congress or will soon be introduced. The Homelessness Person's Survival Act, a comprehensive one, is coming up. A number of these bills deal with allocation of funds (mostly quite meager) for emergency food and shelter. Others want to require the use of some CDBG funds for this purpose.

Education Funds

Chapter I. Appropriation proposal passed in house is close to \$4 billion, largest amount appropriated in 20-year history.

Head Start. Appropriation of \$1 billion is not yet authorized but is expected to be part of next year's continuing resolution.

PL 94-142. Recommended appropriation is up 10% from FY 86. Basic State grants of \$1.3 billion are equal to approximately 8% of the estimated average excess cost of educating handicapped children.

cc: James Segal, Executive Director, Massachusetts Municipal Association
Jill Herold, Assistant City Manager for Human Services
Bill McCarthy, National League of Cities

RESOLUTION FOR ADOPTION BY THE NATIONAL LEAGUE OF CITIES

PRESENTED TO THE HUMAN DEVELOPMENT STEERING COMMITTEE

- WHEREAS: The seeds of future adult poverty are sown when children are inadequately educated; and
- WHEREAS: It has been shown that high quality early childhood programs and compensatory programs throughout the school years are necessary to provide educational opportunity to many youngsters, especially those at high risk; and
- WHEREAS: Our society will either pay now through support of strong education programs or much more later by having to support ill-educated people in adulthood; it is hereby
- RESOLVED: The National League of Cities supports the Education policy that is reflected in federal support of compensatory and early childhood programs as reflected in Chapter I, Headstart, PL 94-142 and preschool incentives; and be it further
- RESOLVED: That the National League of Cities supports continued Congressional authorization of these programs and appropriations at levels reflecting the country-wide need; and be it further
- RESOLVED: That the National League of Cities staff is hereby instructed to give a high priority in Congress to support of these preschool and compensatory programs.

DRAFT NLC RESOLUTION ON S.A.

Whereas, As of May 31, 1986, the National League of Cities Building Fund Report shows League investments of approximately \$1.5 million in corporations doing business in the Republic of South Africa; and

Whereas, Figures compiled by the American Friends Service Committee in a September, 1985, report show that combined 1983 South African assets of the corporations in which the League has invested its funds totalled approximately \$1 billion or more; and

Whereas, These investments, while representing in and of themselves a large infusion of capital for South Africa's apartheid-based economic system, do not even include many other less direct forms of support for the apartheid economy, such as bank loans which help to finance the massive military expenditures of the South African regime and trading arrangements which provide needed raw and processed materials, such as crude oil, to that regime; and

Whereas, This \$1 billion in funds, invested in South Africa for the profits it is anticipated will be derived, are funds which essentially have been disinvested from our local communities because of the advantages provided those seeking profit in South Africa's low-wage apartheid economy; and

Whereas, the corporations whose stocks and bonds are held by the League provide all forms of products and services which serve to bolster the South African economy, including financial services, technological assistance, raw materials production, and consumer goods and services; and

Whereas, there are innumerable ways in which these U.S. economic investments and activities in South Africa have benefitted the maintenance of the apartheid system over the past 40 years, including the provision of tax revenues ^{directly} to the white minority government; and

Whereas, many member cities of this League have enacted programs to divest municipal pension funds from South Africa-related investments and have passed legislation restricting purchases from South African-related corporations; and

Whereas, the Board of Directors of the League has declared its opposition to apartheid, and has enacted certain requirements relating to disinvestment of stock and bond holdings in corporations which do business in South Africa ~~but which~~ ^{and} do not subscribe to the "Sullivan Principles"; and

Whereas, in declaring opposition to apartheid, ^{but only} the League ought to target its activities in opposition to apartheid against the apartheid system itself, not to simply the workplace manifestations of that system; and

Whereas, proceeding to full divestiture of South Africa-related investments has been ^{en}visioned by the Reverend Sullivan himself, given the intransigence of the apartheid regime in South Africa and its refusal to dismantle the apartheid system; and

DRAFT NLC RESO ON S.A. (cont)

Whereas, phased disinvestment of South Africa-related holdings has shown itself to be a fiscally prudent measure, sometimes resulting in considerable gain for a portfolio, and always removing the investment risk which an unstable South Africa represents; and

Whereas, it is our moral obligation to support the struggle for racial freedom in South Africa; and

anti-apartheid

Whereas, the disinvestment, boycott, and sanctions activities of the past decade have shown that only through the pressure of such campaigns will U.S., corporate, and South African policies in this regard be changed; therefore be it

Resolved, no monies held by the National League of Cities shall remain invested in or hereinafter be invested in the stocks, securities or other obligations of any company or any subsidiary or affiliate thereof doing business or operating in the Republic of South Africa or Namibia, or any bank or financial institution which makes loans to the Republic of South Africa or Namibia or a governmental enterprise thereof or any other financial institution, public or private, chartered within the Republic of South Africa or Namibia

PART I:

POLICY RECOMMENDATIONS ON HOMELESSNESS

BACKGROUND

As the first of three major policy topics identified by the Human Development Policy Committee in March of this year, the topic of Homelessness was addressed at length at the May 15-16 Steering Committee meeting. A panel of four experts provided Steering Committee members with:

- an historical perspective and current assessment of the social condition called "homelessness;"
- an analysis of trends in homelessness in major U.S. cities;
- an overview of the federal governments current role/lack of role in addressing the problem; and
- proposed legislation in response to homelessness.

What emerged from these presentations and the discussions that followed was a depiction of homelessness as a complex phenomenon with roots in a wide array of human, social and economic problems. What also emerged was the certainty that the problem of homelessness is one of growing dimensions, with the nation's cities inheriting the costs of the problem's growth.

A Context for Policy Development

In contrast to the homeless populations of earlier eras, the heterogeneous makeup of today's population suggests causes of homelessness that cannot be attributed to personal behavior or to choice. The growing numbers of homeless families, particularly female-headed families, is but one example of the influence of poverty in causing homelessness. The lack of available and affordable housing for low-income wage earners is another cause, evidenced by the fact that significant numbers among the homeless are employed. Yet another cause has been the wholesale deinstitutionalization of mentally ill persons without adequately or sufficient community services, including housing, to address their needs, and still another cause lies in the changing nature of housing in general, where condominiums and luxury rentals have replaced low-rent apartments and single-room occupancy hotels (SRO's).

The trends in homelessness in America's cities testify bluntly to the growing dimensions of homelessness. Recent evidence indicates that more than half (57 percent) of the demand for assistance by homeless persons goes unmet. The problem exacerbates with further evidence that the level of demand in cities increased by an average of 25 percent in 1985 alone. And, while four-out-of-five cities apply local revenues to meeting the needs of their homeless populations, one of the most frequently used sources--general revenue sharing--is in jeopardy.

While homelessness is readily observable as an urban problem, is it not also a national problem? The presence of homeless population in cities in every region of the country would seem to argue for an affirmative response. Yet the present administration views homelessness strictly as a state and local problem. Ironically, beyond the criticisms of the feds for abdicating responsibility are those that suggest the recent upsurge in homelessness is directly attributable to federal cutbacks in low-income support programs. Thus, a key component of our policy on homelessness must be the identification of actions the federal government should take to combat the problem.

To suggest what is needed to solve the homeless problem is, indeed, to suggest what is needed to solve the nation's housing crisis, unemployment problems, welfare needs and mental health needs. In differing measures each of these has contributed to the possibly 2 to 3 million Americans considered to be homeless. Given the constraints imposed by federal budget deficits, state and local resource limitations and the limits of private philanthropy, the likely reality is that none of these problems will be fully solved. Considering the harshness of this reality, what then should be the policy statement of a national urban organization on a profoundly urban problem so widespread that it also qualifies as an unmistakably national problem? Answering this question in the form of policy recommendation is the essential task of the Steering Committee.

To assist staff and the Committee in developing a comprehensive policy on homelessness, NLC contracted with Kim Hopper of the National Coalition for the Homeless for a background paper on the subject. In addition to analyzing homelessness from an urban context, the paper offers a number of options for federal, state and local policy to address the causes and consequences of homelessness.

Since no language on homelessness presently exists in the Human Development Chapter of the National Municipal Policy, staff has prepared a draft recommendation for a policy position. The draft, which appears below, can serve as the basis for our discussion on the morning of August 7th.

DRAFT POLICY RECOMMENDATIONS ON "HOMELESSNESS"
(to be inserted after Section 4.06 D. 3.)

"4. Homelessness

a. The Problem

In cities all across the United States, increasing numbers of men, women and children are without permanent housing. They live, instead, in the overcrowded residences of family or friends, in emergency shelters when space permits, in abandoned and unsafe buildings and cars or, at last resort, on city streets. At best these conditions are temporary and constantly changing; at worst they can be life-threatening.

The make-up of America's homeless population is as diverse as the nation's population as a whole. Increasingly, it is population comprised of families, largely of families headed by women. It is also a population which disproportionately numbers minorities, people with physical and mental disabilities and others who have experienced economic misfortune. In the latter years of the 1980's, this homeless population may total as many as three million people.

The explanations of contemporary homelessness in this country are not the same as those of previous eras, with the single exception of the Great Depression. Indeed, the condition of being homeless today represents an assortment of personal social, economic and political problems, often present in combinations. On the scale which it exists today, homelessness suggests that there are fundamental deficiencies in the social mechanisms available to meet basic human needs.

Chief among these needs is that for adequate affordable and housing--for families as well as individuals. Trends in the private housing market, coupled with reductions in government spending, have served to diminish both the number of low-income family units and the supply of single room occupancy (SRO) dwellings. In addition to housing there is also a critical needs for adequate income support, for job training and employment assistance and for health and mental health care.

b. Addressing the Problem

The National League of Cities believes that immediate actions must be taken by all levels of government to address the dire needs of homeless men, women and children in our society. Moreover, these actions must be taken in conjunction with the efforts of community based organizations, religious institutions and private philanthropies.

Specifically, efforts to assist the homeless divide into three areas: emergency assistance, long-term assistance and preventive measures. The recommended actions for local, state and federal governments in each of these areas are:

Emergency Assistance

Local Governments

- establish and operate emergency shelters and outreach facilities;
- provide funding and assistance to community organizations which operate shelters and outreach facilities;
- make available surplus buildings and schools for use as temporary and/or permanent housing;
- make available tax-foreclosure properties for housing homeless families;
- coordinate resources and materials from other community sources to assist shelters and outreach facilities;
- provide educational assistance, such transportation, to homeless children and ease residency requirements of school districts;
- adopt zoning practices which permit the siting of shelters and transitional residential facilities; and
- decriminalize vagrancy-specific laws and repeal ordinances prohibiting public sleeping, overnight occupancy of parks, etc.

State Governments

- *Ensure Adequate General Assistance*
- adopt policies which support the provision of homeless care where the problem exists;
- provide funding and technical assistance to communities experiencing homelessness;
- provide funding and technical assistance to community based organizations serving the homeless;
- participate in the federal-state Emergency Assistance Fund Program as a component of the AFDC program;
- make available surplus state properties, such as armories, and supplies such as bedding, blankets, etc.; and

- end state restrictions on length of stays in state-funded shelters for battered women and children and require transition assistance upon departure.

Federal Government

- provide federal subsidies for the operation of homeless shelter facilities;
- continue and expand the Emergency Food and Shelter Program Administered by the Federal Emergency Management Administration;
- expand demonstration programs which provide funding for emergency mental health services to homeless mentally disabled persons; and
- intensify efforts to identify and make available surplus federal property and equipment for use as emergency shelters.

Long-Term Assistance

Local Governments

- turn over surplus housing units to community based organizations;
- establish inclusionary zoning and linkage programs to mitigate the loss of low-income housing and add new units to the low-income housing stock;
- foster public-private partnerships for low-income housing construction;
- consider eminent domain takings of lodging facilities and single rooms occupancy hotels for shelters and permanent housing; and
- coordinate local Private Industry Council efforts to provide employment and training opportunities to homeless individuals.

State Governments

- finance construction of low-income housing through tax dedications, mortgage bonds, housing trust funds and direct spending;
- provide technical assistance to cities and community organizations in the development of low-income housing programs; and

- review and revise procedures for patient discharge from state hospitals and after-care services.

Federal Government

- restore commitments to low-income housing programs such as Section 8 New Construction and Substantial Rehabilitation programs, and the 202 Housing Program for the handicapped;
- make available HUD-foreclosed properties for housing homeless families;
- improve access to federal entitlement programs for homeless persons by: 1) conducting VA and Social Security Administration outreach activities in shelters and drop-in facilities and 2) extending SSI benefits from three months to one year for shelter residents;
- encourage CDBG fund usage for homeless assistance through inclusion of targeted programs in local Housing Assistance Plans (HAP);
- modify existing regulations in the Food Stamp Program by extending outreach to homeless shelters and granting waivers for the purchase of prepared meals in shelters and other elsewhere;
- mandate participation by all states in the Emergency Assistance Fund program as part of AFDC;
- eliminate limits of stay in shelters for runaway and homeless youth; and
- eliminate all residency requirements for federally subsidized benefit programs such as food stamps, AFDC, SSI, Medicaid and Veterans' Pensions.

Preventive Measures

Local Governments

- establish and enforce anti-harrassment legislation to protect tenants from landlord pressures;
- establish or strengthen ordinances prohibiting unnecessary evictions;
- review and revise local hospital discharge policies to ensure release into protective environment on adequate residential setting;

- document the scale and nature of the local homeless problem for better research and targeting of services; and
- provide community education about the need for homeless shelters and residential facilities.

State Government

- review and improve the adequacy of income maintenance and health benefits for families as well as individuals;
- review and revise foster care termination arrangements to ensure successful transition into independent living; and
- coordinate state vocational training and employment services with mental health institutions and homeless service providers.

Federal Government

Network of Community Residences

- promote the conservation of low-income housing for families and individuals;
- support rural housing programs to minimize homeless migration to cities;
- review Section 504 of the Rehabilitation Act to eliminate discrimination against the mental disabled;
- extend SSI eligibility to three months for stays in Medicaid facilities and improve pre-release procedures to ensure receipt of benefit upon discharge."

Tax Incentive for low/moderate income housing

PART II:

POLICY RECOMMENDATIONS ON
"HEALTH CARE FOR THE POOR"

PART II:

POLICY RECOMMENDATIONS ON "HEALTH CARE FOR THE POOR"

BACKGROUND

The second major topic in the Committee's study of poverty involved consideration of health care issues which affect poor people. At the heart of this matter were questions related to: 1) access to care and 2) quality of care and 3) paying for the health care which poor people receive.

At the May meeting of the Steering Committee, two presentations were made which attempted to address these issues. The first presentation, by John Holohan of the Urban Institute, focused on the Medicaid program, the primary source of health insurance for the poor. Holohan noted that while all AFDC families and most families on SSI are covered by Medicaid, many families below the poverty line are not covered by the Program because AFDC income eligibility varies from state to state, with many states setting AFDC eligibility significantly below the poverty line. Further discrepancies result from the fact that only about 30 states extend Medicaid coverage to two-parent families in which the breadwinner is unemployed. The bottom line, Holohan observed, is that Medicaid today covers less than one-third of adults (18-64) who live in poverty and less than one-half of all poor children.

The second presentation on health care was made by Judy Waxman of the National Health Law Program. Ms. Waxman's comments focused on the health care problems of "medically indigent" Americans--those who are not covered by Medicaid or private health insurance or whose insurance is inadequate. Today, approximately 35 million Americans--over 15 percent of the under-65 population--lack health insurance of any form. Their numbers have increased in the ten-year period from 1975 to 1985, in large part because the percentage of the poor and near-poor covered by Medicaid has declined from 63 percent to 46 percent. In addition to the uninsured, Ms. Waxman also addressed the problems of underinsured Americans who numbered some 45.3 million people in 1982--over 22 percent of the under-65 population.

Following the May meeting, Ms. Waxman was contracted to prepare a paper for the Committee which would further analyze health care issues affecting the poor (and near-poor) and identify options for policy development for the Committee to consider. In addition to further documenting the growing numbers of "medically indigent" Americans, she cited the increasing financial burden experienced by hospitals which provide large amounts of "uncompensated" or free care. With reimbursements from Medicaid, Medicare and private insurers being held down, these hospitals find it increasingly difficult to offset the costs of caring for people who cannot afford to pay.

The burden of providing care to the poor is decidedly disproportionate among hospitals, with less than 9 percent of the nation's hospitals having provided 40 percent of the care to the poor in 1980. Not surprisingly, this problem is most acute for urban public and teaching hospitals, exemplified by the statistic that public hospitals in the nation's 100 largest cities provided 19.7 percent of total revenues in uncompensated care versus 4.5 percent for private hospitals in those same cities.

Related to the uncompensated care issue is the controversy over the transferring or "dumping" of uninsured patients by private hospitals into public hospitals. While recently adopted legislation prohibits dumping, additional measures are needed to fully discourage a practice which jeopardizes human lives.

POLICY ISSUES FOR CONSIDERATION

The Committee's discussions in May produced a number of issues which are appropriate for policy development. Ms. Waxman's paper has identified various policy options in response to these issues. Our task is to consider these options--or alternatives--and develop policy recommendations based on the agreed upon option.

On the following two pages you will find the section of the National Municipal Policy which contains NLC's existing policies on Health and Health Care. You will note that this section, numbered 4.07, is divided into subsections A. Problems in Health Care, B. Health Care Goals, and C. Policies for Action. The issues, options and draft policy recommendations have been grouped to correspond to an appropriate subsection.

4.07 A. PROBLEMS IN HEALTH CARE

ISSUE # 1: Declining Numbers of Medicaid-Eligible Individuals

Question: With the percentage of the poor and near-poor covered by Medicaid having declined from 63 percent in 1975 to

46 percent in 1985 as a result of cuts in AFDC, should our policy identify this trend as a problem?

ISSUE # 2: Growing Numbers of "Medically Indigent" Americans

Question: Recent estimates of the uninsured and underinsured population under 65 years of age range as high as 75 million persons--37.6 percent of this group. Should the problems of this population, which result from a combination of reductions in Medicaid and employer-provided coverage--also be cited in our policy?

ISSUE # 3: Uncompensated Care and the Problem of "Dumping"

Question: Large numbers of uninsured and underinsured patients have placed tremendous burdens on hospitals and clinics, particularly urban, publicly operated ones. It has also led to dumping of such patients by private hospitals into public hospitals. Should language be included to address these problems?

ISSUE # 4: The Increasing Impact of Long-Term Care Costs on the Medicaid Program

Question: As the costs of such care consume a 40 percent and increasing share of Medicaid funds, the need for an alternative way to finance it becomes greater. Should this need be identified as a health care problem?

DRAFT POLICY LANGUAGE FOR SECTION 4.07 A.:
(to be inserted after existing language)

"In addition to these problems, others which relate to the specific health care and health insurance needs of poor and near-poor Americans not only remain but have become more acute. These problems include:

- Reductions in the number of poor and near-poor individuals covered by the federal/state Medicaid Program;
- Reductions and restrictions in private health insurance coverage, particularly in employer-provided programs which disproportionately affect the working poor;
- Consequent growth in the number of "medically indigent" Americans who are either uninsured or underinsured;

- The increasing reliance on public--particularly urban--hospitals to provide free or uncompensated care to medically indigent families and individuals which leads to financial crises for these institutions;
- The continuing problem of "dumping" of uninsured or underinsured patients by private hospitals into public hospitals, jeopardizing patients lives and worsening the uncompensated care burden of public providers; and
- The increasing drain on Medicaid funds from long-term care costs which results, in large measure, from growth in the aged population.

4.07 B. HEALTH CARE GOALS

No changes are proposed for this subsection.

4.07 C. POLICIES FOR ACTION

NATIONAL POLICIES

ISSUE # 1: Increased Federal Funding for Medicaid

Question: Should NLC support proposals which call for the federal government to assume 90 percent of Medicaid costs (as well as 90 percent of AFDC costs) in return for state assumption of community development, infrastructure and social service programs?

ISSUE # 2: Expand Medicaid Eligibility

Question: By separating Medicaid eligibility from AFDC eligibility and, instead, making all individuals/families at or below the poverty line eligible for Medicaid, health coverage would be available to many more poor and working poor Americans. Should this change be advocated?

ISSUE # 3: Separate Long-Term Care Coverage from Medicaid

Question: To relieve Medicaid of increasing long-term care costs, should a separate block grant program to states be established to cover such costs?

ISSUE # 4: Block Grants/Categorical Programs

Question: Various federal programs fund health services for target groups, among them the Maternal and Child Health Services Program, a block grant for preventive health and health services, funding for community health centers, and Indian, Migrant and Refugee health assistance programs. Should our policy express support for continuation of these programs?

ISSUE # 5: Encourage/Require More Employment-based Health Insurance

Question: Should NLC policy support the following initiatives to increase coverage from employment-related sources:

- extensions of coverage for laid-off workers and their dependents?
- creation of subsidized health insurance pools to permit workers without employment-based coverage to obtain insurance regardless of their health status?
- more equitable tax treatment to encourage self-employed individuals to offer health insurance to employees?
- develop methods to lower the cost of health insurance to small businesses?

ISSUE # 6: Federally Mandating States to Provide Care for the Medically Indigent

Question: With a number of states having established mechanisms for providing such care or reimbursing hospitals for uncompensated care, should federal legislation be pursued which would require such mechanisms?

ISSUE # 7: "Dumping" of Uninsured or Underinsured Patients

Question: Should NLC support strengthening of existing anti--dumping provisions by requiring that appropriate transfer rules be followed and recordkeeping be enhanced?

DRAFT POLICY LANGUAGE FOR SECTION 4.07 C:
(to be inserted after existing language in 4.07 C.1.d)

"2. Medicaid

The National League of Cities urges reform of the Medicaid Program--the nation's primary source of health insurance for the

poor--in order to broaden the program's availability to people in need, to make eligibility standards and benefits more uniform, and to separate out long-term care costs from acute care costs. To achieve these reforms, we support:

- Assumption by the federal government of 90 percent of the costs of Medicaid, with states assuming 10 percent of costs for administration;
- Separating Medicaid eligibility from AFDC eligibility and making all individuals at or below the poverty line eligible for Medicaid;
- Removing long-term care costs from Medicaid and establishing a block grant to states to cover such costs.

In addition to reforming Medicaid, the federal government should continue to fund block grant and categorical grant programs for health, such as the Maternal and Child Health Services Program, the Preventive Health and Health Services Block Grant, funding for community health centers and health programs for Native Americans, Migrants and Refugees. The federal government should also encourage/require the extension of health benefits for laid-off workers and their dependents, as well as the creation of subsidized health insurance pools for workers without employment-based coverage. A more equitable tax policy to encourage self-employed individuals to provide coverage to employees and methods to lower the cost of health insurance for small businesses should also be developed.

With respect to caring for the needs of the medically indigent population, NLC supports legislation mandating states to establish mechanisms for providing such care and for reimbursing hospitals for the provision of uncompensated care. We also support strengthening of prohibitions against the "dumping" of patients by private hospitals into public hospitals through the establishment of appropriate transfer rules and enhanced recordkeeping."

STATE AND LOCAL INITIATIVES

In an effort to expand or improve health coverage to the poor and medically indigent, a number of policy initiatives have been undertaken or are under consideration at the state and local levels. These initiatives include:

- expansion of state Medicaid programs to cover groups outside basic Medicaid requirements (such as older children in intact families, families with unemployed breadwinners or the medically needy);
- implementation of expansion of state medical indigency programs for target populations;
- direct funding of higher Medicaid reimbursements for hospitals which serve the poor;
- direct funding for specific health services programs (e.g. neonatal intensive care);
- financing pools created through assessments on care providers, allocation of general revenues, or taxes to fund expanded health coverage or to reimburse providers of care to the poor;
- "Care of share" arrangements under which providers offer a minimum level of indigent care or contribute to a fund for providers that do serve the poor.
- Requiring a pre-determined level of indigent care as condition for state certificates of need awards;
- Using a state rate-setting authority to generate funds for uncompensated care reimbursement from all payers.

Other types of initiatives include:

- restricting hospital patient transfers;
- implementing case management or primary care networks;
- enrolling Medicare recipients in prepaid health maintenance plans;
- selectively contracting with providers for health services;
- mandating and broadening benefits provided under private health insurance plans;
- extending health insurance to the uninsured and underinsured;
- creating insurance pools for high-risk individuals; and

- o extending group health insurance through continuation or conversion policies.

Broadly speaking, these initiatives do not represent policy issues on which the Committee need make decisions about advocating versus not advocating. Instead, they represent a range of options which offer prospects for improving health care and health coverage; particularly to poor and medically indigent individuals. Staff recommendation is to consider a fairly broad statement endorsing initiatives of these kinds, as embodied in draft policy language below:

(inserted after new #2 Medicaid)

"3. State and Local Initiatives

State governments, in conjunction with local governments, have a significant responsibility to contribute to the health care of their citizens particularly the poor and medically indigent. wide variety of policies and program have been developed by states to expand on improve health coverage and health services. Others are currently being developed.

Among the state/local health care initiatives which NLC supports are:

- efforts to expand Medicaid eligibility and benefits;
- implementation of targeted program for medically indigent populations;
- direct funding of health service programs;
- pooling, sharing and other methods of financing uncompensated care provided by hospitals;
- innovative approaches to primary care, health maintenance and provider contracting;
- expanding and extending private insurance coverage; and
- creating insurance pools for uninsured, under insured and high risk individuals."

PART III:

POLICY RECOMMENDATIONS ON POVERTY
AND WELFARE REFORM

PART III:

POLICY RECOMMENDATIONS ON POVERTY AND WELFARE REFORM

BACKGROUND

There is a good deal of speculation in public policy circles that, after the adoption of tax reform legislation in the fall of 1986, the next major "reform" issue will be "welfare reform." Such speculation results, in part, from the anticipation of proposals by the Reagan Administration to change the structure of public assistance programs, most notably the AFDC Program. Perhaps more contributory to the high visibility of welfare reform, however, are broader concerns by liberals and conservatives alike about whether present approaches to providing public assistance are indeed effective in ameliorating or even addressing poverty and the host of socio-economic problems attendant to it.

The attention of the National League of Cities to the issues of poverty and welfare reform results from its inclusion in the 1986 agenda of the Human Development Committee, as determined by the Policy Committee meeting in March. At the May 15-16 meeting of the HD Steering Committee, a half-day of presentations and discussion was devoted to framing the issues surrounding poverty and welfare reform which might be appropriate for NLC policy development. Following that meeting, NLC contracted with Ms. Diana Pearce, director of the Women in Poverty Project in Washington, D.C., to prepare a background paper on the topic, from which policy recommendations in this memorandum have, in part, been drawn. The recommendations also reflect the input of Committee Members from the May 16 discussion. For further background on the relevant issues, please refer to the memorandum in the agenda book for the May 15-16 meeting.

A. *Problems with the Income Support System*

The current income support system—including the aid to families with dependent children program (AFDC), the supplemental security income program, general assistance, food stamps, housing for low income individuals, and Medicaid—is a series of individual programs, unrelated to each other and with needlessly complicated operating procedures.

The existing programs with rules differing state by state and within states tend to produce inequities and serve to discriminate against certain classes of individuals and families.

Because of the complexities of the programs, the amount of assistance paid in error has increased and threatens to place unreasonable economic burdens on local governments.

While most of the programs require recipients to work, an adequate number of jobs do not exist and the effort becomes an expensive administrative burden.

The pyramiding benefits available to recipients of the various assistance programs may provide a disincentive to work because of loss of benefits. On the other hand, the amount of benefits available to assistance recipients, which are not available to others with substantially similar incomes, represents a severe inequity.

The benefits provided by the cluster of income support programs are not adequately or uniformly protected against decreases in value due to inflation. Some programs are overly protected while others are protected only if a state indicates the increase.

B. *Income Support Goals*

All persons need a basic level of income to live a decent life. If that income is not available through employment or through social insurance programs, this should be accomplished through an income support program which guarantees to all segments of the population a basic level of purchasing power. The federal government is responsible for providing this income support and some protection from inflation. Public employment should be made available for those persons receiving cash assistance who are willing and able to work and who are unable to find work in the private sector. Persons who are able to work and for whom reasonable work is available, but who refuse to accept such work, should not receive income support so long as they refuse to accept such available employment.

C. *Policies for Action*

A simplified national income support program should be developed as a part of an integrated employment and income security system. The federal government should finance and set standards for all income support programs which allow equity and comparability across each of the programs. All cash benefit programs should be included in a basic federal level of support. In order to prevent major disruption in the system and to provide a smoother administration transition, such changes should be phased in over a period of time. State supplementation could be provided on an optional basis to compensate for regional differences in basic needs and for special needs.

Criteria for program eligibility and benefits should be simple, objective, and clearly stated to achieve equal treat-

ment of those with comparable needs. The administrative structure should be designed to reduce the stigma of welfare.

Comparable needs should be met by a basic level of support provided on the basis of a family unit. Income and resources should be considered uniformly and equally regardless of the source; payments should not be provided on an individually-determined basis. Distinctions in means-tested programs that discriminate against intact families, childless couples, and single adults should be eliminated.

Primary reliance should be placed upon direct cash payments determined on an income adequacy measurement to meet the basic consumption needs of low income persons. The use of in-kind benefits such as food stamps and payments through third parties including housing assistance should be gradually phased out to achieve the maximum degree of equity among persons and families with similar income and circumstances.

Only a minimum of those programs which cannot be administered effectively at the federal level should be maintained outside the income support system.

Social services would be provided by states and localities to support the integrated employment system. Such services should be provided under a plan which involves local employment staff to assure that the necessary supportive services are available for those persons who are in training or employment.

A realistic and simple method of considering income in the computation of federal benefits must be developed which allows equal treatment among all low income individuals and families. A reasonable disregard of earned income above the basic payment level must be established to encourage recipients to work and to lessen the effects of the transition from public income support to total self-support. Such a system assumes that the various benefit programs are integrated in order that the transition from public income support to self-support is gradual and not discriminatory.

Those persons receiving income support who are able to work must accept appropriate and available work which should be created through the local CETA mechanism if such jobs are not available in the private sector. The work requirements of the income support program should not be used in a punitive fashion. Those persons who participate in a training or employment program would continue to receive income support payments. Any payments would be considered taxable income.

The uniform payments would be provided by the federal government with full financing. Any supplementary benefits would be financed by the states. No new federal system should be created; existing federal and state structures which can be linked effectively with CETA at the local level should be utilized. There should be appropriate involvement of cities according to the operational structure of the state.

The federal government should provide protection of program benefits from inflation by adopting a system of automatic annual adjustments to benefits that equal the lesser of the growth in hourly wages or the general price level, as measured by an index other than the Consumer Price Index for urban residents (CPI-U). A general price index should be used for all programs rather than specific group indices, until a special group index is shown significantly more accurate.

Our task in San Jose is to examine these recommendations in the context of our existing policies as contained in the National Municipal Policy. The text of existing policy, titled Section 4.03 Income Support, is provided on the opposite page.

DRAFT POLICY REDCOMMENDATIONS FOR SECTION 4.03

Our current policy statement refers only to the "mechanical" problems of the income support system. There is no language which addresses why individuals require income support, namely the causes and effects of poverty. Staff recommendation is to amend the title of Section 4.03 to read:

"Section 4.03 Poverty and Income Support."

It is also proposed that subsection 4.03A be simplified to read: "A. Problems," with two sub-subsections. The first sub-subsection would be new language as proposed below; the second would be the language in existing Subsection A, retitled "2. Problems with the Current Income Support System."

"1. Poverty and Related Problems"

"The National League of Cities, echoing the views of local elected officials across the nation, is gravely concerned with social and economic conditions in our society which have contributed to the growth of poverty among certain segments of the population.

Our gravest concerns are for women, in particular single women who become parents while still in their teens and before acquiring educational and job skills, and for their children. In the latter part of the 1980's, more than half of all children living in single-parent households headed by women are poor. For black and hispanic children in families headed by single women, the poverty rates are even higher at 66 and 71 percent respectively. Most alarming about these statistics is their foreboding of a cycle of poverty in which poor children become poor adults in generation after generation.

A ~~major~~ factor in the "feminization" of poverty in the United States today is teenage pregnancy. Estimates of up to 700,000 births a year to teenagers -- most out of wedlock -- point to tragic flaws in our social and educational institutions. Research into the circumstances surrounding children having children suggests both a real and perceived lack of career opportunities ~~as alternatives to early parenthood. Nowhere is the problem more acute than in our inner cities.~~

While the most visible examples of poverty in our nation may be families dependent on public assistance, fully two-thirds of the

non-elderly poor live in households in which at least one member is employed. The problems of the working poor most directly result from having access only to part-time or low-paying jobs which also typically lack such essential benefits as health care. The most dramatic example of the link between low wages and poverty is the minimum wage-earner, for whom even full-time, year-round employment will not yield an income above the poverty line.

For the working poor and non-working poor alike, the key to economic self-sufficiency lies in a meaningful job. There are, however, two sets of problems which presently prevent or impede large segments of the poverty population from obtaining meaningful employment.

One set of problems stems from barriers to the "employability" of the poor, with illiteracy the most pervasive of all barriers. Other barriers include the lack of job skills, lack of work experience and -- for single parents in particular -- the responsibilities of caring for children without affordable day care services. *Need for transportation, health insurance*

The other set of employment problems facing the poor results from an insufficiency of decent job opportunities. On one hand, our economy simply does not produce enough full-time jobs; on the other, many jobs available to the poor do not provide adequate wages or benefits. Efforts to bring about meaningful reform of our nation's welfare system must address both employability and opportunity problems if the goal of reducing poverty is to be achieved."

SECTION 4.03 B INCOME SUPPORT GOALS

Staff recommendation for this subsection is to change the title to:

"4.03B Poverty Reduction and Income Support Goals," and substitute the paragraph below in place of existing language:

"The ~~number one~~ ^{main} goal on our nation's domestic agenda should be the reduction of poverty ~~among our citizens~~. This goal should be pursued by providing opportunities and incentives for all Americans to attain economic self-sufficiency. The goal of income support programs should be the provision of an adequate level of income for Americans who have not or cannot attain economic self-sufficiency, while, at the same time, providing educational, employment and supportive services until self-sufficiency is attained."

(The rationale for this proposed substitution is to simplify and clarify our goals. Elements of the existing language are more appropriately placed in subsection C. Policies for Action.)

SECTION 4.03 C POLICIES FOR ACTION

Existing policies under this subsection would be retained with the exceptions noted by strike-throughs on the next page. It is proposed that this subsection be retitled:

"1. General Policies Governing Income Support Programs."

C. Policies for Action

~~A simplified national income support program should be developed as a part of an integrated employment and income security system. The federal government should finance and set standards for all income support programs which allow equity and comparability across each of the programs. All cash benefit programs should be included in a basic federal level of support. In order to prevent major disruption in the system and to provide a smoother administration transition, such changes should be phased in over a period of time. State supplementation could be provided on an optional basis to compensate for regional differences in basic needs and for special needs.~~

Criteria for program eligibility and benefits should be simple, objective, and clearly stated to achieve equal treatment of those with comparable needs. The administrative structure should be designed to reduce the stigma of welfare.

Comparable needs should be met by a basic level of support provided on the basis of a family unit. Income and resources should be considered uniformly and equally regardless of the source; payments should not be provided on an individually-determined basis. Distinctions in means-tested programs that discriminate against intact families, childless couples, and single adults should be eliminated.

Primary reliance should be placed upon direct cash payments determined on an income adequacy measurement to meet the basic consumption needs of low income persons. The use of in-kind benefits such as food stamps and payments through third parties including housing assistance should be gradually phased out to achieve the maximum degree of equity among persons and families with similar income and circumstances.

Only a minimum of those programs which cannot be administered effectively at the federal level should be maintained outside the income support system.

Social services would be provided by states and localities to support the integrated employment system. Such services should be provided under a plan which involves local employment staff to assure that the necessary supportive services are available for those persons who are in training or employment.

A realistic and simple method of considering income in the computation of federal benefits must be developed which allows equal treatment among all low income individuals and families. A reasonable disregard of earned income above the basic payment level must be established to encourage recipients to work and to lessen the effects of the transition from public income support to total self-support. Such a system assumes that the various benefit programs are integrated in order that the transition from public income support to self-support is gradual and not discriminatory.

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~~The uniform payments would be provided by the federal government with full financing. Any supplementary benefits would be financed by the states. No new federal system should be created; existing federal and state structures which can be linked effectively with CETA at the local level should be utilized. There should be appropriate involvement of cities according to the operational structure of the state.~~

The federal government should provide protection of program benefits from inflation by adopting a system of automatic annual adjustments to benefits that equal the lesser of the growth in hourly wages or the general price level, as measured by an index other than the Consumer Price Index for urban residents (CPI-U). A general price index should be used for all programs rather than specific group indices, until a special group index is shown significantly more accurate.

" 2. AFDC

The federal government should establish nationwide benefit floors for AFDC (and Medicaid). When combined with the value of food stamps, this benefit floor should equal between 75 percent and 90 percent of poverty-level income. The federal government should also establish uniform eligibility standards for AFDC (and Medicaid), including eligibility for intact families in which the principal wage-earner is unemployed. The federal government should finance 90 percent of the costs of providing AFDC benefits up to the minimum benefit floors, with state governments providing the remaining 10 percent of costs. The responsibility for administering the AFDC (and Medicaid) programs would rest with state governments, with federal oversight to ensure compliance.

3. Welfare-to-Work Initiatives

~~Recipients of AFDC benefits who are able bodied and whose children are over six years of age have an obligation to participate in programs which will lead to ending welfare dependency and attaining economic self-sufficiency. "(The alternative here is to specify voluntary participation.)" Recipients with children under six years of age should also be encouraged to participate to the extent possible in the hope of ending dependency as early as possible.~~

To be successful, welfare-to-work programs must consist of a variety of options designed to (1) meet the diverse and often complex needs of clients and (2) provide clients with choices of avenues to self-sufficiency. Such options should include: basic and remedial education (with an emphasis on literacy), English language training, skills training, work experience, job search assistance and placement assistance. Effective counseling of clients should begin with enrollment in a welfare-to-work program and continue after placement in a job. Welfare-to-work programs should be driven by performance standards which measure outcomes rather than participation.

In addition to programmatic options, welfare-to-work initiatives must provide essential supportive services to clients. Day care for children, transportation to and from work, and health insurance for participants and dependents are the most essential services to be provided or paid for with program resources. Where it is necessary, supportive services -- especially day care, health insurance and transportation -- should continue to be provided for a period of time after placement in a job.

NLC supports a 90 percent/10 percent federal/state sharing of the costs of welfare-to-work programs with administration by the state. Until such an arrangement is established, NLC supports the continuation and expansion of the federally funded WIN

Demonstration Program which has provided states with valuable resources for developing effective models of welfare-to-work programs.

4. The Working Poor

Poverty among families in which one or more persons is employed is a reflection of low wages and insufficient numbers of full-time jobs. One approach to improving the earnings of low-income wage-earners is to increase the minimum wage to a level which make closely approximates poverty level income. A second approach would be to increase the Earned Income Tax Credit to relieve more low-income workers of tax obligations.

Federal employment and training programs, in particular the Job Training Partnership Act, should make every effort to upgrade the job skills of low-income workers. Policies to create more full-time jobs in the private sector, including the Targeted Jobs Tax Credit, should be fostered as a means of expanding job opportunities for low-income workers.

5. Teenage Pregnancy

A concerted effort by all levels of government is needed to combat the epidemic of teenage pregnancy and child-bearing in the United States. The emphases of such efforts must be on prevention of pregnancy and ensuring that pregnant teenagers receive adequate prenatal care and parenting counseling.

With respect to prevention, there is an imperative need for the inclusion of sex education courses ~~in junior high and high school~~ curricula. In addition to such courses, school systems should consider making non-prescription contraceptives available to students who request them. For teenagers who do become pregnant, every effort should be made to keep them in school. School systems should consider establishing in-school clinics and prenatal care programs. Counseling efforts should focus the prevention of subsequent pregnancies as well as completion of students' educations.

The high incidence of pregnancy among teens from poor families suggests a causality rooted in despair and a lack of opportunities for both teenage men and women. Ultimately, only improved prospects for career and job opportunities will motivate poor teenagers to postpone parenthood. For its part, the federal government should fund pilot and demonstration programs targeted to at-risk teens, particularly young women. Enhancement of summer and year-round youth employment programs, linked to staying in school, would contribute to the problem's solution.

6. Child Support

Increases in poverty among families headed by women are attributable, in some measure, to the lack of child support on the parts of absent fathers. Estimates are that less than half of all fathers pay child support, and only half of them pay in full. Stronger policies of enforcement of court-ordered child support are necessary to help mothers adequately care for children. One approach that merits consideration is state collection of support payments through payroll tax deductions, with payments being made to legal guardians of children. There is also a need for standardization of child support levels to ensure that adequate amounts of support are ordered by the courts. Possible standards for setting such levels are AFDC or foster care payment standards."

2.

S-499

Comm. from Councillor Alice Wolf, transmitting a copy of unamended drafts of policy changes from the National League of Citise Human Development Steering Committee Re: issues related to the homeless, medical care for the poor & welfare reforms.

In City Council,

September 8, 1986

Placed on File