



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
<http://ageconsearch.umn.edu>
aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

Welfare
Economic

111

UNIVERSITY OF CALIFORNIA
DAVIS
SEP 11 1978
Agricultural Economics Library

SYNTHESIS OF RESEARCH RESULTS RELEVANT TO
THE IMPACT OF TRANSFER PAYMENT PROGRAMS
ON INDIVIDUALS: 1969-1977

BY

Nancy Vrechek Hill

and

E. Evan Brown*

~~GIANNINI FOUNDATION OF
AGRICULTURAL ECONOMICS
LIBRARY~~

~~SEP 6 1978~~

Introduction

The impact of governmental transfer payments in our society is great. President Carter's proposed federal budget for 1979 includes payments to individuals of over \$214 billion, almost 43 percent of the total budget [Table 1]. The payments to individuals that the government will make in 1979 equal the total federal budget of 1971. This represents not only a tremendous dollar investment, but also an increasingly significant proportion of our resources are being directly redistributed among the population.

Transfer payments now effect almost every facet of our lives. When

* Nancy Vrechek Hill is an Economic Analyst for the Georgia Title V Program at the University of Georgia, and principal investigator for the Functional Network of the Southern Rural Development Center on Transfer Payment Programs. E. Evan Brown is Professor of Agricultural Economics at the University of Georgia and currently a Center Associate for the Southern Rural Development Center. Paper presented at Symposia entitled, "The Impact of Policy Changes In Transfer Payment Programs On Individuals" at the American Agricultural Association Meetings, Blacksburg, Virginia, August 8, 1978.

TABLE 1: Federal Budget Outlays and Payments to Individuals,
1956-1979 in Current Prices, Billions of Dollars

| Year | Total Outlays | Payments for Individuals | Payments as a % of Outlays |
|-------|------------------------------|--------------------------------|-------------------------------|
| | ------(billions of do.)----- | | |
| 1956 | 70.5 | 13.8 | 20 |
| 1957 | 76.7 | 15.6 | 20 |
| 1958 | 82.6 | 19.4 | 23 |
| 1959 | 92.1 | 21.2 | 23 |
| 1960 | 92.2 | 22.9 | 25 |
| 1961 | 97.8 | 25.9 | 26 |
| 1962 | 106.8 | 27.1 | 25 |
| 1963 | 111.3 | 28.7 | 26 |
| 1964 | 118.6 | 29.8 | 25 |
| 1965 | 118.4 | 30.5 | 26 |
| 1966 | 134.7 | 34.3 | 25 |
| 1967 | 158.3 | 40.1 | 25 |
| 1968 | 178.8 | 46.0 | 26 |
| 1969 | 184.5 | 52.8 | 29 |
| 1970 | 196.6 | 59.8 | 30 |
| 1971 | 211.4 | 74.6 | 35 |
| 1972 | 232.0 | 85.3 | 37 |
| 1973 | 247.1 | 95.9 | 39 |
| 1974 | 269.6 | 111.1 | 41 |
| 1975 | 326.1 | 142.7 | 44 |
| 1976 | 365.6 | 166.6 | 46 |
| 1977 | 401.9 | 181.7 | 45 |
| 1978* | 462.2 | 196.9 | 43 |
| 1979* | 500.2 | 214.5 | 43 |

*estimate

Source: "The United States Budget in Brief, 1979," Washington, D. C.:
Superintendent of Documents, U. S. Government Printing Office, Jan.
1978, p. 83.

Some programs provide interest subsidies or cost-sharing arrangements. The Federal Food Stamp program provides coupons redeemable at retail stores for food products. Still other transfers may help pay a portion of or all medical expenses. Hundreds of transfer programs in some way help fill an economic need to those who have no other available resources.

There are four major areas in which transfer payments are made -- shown in Tables 2 and 3. In 1977, \$21.0 billion were spent for education, training, employment and social services programming. This area covers the WIN program to the Upward Bound program. The main thrust here is to provide assistance which will help people to become self-sufficient through such things as training, internships and rehabilitation services. In the area of Health, \$38.8 billion were spent in 1977. The majority of these funds support the Medicare and Medicaid programs. Other funds for health programs include education, training and community health facilities. The single largest direct benefit program is General Retirement and Disability -- Social Security, where in 1977, budget outlays exceeded \$88.6 billion. Total outlays for Income Security programs exceed \$137 billion. These programs have become a way of life for many Americans. It is likely that the dependence on the Federal government for retirement security will increase forcing the federal budget to accommodate a larger proportion of the population. Veteran Benefits and Services comprise the fourth area of direct benefit programming. Only about \$18 billion were spent in 1977 in this area. Together these program areas affect in some ways almost all of the U.S. population through benefit payments and taxes.

TABLE 2: Direct Benefit Programs, 1977-1979

| OUTLAYS | Actual 1977 | Estimate | |
|--|----------------|----------|-------|
| | | 1978 | 1979 |
| ------(billions of do.)----- | | | |
| Education, Training Employment and Social Services | 21.0 | 27.5 | 30.4 |
| Health | 38.8 | 44.3 | 50.0 |
| Income Security | 137.0 | 147.6 | 160.0 |
| Veterans Benefits and Services | 18.0 | 18.9 | 19.3 |
| Total | 214.8 | 238.3 | 259.7 |

Source: "The United States Budget in Brief, 1979," Washington, D.C.: Office of Management and Budget, Superintendent of Documents, U.S. Government Printing Office, p. 75.

TABLE 3: Budget Expenditures for Direct Benefit Programs By Function

| BUDGET YEARS | Actual | Estimate | |
|---|------------------------------|----------|-------|
| | 1977 | 1978 | 1979 |
| | ------(billions of do.)----- | | |
| EDUCATION: | | | |
| Employment and Training | 6.9 | 10.9 | 12.8 |
| Other Labor Services | .4 | .4 | .5 |
| Social Services | 4.6 | 5.5 | 5.1 |
| HEALTH: | | | |
| Health Care Services | 34.5 | 39.9 | 45.1 |
| Education and Training | 1.0 | .8 | .8 |
| INCOME SECURITY: | | | |
| General Retirement and Disability | 88.6 | 98.2 | 108.4 |
| Federal Employees Retirement and Disability | 9.5 | 10.8 | 12.0 |
| Unemployment Compensation | 15.3 | 12.4 | 11.8 |
| Public Assistance and Other Income Supplements | 23.6 | 26.3 | 27.8 |
| VETERANS: | | | |
| Income Security | 9.2 | 9.7 | 10.3 |
| Veterans Education, Training and Rehabilitation | 3.7 | 3.1 | 2.6 |
| Hospital and Medical Care | 4.7 | 5.4 | 5.8 |
| Veterans Housing *50 million or less | -.1 | ---* | ---* |

Source: "The United States Budget in Brief, 1979," Washington, D.C. Office of Management and Budget, Superintendent of Documents, U.S. Government Printing Office, pp. 79-80.

This paper will synthesize the research literature on the impacts of government transfer payment programs. The synthesis is based on a review of literature which has appeared from 1969 through mid-1977. Because of the ubiquity of transfer payment programs, it would seem that nearly all service professionals linked to these programs directly or through their clients would be interested in the state of knowledge on transfer payments.

I. HISTORICAL PERSPECTIVES

English law and custom have had the most profound effect in dealing with indigent persons in the American colonies. 43 Elizabeth, known as the Poor Law of 1601, became the strongest instrument for coping with the problems accompanying indigency. The law forbade evictions and gave authority to control food supplies and prices in an effort to stabilize the labor force [61]. Concurrently in England, the establishment of charities and philanthropies assisted in providing employment and the founding of almshouses and hospitals. While the social structure in early American was more fluid than in England, communities would protect themselves from indigents by requiring newcomers to post a bond or proof that they, their children, and servants were self-sufficient. Because philanthropy in American was token, those persons deemed need-worthy were given aid in supplies, food or other in-kind charities. All children were required to learn a useful trade. The greatest fear in the community concerning children was that a child might become of age with out a trade.

Throughout the second half of the nineteenth century the mechanisms to care for the needy grew in scope and number. Settlement houses for the deaf and mentally ill were established by early reformers who were skeptical of

government support. In fact by the civil war, individual states were prompted by lack of federal action to establish state institutions which quickly became dumping grounds for the mentally ill and physically impaired and to some extent remain so today [61].

From the Civil War to World War I social programs became more widespread. Local jurisdiction decided the fate of the indigent. While more programs were being established, a growing resentment and shame was placed on the needy that could not easily, if at all, be overcome. In an effort to determine and distinguish those who were needworthy, several categorical programs were developed by individual states and copied elsewhere. The first ADC (Aid to Dependent Children) program began in Illinois in 1911. The purpose was to prevent the growth of delinquency, not always associated with poverty. The jurisdiction could assign a stipend from the county to the parent or guardian for support of children considered dependent or neglected [32]. This action to administer non-institutional relief overrode the long-held view that such out-relief should stimulate rather than eradicate pauperism. Within two years, twenty states had ADC programs and more had Aid to the Blind programs. In a short period of time, there were several categorical programs to aid the blind, deaf, dependent, aged, mentally and physically impaired.

The depression dealt a severe blow to the categorical programs established by the states. The burden was on the federal government to assume responsibility for the needy which it did in 1935 with the Social Security Act. Through grants-in-aid to states, the transfer programs were kept from collapsing [32]. This act also established the Social Security insurance system in the same general principles as it operates now -- to reduce dependency

in old age. Another provision of the Social Security Act established the Unemployment Compensation program for regular workers who became unemployed involuntarily. The program, financed by an employer payroll tax, is state run under federal guidelines which leave a great deal of variability between different state's benefits, eligibility, and other conditions [29]. The use of general assistance programs--that is, aid to all those persons who fall out categorical groups, is carried out by local communities, charities and philanthropes.

Since the welfare reform of the New Deal, the basic structure of American welfare programs have remained the same. The dominance of categorical programs calls attention to the unwillingness to give aid unless a determination of worthiness is made. This is further emphasized by the scarceness of general assistance programs and complete lack of federal support in this area. One general welfare reform alternative which would replace the majority of categorical programs is the income maintenance plan. Although hundreds of income maintenance plans have been discussed in recent years, for the most part they start from a common premise that adequate financial support should be available for all persons. Several tests of income maintenance plans have been made in recent years, the most well-known being the New Jersey Income Maintenance Experiments. These plans focus on the problems of labor supply, family structure, fertility, migration, and regional and national economies. As yet the optimum mix of components of such plans are debatable; however, welfare reform seems destined to move in the direction of a comprehensive welfare program either universal or income tested. The desire to simplify the welfare matrix and minimize abuse, duplication, and administrative burden has been a well established goal.

Any meaningful reform must reconcile the universal coverage of all persons with the desire to maintain strict tests of worthiness.

II. IDENTIFYING THE PROBLEMS OF TRANSFER PAYMENT RECIPIENTS

Before any social welfare programs can be successfully designed and administered, it is necessary to know what the problems are that face the poor. The literature reviewed for this synthesis revealed several major points about the people who require assistance through transfer payments.

Most welfare recipients are dramatically inferior in their ability to compete in the labor market. Several studies showed that lack of skills, education, and experience are commonplace among welfare recipients [16, 24, 44]. Some 60 percent of AFDC and AFDC-UP recipients in one survey could not do economically better in the job market than what they received in welfare [24]. This situation has made it more difficult to provide work incentives especially where the head of the household is female. Child care concerns are a significant impediment for welfare mothers to work [18, 19, 34, 68, 69]. One study contended that it was cheaper to merely continue to provide maintenance than create a program designed to promote self-sufficiency [37]. This alternative has been shown to be counter to welfare recipients attitudes about themselves. It appears a positive self-concept exists, a strong work ethic, and excellent attitude about the importance of work exists among recipients [3, 23]. The high turnover rate in the roles of transfer programs and the relatively short term that most people receive payments further demonstrates a desire for self-sufficiency among most [7, 9, 41]. Finally, the marginal-tax structure that reduces transfers according to earned income is an inadequate tool to reduce benefits. The low level of

economic competition in the job market causing low wages for participants makes the tax structure in transfer programs a further disincentive to stay out of the job market [38, 42]. This may not; however, be effective in all states. In some states, like Illinois, Texas and Florida, estimated payments do fall rapidly as income rises, but in New York and California, income may be as high as \$900 per month before payments are ceased [34]. Although this opportunity may exist for some to receive substantial payments and wages, the preponderance of research supports the view that jobs for most welfare recipients are low-paying if at all available because of discrimination, low-skills, and lack of experience [16, 25, 54, 60]. This is further evidenced by research that shows many welfare recipients are infact among the working poor [17, 44].

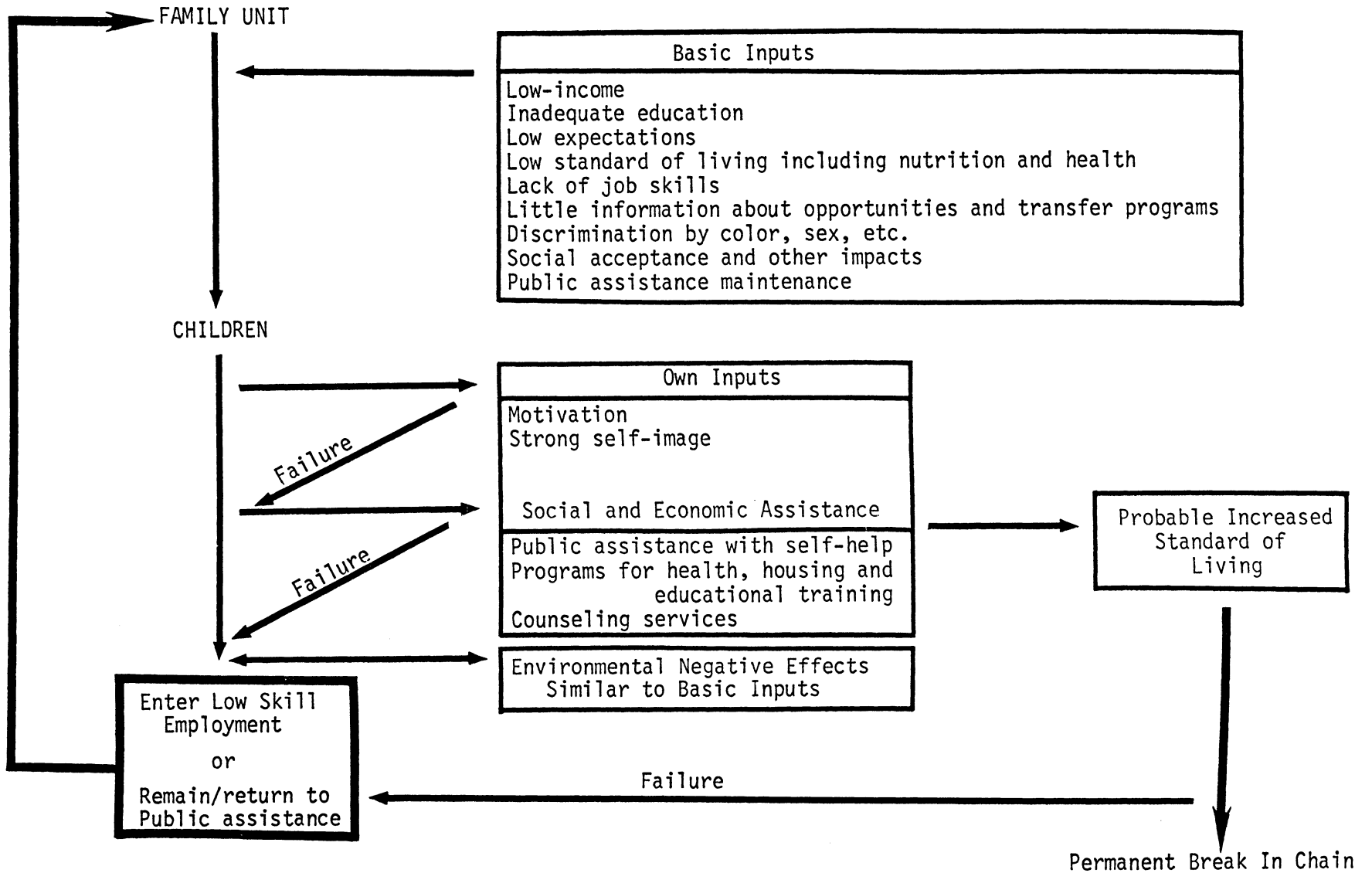
Poverty is a multiproblematic chain which has not been successfully broken by transfer payments [19]. The analogy of a chain of poverty is a poignant representation of how difficult it is to raise the economic status of the poor. For the most part, programs are designed to impact a particular problem without much regard to the interrelated group of problems which face the poor. The low participation rates of eligibles in programs draw attention to this lack of regard to comprehensive welfare planning. It was found that many eligibles did not participate in the food stamp program because they did not have money available to buy the stamps [4, 22, 41, 44]. The purchase provision has been eliminated by the Food Stamp Act of 1977 (P.L. 95-113). This change is expected to significantly increase the participation of eligibles. In 1970, it was estimated that some one-half million eligibles did not participate in the AFDC (Aid to Families with Dependent Children) program [5]. There are several potential reasons for non-participation.

Client feedback on program adequacy receives little response from administrators [30]. Participants tend to get by on static unresponsive budgets. Maintenance, albeit maintenance in poverty, is the major emphasis of AFDC rather than self-sufficiency [30, 31, 37, 46, 62].

For many people poverty is the only prospect in old-age. As social security benefits rise there is a negative impact on private investment in pensions and savings [48]. This puts an increasing burden on the federal government to maintain the elderly, of which at least one-third live in poverty. To further complicate the problem is that the proportion of retired people is increasing, the level of social security benefits is already inadequate, and the cost of providing adequate assistance is becoming increasingly prohibitive [21, 47, 66].

Rural low-income residents have particular problems including child care, transportation, health, family lifestyles, self-image, and family and home responsibilities. The study identifying these problems was based on close observation of thirty Appalachian families over several years. It appears that poverty is also a multigenerational problem [19]. Figure 1 shows the cycle of this chain. The illustration includes influencing factors revealed through research. Leakages do occur throughout the chain where some people are able to raise themselves from poverty. For most (particularly rural persons) the chances of enhancing a lifestyle are low. The basic inputs, identified through research, are components that have a significant impact on the path the family unit will take. Any children of this unit carries these basic inputs which may or may not be altered by their own experiences. For example, a strong self-image and motivation may lead to an increase in the standard of living for some, but may be inadequate for others. Even if the own inputs, and social and economic assistance raise the income

Figure 1: Multigenerational Chain of Poverty



persons, temporary increases in income without strong own inputs and other social factors result in a return to poverty. The children then return to low skill employment or public welfare. In order for transfer programs to be more effective in aiding low-income persons, particular attention must be given to the children whose own inputs are strong, but not sufficient to change their lifestyle and standard of living.

III. PROGRAM DESIGN AND IMPACT

The type, amount, and impact of all direct transfer payment programs are determined by the program design. There are basically three types of direct transfer payment programs identified in the literature. They are:

- I. Transfers to the physically, socially and/or economically indigent.*
- II. Transfers to those basically self-supporting and sufficient, but needing specific or temporary assistance.*
- III. Transfers made because of "earned privileges" or mandatory social provision.*

Each of these types have different origins in our society and the problems addressed reflect strong social attitudes. Examples of each type of transfer program are listed in Table 3. Relevant research on each type is discussed below.

Type I, Physically, Socially and Economically Indigent. These types of programs probably have the oldest origins. In most societies it was an accepted practice to care for persons who were genuinely unable to care for themselves. Our present programs profoundly effect the everyday lives of recipients because eligibility and the level of benefits received usually involve complete financial disclosure, a well-defined set of program guidelines and rules, and supervision by administrators and social workers.

TABLE 3: Examples of Transfer Payments by Type

| Type I | Type II | Type III |
|---|---|--|
| Physically, Socially and Economically Indigent | Self-Supporting and Sufficient but Temporarily Needy | Earned Priviledges or Mandatory Assistance |
| <p>Aid to Families with Dependent Children</p> <p>Food Stamps and Distribution Public Assistance</p> <p>National School Lunch Program</p> <p>Crippled Children's Services</p> <p>Job Corps</p> <p>Various Indian Programs</p> <p>Social Security-Survivors and Disability</p> <p>Medicaid</p> | <p>Low to Moderate Income Housing Loans</p> <p>Rural Self-Help Housing Technical Assistance</p> <p>Farm Ownership and Operating Loans</p> <p>National Direct Student Loans</p> <p>Public Housing-Leased</p> <p>Employment Service</p> <p>Unemployment Insurance</p> <p>Small Business Loans</p> <p>Flood, Crime and Disaster Insurance</p> <p>Adult Education</p> <p>Mortgage Insurance</p> <p>Manpower Development Programs</p> <p>National Health Service Corps</p> <p>Health Professions-Student Loans</p> <p>Vocational Education</p> | <p>Medicare</p> <p>Minority Business Enterprise</p> <p>Right-to-Read</p> <p>Supplemental Unemployment Insurance</p> <p>Veterans' Loans for Disabled Veterans</p> <p>Veterans' Hospitalization</p> <p>Rehabilitation Services</p> <p>Social Security-Retirement</p> |

For those persons who know that they cannot support themselves, they tend to learn about transfer programs faster than the marginally poor. Because increased knowledge about available transfers may lead to more income, these recipients become acutely aware of the regulations. Some regulations however, have unwittingly stimulated problems in the family structure. Financial disclosure has also been linked to the instability of the family unit. Further, it is very difficult for a two-parent family to receive welfare unless the husband is absent for an extended period of time. For families whose wage-earner has little or no skills and cannot find a job, there is a significant amount of pressure placed on that family. If the husband leaves, then the probability of receiving welfare greatly increases. This further ties the wife to child-care responsibilities. Several studies have addressed this phenomenon stimulated by government regulations. In 1960, the increase of 10 percent of benefit levels was predicted to have an independent impact of a 3 to 4 percent increase in the number of families headed by females (for whites and non-whites) [35, 36]. Most comprehensive welfare reform presented now in Congress recognizes this as an important problem which must be dealt with.

Fertility of female recipients may have been effected by the decision rules determining the level of benefits to be received. One study concluded that while AFDC benefit levels cannot be said to cause illegitimacy, about 30 percent of AFDC benefits can be accounted for by it [12]. Another study found a link between the birth rate and transfer payments, although the actual effect may be small [72].

Several other studies concerned with the eligibility requirements for programs found that the amount of red tape and disclosure inhibit eligibles from participating [28, 31, 52, 56].

The presence and interaction with social service workers by recipients, have an impact on what programs an individual will apply for [53]. The caseworker should be a valuable source of information concerning not only support programs, but also for development and training programs [8]. However, a study by the General Accounting Office concluded that social services had only a limited direct impact on helping AFDC recipients reduce dependency and achieve self-support [62]. Another study made of the GAO report, does not agree with its findings that social services are ineffective [73].

Type II, Self-Supporting and Sufficient, but Temporarily Needy. These programs were developed to help people retain or move into an increased standard of living. While most people who participate in these programs would continue to support themselves, these programs are rewards and incentives to those desiring a higher standard of living. Several major Type II programs were surveyed, including housing assistance, unemployment insurance and health manpower.

Housing subsidy programs have contributed to the accomodation of expanding areas. By 1971, yearly production of subsidized housing reached 500,000 units [40]. The increased use of subsidized mortgage credit has brought concern to local governments. It is often felt that subsidized home ownership will have an adverse effect on the tax base of the community. A survey of 508 Farmers Home Administration mortgagees in a rural Virginia county showed that subsidized single family home mortgagees did pay their fair share for community services and in many instances increased tax revenues for the community [73].

Subsidized mortgage programs have also made home ownership available to

those who would otherwise be unqualified. However, many low income mortgagees do not have adequate resources to maintain the value of their home [1]. Other studies have found that inequities in the distribution of subsidized funds, higher building costs than conventional housing, and discrimination including low-mobility and supply to low-income persons require further attention from federal housing programs [1].

In response to increasing public demand for improvements in health care, numerous programs spanning all levels of government have been developed. In almost all cases these programs have resulted in some measure of improvements in levels of health care, but they have not been successful in bringing equitable levels of care to all segments of the population.

Several studies have revealed reasons for the maldistribution of health manpower services between rural and urban areas. With the advent of Medicare in the mid 1960's, a large financial burden for many individuals was eased. However, the program may have contributed to the increasing maldistribution of health professionals, because of the higher reimbursement levels of urban practitioners than their rural counterparts due to the larger population base [45, 63, 64]. If these correlations are accurate, federal funds are helping to underwrite the locational preference of physicians and may have actually resulted in decreasing the number of rural practitioners. A recent national ratio of physicians to population was estimated at one physician per 641 persons [49]. Although this ratio may be an adequate number of physicians, the distribution still leaves a gap in the availability of services to all areas. Three important reasons for the maldistribution are the high financial remuneration for medical services, the appeal of the lifestyle of middle and upper income groups, and the means and location of medical training [49].

The Emergency Health Personnel Act, Amendments of 1972, established the NHSC, National Health Service Corps. The program was designed to alleviate critical shortages of health professionals in both urban and rural areas. The major beneficiaries of the program have been rural areas who have received 90 percent of the assigned NHSC personnel [45]. Conflicting evidence on the success of NHSC shows that very few areas have received benefits because the number of successful completions in the program has been very small [55]. Limited research on the governmental health manpower programs have shown that artificial incentives have not been effective in placing personnel.

The Task Force on Health Manpower provided recommendations to the Congress after completing the most comprehensive report on health manpower [67]. Almost 30 federal programs have already supplied economic support for training and the federal effort is expected to continue. This type of transfer payment program, while helping a particular individual increase his skills, also helps to provide necessary services to society.

UI, Unemployment Insurance, is also a different type of transfer payment. It provides temporary economic relief to those persons who have lost their job through no fault of their own. The program is jointly paid for by employers and the government. The program tends to move some of the burden off the individual and spread it over the entire labor force. It is one of the few welfare programs which is effective while at the same time allowing its recipients to receive benefits without any social stigma and with certainty [2].

One study showed that in addition to the positive human impact, unemployment insurance complements the performance of the economy. The program has

a counter-cyclical effect. As unemployment increases, employer taxes are less than benefits received causing a net boost to the money supply. This effect has also helped dampen aggregate demand during periods of low unemployment. The total impact is small, but none-the-less positive [14].

One problem with the program is that unemployment insurance, as well as Aid to Families with Dependent Children, is state operated. The result is a vast disparity of benefits received across states. Several position papers have criticized that the UI program lacks an accepted philosophy of the role such a program should play; it does not adequately include all workers, especially in agriculture; and the benefits are too high to provide adequate incentives to secure another job [20, 50, 71].

There has been quite a number of studies made on the work disincentives in the UI program. One group of studies contend that the relatively unpressured job search while receiving UI extends the time of unemployment. UI benefits are not taxed and are generally at least 50 percent of the previous gross wage. The result in real benefits is often in excess of 70 percent of previous net income. The study supporting this further concludes that near the maximum payment levels, the incentive to return to work or avoid a short period of unemployment is completely removed [20]. Because UI tends to reduce the pressure to find employment, the unemployment rate is increased [27]. Contrary research found that although the job-search period is probably increased due to UI, the effect tends to decrease to zero over time and has only shown to be significant for older males who could expect to receive a substantial post-employment wage gain [9, 15].

Other Type II programs such as the Employment Service, which helps people find jobs, and Manpower Development programs, which train and educate,

are further indications that these programs are designed to provide temporary assistance when needed.

Type III, Earned Priviledges or Mandatory Assistance. The programs listed here are examples of transfers made because of certain earned rights or because Congress has established national goals to provide certain services for specific reasons. With the exception of the Social Security retirement program, these programs are generally provided regardless of contributions or economic status.

Social Security retirement is probably the best known of all transfer payment programs whose method of financing has been under heavy fire in recent years. This program has been effective in preventing poverty in many aged households for which social security is the only support available [57]. However, minimum old age pensions as a percentage of all pensions total only about 8 percent, therefore a seemingly unimportant source of funding [21]. The majority of research in this area is concerned with fiscal problems. One study compared the benefits received by women who began work during World War II. The most significant fact revealed is that even when adjustments are made for employment and earnings, the difference in benefits received by women are substaintially lower than those received by men [43].

The veterans programs are examples of earned priviledges. Veterans may receive compensation for education, housing, medical services, and funeral expenses, among others. Veterans are also to be given preference in hiring by the federal government by receiving a 5 or 10 point bonus on the ratings given to all applicants. While these benefits can be of great assistance to veterans, a small percentage actually take advantage of any. The total budget for Veterans benefits in 1977 was only 4 percent of the total federal

budget [Table 2]. Articles appearing in popular publications have suggested that the hiring preference is largely a myth in practice and the Veterans Administration has little influence. In light of the present administration's desire to reduce the Veteran's point advantage in hiring, more research should appear on the impact these programs have had on individuals. This literature search revealed no published studies or research programs in this area.

The Medicare program has had the greatest impact of all other transfer programs in recent years. The availability of medicare to retired persons have relieved a tremendous financial burden on a family's resources. Covering over 25 million people, medicare has also grown to the largest transfer welfare program [24, 65]. For all the good the program has done, it has not been without design problems.

Payments made to medicare recipients are much higher for high-income elderly persons than for low-income elderly persons. This disparity in benefits also exists for elderly whites over elderly blacks, particularly in the South [13]. These discriminatory effects are to some extent offset by the total money expended on Medicare and state and local health care. The gap still exists between blacks and whites in private and Medicare spending [70].

A study of the impact of cost-sharing requirements of the SMI, Supplemental Medical Insurance program, and its enrollees showed that persons with low-to-moderate incomes were hardest hit by the deductible payment necessary for out-of-hospital care. This group also reported a lower incidence of medical care sought. Those persons receiving public assistance medical care were the heaviest users of ambulatory services since public assistance paid

all or most of their contribution to SMI [51].

In 1973, disabled persons became eligible to receive Medicare adding an additional 1.7 million persons to the program [58]. This was a significant help to those persons suffering from renal disease because of the tremendous medical expenses for necessary treatment [59].

Other Type III programs have evolved from current national concerns, most notably the programs to aid minority business enterprises. Research concerning these small, less known programs has been minimal even though the impacts on the individual recipients may be great.

II. CONCLUSIONS AND RECOMMENDATIONS

One area of transfer payments covered by the literature survey included programs of income maintenance or negative-income allowances. It seems clear that in order for welfare reform to have any meaning, the reform must address the needs of the entire population rather than the categorical needs addressed by present programs.

Several major income maintenance experiments have been conducted to assess the impacts in the labor market and on family decisions. One study concerned with the effects of income maintenance on fertility concluded that increased income enables families to afford more children, the additional cash assistance with each child lowers the cost of raising that child, and work disincentives of cash transfers may reduce the supply of labor which otherwise would not occur [10]. Other studies reinforce the conclusion that the labor supply would be effected because income and leisure are both "normal goods" whose consumption is inverse to its price [26]. Conflicting evidence shows income maintenance would not necessarily lead to massive decreases

in the work effort of the poor or provide inadequate incentives, rather such programs would have an opposite effect [6].

There are important design questions to be dealt with in income maintenance programs. The design must be equitable and sufficient while reasonable in cost. Defining the social or economic unit is one such problem -- should it be defined by marriage, the presence of children, or by the individual alone [39]. The impacts of proposed programs are beyond this survey, but there is little doubt that income maintenance programs are viable alternatives to present categorical programs.

Two major omissions occur in the literature on transfer payments. First, the largest and most controversial programs are the most closely scrutinized leaving the lesser known programs even more less known. There were no studies concerning the minority loan program, veterans assistance, or economic studies of assistance to disabled persons among others. While this survey may not have included all published material, it did cover over 10,000 publications related to transfer payments. The absence from this survey does indicate the need for more research concerning many smaller programs. For example, with the advent of national health insurance, it would seem critical to explore further the requirements of health manpower services, especially in rural areas.

The second area is the absence of substantial solutions for many of the transfer payment problems. It appears that the majority of research concerns the identification of problems of people and problems with transfer programs. Only in the area of income maintenance schemes and to some extent Health Maintenance Organizations has sufficient research presenting comprehensive recommendations and plans for problem solving made an impact in the literature.

Some areas which are beginning to surface include unemployment insurance for agricultural workers, housing programs for rural areas, and rural transportation systems. Continuation in these and other areas of transfer programs are needed as the role of transfers becomes larger in the economy.

SELECTED REFERENCES

1. Aaron, Henry J. and George M. von Furstenberg. "The Inefficiency of Transfers in kind: The Case of Housing Assistance." Western Economic Journal, June 1971, pp. 184-91.
2. Becker, Joseph M. "An Evaluation of UI." Review of Social Economy, March 1972, Vol. 30 (1), pp. 30-36.
3. Bishop, Edwin Sherwood, III. "The Self-Concept of the Welfare Mother: Some Sociological Correlates." PhD Dissertation in Sociology, Florida State University, 1972. 187 pp. (Call No. Z5055/D.6/33/06-A, p3034).
4. Boettcher, Richard E. "An Investigation of the Participation of AFDC Recipients in the Food Stamp Program Cast within the Framework of Etzioni's Compliance Theory." PhD Dissertation in Sociology, University of Minnesota, 1970. 313 pp. (Call No. 31/10-A,p5521).
5. Boland, Barbara. "Participation in the Aid to Families With Dependent Children Program (AFDC)." In Studies in Public Welfare, Paper No. 12, Part 1, pp. 139-179. Joint Economic Committee Print, November 4, 1973. Washington, D.C.: Government Printing Office, 1973. (Y4. Ec7/W45/Paper 12/pt 1).
6. Boskin, Michael J. "The Negative Income Tax and the Supply of Work Effort: Reply." National Tax Journal, September 1969, Vol. 22(3), pp. 417.
7. Boskin, M.J. and F.C. Nold. "A Markov Model of Turnover in Aid to Families with Dependent Children." Journal of Human Resources, Fall, 1975 Vol. 10(4), pp. 467-81.
8. Boyd, Kent N., and Evelyn Stern Silver. Factors Affecting the Development and Implementation of Information Systems for Social Services. Rehabilitation Service, Division of Human Services System, May 1975. 88 pp.
9. Burdett, Kenneth. "Unemployment Insurance Payments As A Search Subsidy: A Theoretical Analysis." Madison, WI: University of Wisconsin, Institute for Research on Poverty, 1180 Observatory Drive, Discussion Paper #400, 1977.
10. Cain, Glen C. "The Effects of Income Maintenance Laws on Fertility in the United States." U.S. Commission on Population Growth and the American Future, Research Reports, Vol. 6, "Aspects of Population Growth Policy," eds. Robert Parke, Jr. and Charles F. Westoff.

11. Ciccarelli, James and Clifford Landers. "The Cost of Housing for the Poor: A Case Study." Land Economics, February 1972, Vol. 48(1).
12. Cutright, Phillips. "Illegitimacy and Income Supplements." pp. 90-138, especially pp. 125-38. In Studies in Public Welfare, Paper No. 12, Pt. 1, Subcommittee on Fiscal Policy of the Joint Economic Committee, November 4, 1973. Washington, D.C.: U.S. Government Printing Office, 1973. (Y4.Ec7/W45 Paper 12/Pt. 1).
13. Davis, Karen and Roger Reynolds. "Medicare and the Utilization of Health Care Services by the Elderly." Journal of Human Resources, Summer 1975, Vol. 10(3), pp. 361-77.
14. Edgell, David L. and Stephen A. Wandner. "Unemployment Insurance: Its Economic Performance." Monthly Labor Review, April 1974, Vol. 97(4), pp. 33-9.
15. Ehrenburg, R. and R. Oaxaca. "Unemployment Insurance Duration of Unemployment and Subsequent Wage Gain." Agricultural Economics Research, 1976, Vol. 66, pp. 754-66.
16. Engleman, S.R. "Job Corps: Some Factors Affecting Enrollee Earnings." Industrial Relations, May 1972, Vol. 11(2), pp. 198-215.
17. Feagin, Joe R. "American's Welfare Stereotypes." Social Science Quarterly, March 1972, Vol. 52(4), pp. 921-33.
18. Feldman, Harold and Margaret Feldman. A Study of the Effects on the Family Due to Employment of the Welfare Mother. Volume I. Findings and Implications. Cornell University, College of Human Ecology, January 1972, Report No. DLMA1-51-34-69-07-1. 331 pp.
19. _____ . A Study of the Effects on the Family Due to Employment of the Welfare Mother. Volume III. Cornell University, College of Human Ecology, January 1972, Report No. DLMA1-51-34-64-07-3. 626 pp.
20. Feldstein, M.S. "Unemployment Compensation: Adverse Incentives and Distributional Anomalies--Reply." National Tax Journal, March 1976, Vol. 29(1), pp. 38-40.
21. Fisher, P. "Minimum Old-Age Pensions. I: Their Adequacy in Terms of Consumer Expenditures, Assistance Benefits and Poverty Standards." International Labor Review, July 1970, Vol. 102(1), pp. 51-78.
22. Galatin, M. "A Comparison of the Benefits of the Food Stamp Program, Free Food Stamps, and an Equivalent Cash Payment." Public Policy, Spring 1973, Vol. 21(2), pp. 291-303.
23. Goodwin, Leonard. "Welfare Mothers and the Work Ethic." Monthly Labor Review, August 1972, Vol. 94(8), pp. 35-37.

24. Gornick, M. "Ten Years of Medicare: Impact on the Covered Population." Social Security Bulletin, July 1976, Vol. 39(7), pp. 3-21.
25. Goshay, R.C. "Pay Benefits During Retraining Under Unemployment Insurance?" Journal of Risk and Insurance, March 1970, Vol. 37(1), pp. 49-61.
26. Green, Christopher. "Negative Taxes and Monetary Incentives to Work: The Static Theory." Journal of Human Resources, Summer 1968, Vol. 3(3), pp. 280-8.
27. Grubel, H.G. and D.R. Maki. "The Effects of Unemployment Benefits on the U.S. Unemployment Rates." Weltwirtsch Archives, 1976, Vol. 112(2), pp. 274-99.
28. Handler, Joel F. "Justice for the Welfare Recipient: Fair Hearings in AFDC - The Wisconsin Experience." The Social Science Review, March 1969, Vol. 43(1), pp. 12-34.
29. _____ . Reforming the Poor, New York: Basic Books, Inc., 1972, p. 19-20.
30. Handler, Joel F. and Ellen Jane Hollingsworth. "The Administration of Social Services and the Structure of Dependency: The Views of AFDC Recipients." Social Service Review, December 1969, Vol. 43(4), pp. 406-20.
31. _____ . "The Administration of Welfare Budgets: The Views of AFDC Recipients." Journal of Human Resources, Spring 1970, Vol. 5(2), pp. 208-21.
32. _____ . The "Deserving Poor," A Study In Welfare Administration, Chicago: Markham Publishing Company, 1971, p. 21.
33. Hausman, Leonard J. "Potential for Financing Self-Support Among AFDC and AFDC-UP Recipients." Southern Economic Journal, July 1969, Vol. 36(1), pp. 60-6.
34. Heckman, J.J. "Effects of Child-Care Programs on Women's Work Effort." Journal of Political Economy, Part II, March-April 1974, Vol. 82(2), pp. 5136-63.
35. Honig, Marjorie. "AFDC Income, Recipient Rates, and Family Dissolution." Journal of Human Resources, Summer 1974, Vol. 9(3), pp. 303-22.
36. _____ . "The Impact of Welfare Payment Levels on Family Stability." In Studies in Public Welfare, Paper No. 12, Pt. 1, pp. 37-53. Joint Economic Committee Print, November 4, 1973. Washington, D.C.: U.S. Government Printing Office, 1973. (Y4.Ec7/W45/Paper 12/pt. 1).

37. Husby, R.D. "Day Care for Families on Public Assistance: Workfare versus Welfare." Industrial Labor Relations Review, July 1974, Vol. 27(4), pp. 503-10.
38. Hutchens, Robert M. Changes in AFDC Tax Rates, 1967-1971. Madison, WI: Institute for Research on Poverty, University of Wisconsin, Publication Number 352, 1976. 24 pp.
39. Klein, William A. "The Definition of 'Income' Under a Negative Income Tax." Florida State University Law Review, Summer 1974, Vol. 2(3), pp. 449-490.
40. Kristof, Frank S. "Federal Housing Policies: Subsidized Production, Filtration and Objectives: Part 1." Land Economics, November 1972, Vol. 48(4), pp. 309-320.
41. Love, H.G. "The Reason Participants Drop Out of the Food Stamp Program: A Case Study and Its Implications." American Journal of Agricultural Economics, August 1970, Vol. 52(3), pp. 387-94.
42. Lurie, Irene. "Estimates of Tax Rates in the AFDC Program." National Tax Journal, March 1974, Vol. 27(1), pp. 93-111.
43. Mallan, L.B. "Women Born in the Early 1900's: Employment, Earnings and Benefit Levels." Social Security Bulletin, March 1974, Vol. 37(3), pp. 3-25.
44. Mara, Michael J. and E. Evan Brown. Food Stamp Participation: Ware County, Georgia, 1975. Athens, GA: Agricultural Experiment Stations, University of Georgia, Research Bulletin 184, August 1976.
45. Martin, Edward D., "The Federal Initiative in Rural Health." Public Health Reports, July-August 1975, Vol. 90(4), pp. 291-7.
46. McSweeney, Edward A., and Vera Johnson. The Cheated Children: A Report on the Aid to Families with Dependent Children Program of the State of South Carolina. Columbia, SC: 1973. 42 pp.
47. Meyers, Robert J. "Various Proposals to Change the Financing of Social Security." Journal of Risk and Insurance. 1969, Vol. 36, pp. 335-63.
48. Munnell, A.H. "The Impact of Social Security on Personal Savings." National Tax Journal, December 1974, Vol. 27(4), pp. 553-67.
49. National Health Service Corps Amendments of 1975. Report to Accompany House Resolution 4114, 94th Congress, 1st session, U.S. House of Representatives, Report No. 94-137. Washington, DC: U.S. Government Printing Office, 1975, 30 pp.
50. Papier, W. "What's Wrong With Unemployment Insurance?" Journal of Risk and Insurance, March 1970, Vol. 37(1), pp. 63-74.

51. Peel, E. and J. Scharff. "Impact of Cost-Sharing on Use of Ambulatory Services Under Medicare, 1969." Social Security Bulletin, October 1973, Vol. 36(10), pp. 3-24.
52. Phillips, Michael Haider. "The Impact of the Declaration Procedure Upon the Perceptions and Attitudes of Mothers Receiving Aid to Families with Dependent Children." PhD dissertation, Columbia University, 1972. 277 pp. (Z5055D.6/33/05-A, p2505).
53. Piliavin, Irving and Alan E. Gross. The Effects of Separation of Services and Income Maintenance on AFDC Recipients. Madison, WI: Institute for Research on Poverty, University of Wisconsin, Discussion Paper Number 401, 1977.
54. Plato, G.E. and J.P. Madden. Low Wages and Long Hours. University Park: Pennsylvania State University, Department of Agricultural Economics and Rural Sociology, NE-68 Working Paper No. 8, December 1973.
55. Pollner, Phillip, M.D. and Jerrold J. Parrish, M.D. "National Health Service Corps and Primary Care Training." Journal of the American Medical Association, June 10, 1974, Vol. 228(11), pp. 1405-7.
56. Redja, George E. "The Family Assistance Plan as a Solution to the Welfare Crisis." Journal of Risk and Insurance, June 1971, Vol. 38(2), pp. 169-79.
57. _____. "Social Security and the Paradox of the Welfare State." Journal of Risk and Insurance, March 1970, Vol. 37(1), pp. 17-39.
58. Ruther, Martin. "Disability Beneficiaries Eligible for Medicare." Social Security Bulletin, July 1974, Vol. 37(7), pp. 28-33.
59. _____. "Medicare, Number of Persons Insured, July 1, 1973." Social Security Bulletin, June 1975, Vol. 38(6), pp. 33-42.
60. Seidman, Bert. "Welfare Reform Should Mean the Welfare of Children." Monthly Labor Review, April 1973, Vol. 96(4), pp. 57-9.
61. Smith, Russell E. and Dorothy Zietz, American Social Welfare Institutions, New York: John Wiley and Sons, Inc. 1970, p. 12
62. Social Services: Do They Help Welfare Recipients Achieve Self-Support or Reduced Dependency? Washington, DC: U.S. General Accounting Office, Social and Rehabilitation Service, Department of Health, Education and Welfare, 1973, 123 pp.
63. Stevens, Carl M., "Physician Supply and National Health Care Goals." Industrial Relations, May 1971, Vol. 10(2), pp. 119-44.

64. Stewart, Charles T., and Corazon M. Siddayao. Increasing the Supply of Medical Personnel. Washington, DC: American Enterprise Institute for Public Policy Research, 1973. 81 pp.
65. Stuart, Bruce G. "Equity and Medicaid on Interstate Income Differentials." Boulding, K.E. and Pfaff, M., eds., Redistribution to the Rich and the Poor: the Grants Economics of Income Distribution, Belmont, CA: Wadsworth Publishing Company, 1972, pp. 149-68.
66. Swan, Neil M. "Loss from Inflation by Social Security Beneficiaries." American Journal of Economics and Sociology, January 1972, Vol. 31(2), pp. 61-77.
67. Task Force on Health Manpower, Health Manpower. National Task Force Project, National Commission on Community Health Services. Washington, DC: Public Affairs, 1967. 168 pp.
68. Thompson, David L. and Grey H. Miles. Self-Acuated Work Behavior among Low-Income People. Minneapolis, MN: North Star Research and Development Institute, 1971.
69. U.S. President's Commission on Income Maintenance Programs. Background Papers. Washington, D.C.: U.S. Government Printing Office, 1970. 455 pp.
70. Vogel, R.J. and J.F. Morrall, III. "The Impact of Medicaid on State and Local Health and Hospital Expenditures, with Special References to Blacks." Journal of Human Resources, Spring 1973, Vol. 8(2), pp. 202-11.
71. Weidenbaum, Murray L. Statement in Unemployment Compensation. Hearings before the Committee on Finance, U.S. Senate, 91st Congress, 2nd Session, February 5, 17, and 18, 1970, pp. 149-53. Washington, D.C.: U. S. Government Printing Office, 1970. (Y4.F49:Un2/3/1970).
72. Winegarden, C.R. "The Fertility of AFDC Women: An Econometric Analysis." Journal of Economics and Business, Spring 1974, Vol. 26(3), pp. 159-66.
73. Wiseman, Michael and Gerald Silverman. "Evaluating Social Services: Did the General Accounting Office Help?" Social Service Review, September 1974, Vol. 48, pp. 315-26.