

Mrs. RIVLIN. I think I would start by trying to improve the levels of payments in the States which have very low levels of AFDC payments. I would also make it necessary for a State to include children of unemployed fathers in the program, which is not now necessary, as you know.

Representative GRIFFITHS. Yes.

Mr. LAMPMAN. May I comment on that?

Representative GRIFFITHS. Yes.

Mr. LAMPMAN. I think there is a very real alternative in involving AFDC-UP. As I see it, one of the lines of the approach that is possible, as Secretary Rivlin mentioned, is to go ahead and widen AFDC-UP, to try to get all States under it and make it more generous as a program. I would be opposed to that. I think it would be much better, if we could, to introduce a new program with the working poor which is not associated with assistance and which would replace what we now have in the way of AFDC-UP.

I wonder if that is clear, what I am talking about.

Mrs. RIVLIN. Well, it is really just a question of priorities. If you have a relatively small amount of money, I do not know how far you can go with a new program.

Representative GRIFFITHS. Yes; \$2 billion is really very small when you consider the cost of the whole program, any program.

Mr. LAMPMAN. I was suggesting a program that would cost approximately \$4 billion. This could be scaled down to approach \$2 billion and do much more, it seems to me, for the working poor than a comparable amount expended on AFDC-UP. So I think the choice is, as Secretary Rivlin very well pointed out, a choice between efficiency on the one hand and equity on the other. We have this work dilemma, what to do about the working poor. We have a choice of what we might do about the people in the very low-income States vis-a-vis those in the high-income States.

For any modest amount, we are not going to resolve the problems of all of the poor and we are not going to achieve anything like equity among the poor of various categories and various locations. But we can make some steps toward that for even \$2 billion of new money and I think that this is worth our very best efforts at social engineering, or whatever we want to call it, to find those priority points.

Mr. MORGAN. I would like to suggest that to some extent, we are victims of the belief that it is a lot cheaper to live in Alabama than in Michigan. I think it is necessary for your committee or someone to put together some better data on what it really costs to live in most places. Most cost-of-living statistics are not valid for many comparisons. They are interstate comparisons with how much it has changed since 1959. It is seldom that any Government agency makes a real attempt to compare what it costs to live in different States. I suggest if it is done very carefully, those differences are extremely small and are concentrated almost entirely in housing. After all, you can buy from the Sears, Roebuck catalog almost any place in America and food is not really any cheaper in some areas than others. Housing is often cheaper because it is poorer housing or there are lower property taxes because there is a miserable school system. We go along with these differences on the assumption that they reflect differences in cost and may be standards of living. We have never really examined this very carefully.