

Vicnor

Opinion
programming

[REDACTED]
Pleasant Valley, NY
12569 - [REDACTED]

September 18, 1994

Mr. Brian Lamb
C-SPAN Executive Producer
400 North Capitol St., Suite 650
Washington, D.C. 20001

Dear Mr. Lamb:

Thank you for your wonderful work in producing C-SPAN for us. It has greatly enhanced my feeling of citizenship, just to know what is going on ~~x~~ being discussed, in our nation's capitol.

Of particular interest to me are the doings of the Sub Committee on Human Resources of the Ways and Means Committee. They tackle the nitty gritty issues that we deal with down here at the bottom rung of the economic ladder.

I even appeared on C-SPAN once, in late April of 1989, as I offered testimony from New York State Alliance for the Mentally Ill on the subject of SSI entitlements. Five years later they are still having an occasional hearing, but not much has changed. Now there is talk of cutting entitlements - for the wealthy on social security, mostly. But no talk of increasing the mighty small monthly check to the disabled and elderly. The ^{savings} won't go to them, and it might not go to health care either. Congress is beginning to get cold feet on that one. I knew it would happen as soon as they started asking doctors and hospitals what they thought ought to be done to improve the system. You can bet they didn't want their gravey train messed with.

So maybe the savings will go to save the social security system itself. A noble undertaking. It would be a crime if my sons, who donate more than anybody ever has to date, find themselves without social security pensions when their time comes 30 years from now.

Enclosed is material I am sending to Bob Kerry as a result of what I saw on C-SPAN last week of his Commission for Entitlement Programs (you notice they neglected to put the word "Cut" in the heading, though that is what they are about.)

Thought you might find in it some ideas for talk/call in program(s).
Hope so!

Sincerely, [REDACTED]

P.S. I'm available

Copy

PLEASANT VALLEY, N.Y., 12569

September 19, 1994

Sen. Bob Kerry, Chair
Commission for Entitlements Programs & Tax Reform
U.S. Senate
Washington, D.C.

Dear Senator Kerry:

I heard on C-SPAN last week that you are considering "entitlements" reduction as a way to help pay for other items on the agenda. I was particularly impressed with the gentleman from the great state of Minnesota, Congressman Timothy Penny, who made some very sensible suggestions regarding how to go about entitlement reduction. I myself made some of the same suggestions when I wrote to the Sub Committee on Human Resources last March telling those members how they could find money to fund increases in the SSI entitlements for disabled and aged people. I am enclosing a copy of that testimony for your consideration. You don't have to be a Congressperson to see that some people who are rich are getting undeserved subsidies from the government while hundreds of thousands of very poor people are trying to exist on bare bones subsidies. You only need to have a disabled person or elderly woman in your family to discover the latter, and an ability to read a weekly or monthly magazine or newspaper to discover the former. One thing our over zealous media people are doing lately is holding up to public scrutiny some very wrong headed hand outs our overburdened taxpayers now, and in the future, are having to pay. Bless them for that. See enclosed page 32 of U.S. News & World Report of February 21, 1994 (1A)

But this letter is written to point out something that no-one dares to say these days - it must be politically incorrect or something. But here it is: The cost of our medical bills as a nation are going up astronomically because of the use and misuse of drugs that are bad for us. Our emergency rooms in our cities are daily scenes of butchered people, and overdosed people, who need life saving attention from our doctors, nurse's etc. Most of them do not have private health insurance - so Medicaid pays the bills or the hospital gets stuck with them. The other big ticket item in health care is prolonging the life of very elderly people with care they don't really want at that stage...because it only prolongs the agony, not the life they once enjoyed...A few good TV movies have enlightened me on that subject, and a health proxy should be signed by anyone over 65, giving each person's wishes on that subject. Senior Citizen centers can zero in on that one.

To cut down the American people's use of drugs takes an educational effort. Not the "just say no" variety, but the "walk through the psychiatric ward and visit with the people who have suffered psychotic - life ruining - breakdowns as a result of drug use" variety. The Journal of California Alliance for the Mentally Ill has two fine issues relating to Violence and the Mentally Ill, and Substance Abuse and the Mentally Ill. You must read these and discover for yourself what drug abuse does to people. THEN you must get our government to sponsor some wake up calls on TV about how alcohol, street drugs, and cigarettes can ruin your health and shorten your life. Finally, it might be that some "tough love" is in order. The government could say that it would

fund one rehabilitation effort for each citizen already in the grip of these addictions - but after that no more. That one effort should be a comprehensive one that puts the person back on steady feet and in a job that will support him/her.

I presently work as a typist at the [REDACTED]

[REDACTED] Here is another place that an effort is being made to help alcoholics, addicts, mentally ill persons, and others with traditional disabilities. From what I see from this vantage point an awful lot of money is spent trying to help these people have some sort of employment experience, but most of it is "supported" employment and that costs more government money. Endless hours of counselor time and taxpayer money is wasted trying to evaluate, educate and train/retrain such people. It boggles my mind to think of how many offices there are like this one that gobble up millions of dollars trying to help people who purposefully ruined their own chances at the good life with alcohol and drug abuse. We, as a nation, have not looked this demon in the face and said "be gone from our door." We are afraid (you are, not me) of ruining the alcohol industry and the cigarette industry (imagine, we say cigarettes are killers and then we subsidize the tobacco industry). Well, if we don't mind putting defense workers out of their good paying jobs, if IBM can lay off thousands without a qualm of conscience, if President Clinton can sign a treaty that will result in hundreds of thousands of jobs moving to Mexico, then we ought to be able to look the tobacco industry in the eye and say "You are on your own." Cigarette prices will soar, maybe to a point where only the rich can afford to smoke. So be it. They also can afford their own health insurance. Let those who can pay the fare ruin their health.

Because I am living on \$600.00 a month (pension and part time job) I gave up cigarettes. I cannot afford doctor's bills and medicine and hospital bills up the kazoo. I never drank. Couldn't afford to with five children to feed and clothe. Consequently, at age 65 I am healthy and my mind is keen. I cannot say the same for some of my children. This permissive society sold my kids cigarettes and alcohol when they were underage, and I am most fortunate to have four of them still living. If you want to know what street drugs did to one of my children, read the enclosed true story: All in MY Family. [REDACTED] is dead at age 26. And he cost the medical insurance and medicaid program plenty.

I did not know he was using dangerous street drugs at age 14. Our school system had a health course that taught them that marijuana was not addictive. It is psychologically addictive, and leads to paranoia, not to mention more harmful drugs that can really kill you. When is the media going to do some public service announcements telling kids the truth: the "fun" is short lived, and the long term consequences of even marijuana smoking can be life in the mental hygiene system. And it is not pleasant there at all. If not the media, then who? Perhaps this letter should go to the Governors of our states. This is an education thing truly.

We all must bite the bullet on this issue. No more blaming the sellers of these dangerous , health ruining items. Blame the users. Or at least teach the coming generation of potential users, starting in about the 6th grade, what the consequences will be if they experiment with drugs. Tell them all the government programs in the world cannot put them back together again if they "burn out" their brains with cocaine, pcg, whatever the latest craze is.

Ignorance is NOT bliss, especially when it comes to living with the consequences of these habit forming addictions. While you are on TV discussing the ways you can save money to pay for the humongous health bill we now have, I implore you to point out to the citizenry, young especially, that this country may not have the money to pay their hospital bills when they get themselves overdosed, or shot, or pregnant with addicted babies in the near future. The well is running dry. Frankly, I feel very apprehensive about the quality of life of Americans in the next centry, soon to be upon us. It won't get better but will definitely get worse if we don't curb the addictions we have.

Before closing there is one more item I want to get off my chest. Again it is not mentioned by the African American leadership, nor any other person who discusses the subject. It is, again, politically incorrect to point it out. Well, I am not running for office, I am trying to save my nation's people - from themselves, so I have to tell it like it is. The number one reason that "liberalism" didn't work to save the people in our cities from a life of poverty is that it wasn't designed to do that. It was designed to do something for them that wouldn't upset the white citizenry. Building public housing to replace falling down tenaments did not bring the black community any closer to the white one, and so it was acceptable. Money was spent to do just that. No jobs were created in nearby areas to support the people in that housing - it apparently was assumed that they would remain on welfare.

Well, it should be news to no one that nobody wants to be on welfare. You cannot dress decently or live decently on the small amount that is allowed, so guess what - those people (many, if not all) took up selling drugs to make a living. You cannot end the drug trade in those areas of big cities that have millions of people crammed together unemployed and unhappy. Discrimination by white Americans against black Americans has caused the inner cities to collapse from within. If white Americans were not so hateful - using nasty words to insult their black neighbors, burning crosses on their lawns, chasing black youths with baseball bats that have the effortry to walk in their lilly white neighborhoods, to name but a few of the signs of racism that we all know about, then black middle class, educated, upwardly mobile people would have moved out to the suburbs and prospered long ago. In fact, some did in spite of the unwelcome attitude that abides there. Remember Dr. Martin Luther King's walk through a white neighborhood in Chicago - a march for open housing.. It was a mighty unpleasant scene. He never did it again.

So, one bad situation is feeding on another. You cannot solve this American Dilemma. Racism/tribalism/is a fact of life in the world. It exists in every country and continent. When we as a people realize that it is hurting all of us, not just the minority peoples of our country, then perhaps we will stop the nastiness for our own sakes and let other people pursue their life, liberty and pursuit of happiness without any flack from the rest of us. THEN we will definitely have a chance to get this country prospering again.

Thank you for giving these matters your consideration when deciding how to spend our taxpayer dollars, and where to cut the fat in the federal budget.

One Who Cares

I hope my name is in the millions, but I fear it is not.

- Enclosed:
- ✓ 1. My testimony before Sub Committee on Human Resources in October 14, 1993. See page 4 especially on my remarks regarding SSI and Substance Abusers. And pg. 15 of March 1.
 - ✓ 2. Reprint from California AMI JOURNAL on Mental Illness Alcohol and Substance Abusers by Dr. Bert Pepper. See page 4 paragraph entitled: Can Marijuana Induce Schizophrenia?
 3. Copy of "All in MY Family" written by Anonymous Parent, whose identity I reveal to you is myself. It tells of what substance abuse did to my teen age sons.
 - ✓ 4. Copy of Mental Illness Awareness Week brochure of National Alliance for the Mentally Ill, telling how TREATMENT WORKS, the theme for this year. If we must spend money to rehabilitate and bring back people from addiction, let's do it right. Every one we save in this manner will result in hundreds of thousands of dollars saved in taxpayer dollars.
 - ✓ 5. AARP cover of Modern Maturity entitled "Under the Influence. Read the numbers please, and let's get serious about addressing the problem they represent.
 - ✓ 6. Copy of suggested ad on TV: What'll Ya Have?

Sit upon request

I have file drawers full of information on Alcohol Abuse, the criminalization of the mentally ill, rehabilitation of alcohol abusers and the mentally ill. It is an entire industry. Please don't be shy of solving these problems and putting them all out of business. Not to solve these problems is to put us all out of business.

Carbon Copies to: U.S. News and World Report ✓
National Minority Press, Houston, Texas
Larry King, CNN, Washington, D.C.
Brian Lamb, C-SPAN, Washington, DC

7. Reprint from a local Outchess County newspaper re racial cross burning that occurred last week



Alliance for the Mentally Ill of New York State

12-1

Albany, New York 12210

HotLine

TESTIMONY for the OVERSIGHT HEARING ON SUPPLEMENTAL SECURITY INCOME held by the Honorable Harold E. Ford, Chairman, Subcommittee on Human Resources, Committee on Ways and Means, under date of October 14, 1993

BY: ALLIANCE FOR THE MENTALLY ILL of NEW YORK STATE, represented by

Thank you, Mr. Chairman, for this Oversight Hearing on the SSI program, and for the opportunity to testify here today. I am speaking to you as the mother of a mentally disabled daughter who has been an SSI recipient since 1980. Her mentally disabling condition today is mild schizophrenia, and she is able to live in the community with another sharing person thanks to modern day assistance from a local community mental health center, anti-psychotic medications provided through the Medicaid program and her own medication compliance. I am fiercely proud of her for her courage and character in continuing to battle this debilitating illness.

I am also here to speak in behalf of other parents of the mentally ill who belong to the New York State Alliance for the Mentally Ill (AMI-NYS), a non-profit organization of advocacy and support. We have been studying the SSI Modernization Panel Report, and we have even submitted our views to this panel. I am here to lend our support to their recommendations on behalf of our statewide organization. Indeed, the Alliance is nationwide, with a national office nearby in Arlington, Virginia. National AMI will also be presenting testimony today.

Nationwide there is also an SSI Advocacy group which has and will continue to support the recommendations of the SSI Modernization panel of experts. In brief summary, we join them in supporting an increase in the monthly benefit rate for the disabled and elderly on SSI, and we support their recommendation for an improvement in outreach efforts by the Social Security Administration. Also we support their recommendation that the 1/3rd In Kind Support and Maintenance rule be eliminated. However, there is some concern in our minds whether or not Congress will be willing to eliminate this rule across the board. What we would like to see is a more equitable rule. To discuss this complicated rule in this short period of public testimony might add to the confusion. We have included in our written testimony more detailed suggestions on how it might be modified to be fairer to families and recipients who share expenses together.

I would like to say this, however. In the Second Circuit Court of Appeals, which covers New York State, Vermont and Connecticut, a ruling came down in a case entitled Ruppert v. Bowen that has already improved the way this 1/3rd rule can be administered. A short article about this case is enclosed, and also a longer brief of it is attached separately which was taken from the Federal Reporter. In the three states I mentioned we already have a better interpretation of the law regarding rent subsidies by sharing people. Our minimum hope is that this ruling will be applied throughout the nation.

Our testimony also includes our thoughts on the other items on your agenda today, namely, (3) Eligibility requirements for (immigrants and) substance abusers, as well as (4) Certain criteria for establishing trusts. It is our considered opinion that the SSI Modernization Panel did not come out with the right recommendations regarding the matter of trusts. This, too, is a very complicated and legal matter which we are vitally concerned about but which cannot be attempted in the short time we are allotted. We have, therefore, written our views and submitted them in the additional pages to this testimony.

We wish to publicly commend the Social Security Administration for assembling the SSI MODERNIZATION PANEL, and to thank the Panel for the thorough job they have done in seeking input from all segments of our society and all geographic locations, and for delving into all the hard-to-understand rules and regulations. And for their courage in recommending a raise in the benefit level to 120% of the poverty level within five years. That would go a long way in helping the deinstitutionalized mentally ill and disabled to stay afloat. In our written testimony we give you some examples of the formidable problems these people face every day trying to make it in a world that is tough even for those of us who have fared a lot better health wise.

We would, if permitted, like to outline some of the specific problems that we have come across as parents of disabled young adults who are on the SSI entitlement program. In my own case, I have a daughter currently living in California, who has had to move four times in the past year. And those moves were not due to her illness, but were due to the inadequacy of the SSI benefits, which force her to take inappropriate living situations. The benefit rate in California is indeed the highest in the nation, but it only allows the rental of a room in a private home with cooking privileges. If the renting family and the SSI recipient get along, then it may happen that they also share the living room and watch TV together. But it often happens that the SSI recipient is restricted to the lone room, cooking on a single burner on the community stove (or eating out), and sharing a bath that has restrictions on its use.

And that is the bright side. The truly handicapped might find themselves in a gloomy SRO or the streets or park benches. The rental subsidies, like Section 8 of the Federal Housing Act, are badly funded and the wait is 10 months to three years. For someone coming out of treatment in a hospital for serious mental problems, this is not a solution. This is an invitation to relapse.

Many deinstitutionalized persons are living back at home with their families. Today it is estimated that 50 to 65% of the deinstitutionalized are living with aging parents. The bad news is that we are truly aging out and our help and support will not be around ten or twenty years from now. It is time to think into the future a little and plan for that day when hundreds of thousands of disabled persons will be on their own who are now cared for by loving families.

One option for that future is for the disabled to live together and share homes, meals, transportation, etc. It is being done today in what is called group homes that are run by non-profit organizations. But it is our hope that it can be done by private individuals who have learned how to live with their illness in the community. But there is a serious impediment to doing this under the current rules of the Social Security Administration. Please let me explain.

Two or three or four people can rent an apartment together, split the expenses evenly, and each of them receive a total SSI check to cover their monthly expenses, PROVIDED that each of them is on the lease as renters and have equal liability for the rent. This is the "pro rata" rule.

BUT, if one of the above owns the house they are sharing and becomes ill and is reduced to an SSI check for his support, the income he charges the others is considered "unearned" income and will be subtracted from his SSI check! This must be corrected somehow. So that persons who own a home or are left a home someday in the future by parents in their will can rent rooms and share expenses and thus maintain themselves independently in the community in their own home. Everyone should not be reduced to an SSI check and an SRO in some dingy neighborhood. Please help us to see that this doesn't happen to the children we leave behind.

And this brings us to the subject of trusts for the disabled, allowed under current SSI regulations provided the trust is a "discretionary" trust and the beneficiary does not have "control" of the assets. Families of disabled children or young or middle aged adults want to leave their homes and other assets to benefit their independent children. In doing so they will assure their safety and well being. A trust created now or in a Will is the principal means for accomplishing this. We see NO NEED TO CHANGE the way that the SSA now deals with discretionary trusts. We think that back payments of retro-active SSI payments can and should be put into a similar trust, so that the recipient is not forced to spend the money within a six month period or have it considered a countable "resource." The only problem with this solution is finding a suitable trustee. In the case of children that receive payments as a result of the Zebley case, their parents would be the obvious trustees. But in other cases, where the lump sum might come from a lawsuit won as a result of injury, it might be harder to find a trustee. It also might not be

equitable to allow an SSI recipient to have a LARGE trust, of say over \$300,000, AND an SSI entitlement benefit and Medicaid. This matter merits further study. And a fair resolution. Disabled persons must not have to choose between spending money foolishly or having no SSI benefit at all. The wise investment of family legacies and/or tort settlements can enable at least some of our disabled citizens to live in community settings in dignity, at little expense to the taxpayers.

Before these hearings are completed I expect you will hear more about these matters from others. We are willing to work with you further to find suitable solutions to very complex problems. There are further comments and suggestions in the following pages.

Thank you again for this opportunity to speak to our own personal grievous concerns.

Additional testimony

Regarding the monthly benefit level, it is obvious to all of us that the federal benefit of \$434.00 per month is grossly inadequate for living in today's world. For this reason individual states often add a supplement, and the government(s) have programs to subsidize the rent of such low-income persons. When all these items are put together, a person can squeeze by and live in a modest but adequate environment. If the disabled or elderly person lives with a family or caring and sharing other individual, he or she can squeek by. Then why are there so many homeless, mentally ill persons on our streets?

The answer does not lie totally in the inadequacy of the government programs. Sometimes, in the case of the mentally ill, the answer is in their illness and the inadequacy of the treatment that they get or they refuse to avail themselves of. There is some serious fixing of the mental health system that needs to be done also. The homeless mentally ill will not disappear from our city streets until adequate community mental health services exist for them. And they avail themselves of these services.

Many of the so-called homeless that wander our city streets are simply people who have no jobs and therefore no way of paying for a roof over their heads. They qualify for no program except a city shelter and a soup kitchen. They can't be helped via the SSI program. They should be helped to regain a productive living style. To neglect them is to invite more burden on the taxpayers of the country, because the stress of their current lifestyle can precipitate a serious breakdown and all its consequent costs.

ASSET LEVELS

Regarding the current \$2,000.00 asset level that SSI recipients are allowed to have there are several points that need to be made. Those representing the elderly can address the problems inherent in "spending down" assets to qualify for SSI. Our young, chronic mentally ill family members seldom have any assets to spend down. Their problem with assets will come in the form of how much money they might be allowed to keep from a family inheritance in a will. Or how much money they might be allowed to save for a rainy day from a rehabilitation job that they perform at present. The deinstitutionalized mentally ill of today are our children, and their ages range from teens to the forties or fifties, if they are still in our care. They are surviving on government benefits and our help. We are very fearful that when our help is no longer part of the equation, they will join the legions in shelters and soup kitchens. We want to avoid that eventuality and are willing to do all in our power to prevent it. The laws regarding asset levels don't leave us much room to provide for that rainy day.

At the May 30th, 1989, hearing before a Subcommittee of Human Resources - this same committee - Louis D. Enoff, Deputy Commissioner for Programs, SSA, said that "an individual can own resources of considerable value and still be eligible for SSI. For example, a person's total net worth could be \$110,000; this could include a home and a car." At today's prices that arbitrary amount could double. But how does one pay the mortgage on such a home and the car payments on a monthly check of \$434.00 per month (or in New York State on \$520.00 a month)?

Even if a disabled or elderly person were GIVEN a house and a car, the taxes and upkeep would be impossible on an SSI check. The SSI recipient would be obliged to sell the house and move into a rental. Immediately upon the sale of the house the SSI recipient would no longer be qualified to receive a penny from SSI because he would now have that asset converted to cash and the amount would be way over the \$2,000.00 asset level. Now the "spending down" process would start. And no SSI checks would be available until that cash was spent down to the \$2,000.00 level.

As we touched upon before, the only way that a person on SSI could continue to maintain himself in his own private home would be if others shared the home and shared the expenses. We desperately want Congress to pass a law to make that possible. A multitude of laws have already been passed, and after this hearing some new ones will be added. Please include in this package the ability of disabled and elderly persons on SSI to be allowed to "share" their homes by renting out a room or two. Any "profit" made on such an arrangement could be legitimately deducted from the owner's SSI check, but first the mortgage, taxes, heat, electric and phone bills must be pro-rated and shared equally.

All we want is for our disabled adult children to be able to survive in dignity. Not on the streets. To be forced to sell a family home because of glitches in the regulations regarding "unearned" income is a travesty. It will cause more homelessness eventually, if you don't change the regulations/laws now.

SSI and Substance Abusers - by [REDACTED], AMI-NYS Member

This is not a simple subject to tackle, but I have some definite ideas on the subject, born of experience with a family member. If a person is simply an alcoholic or substance abuser, he or she is not handicapped. That person is addicted. And addictions can be cured through therapy and abstinence, after which the person can resume his/her place in society as a working member. To achieve sobriety may take special help, and while receiving that help, government subsidy for living may be in order. But checks should not be mailed out to persons simply because they are "alcoholics."

There is another category of person, however, who is both handicapped and a substance abuser. This person may legitimately receive a check for the handicapping condition, and then use it foolishly for alcohol. This can happen most easily when the supporting family pays the bills for food, and rent, and the handicapped person gets a reduced check under the 1/3rd rule. The check is too small to support the individual, but large enough for a couple of good benders that can result in rehospitalization - in the case of mentally disabled persons especially.

It is too late for my family to find a solution to this problem. This behavior led to my middle son's death in 1989. So I am well attuned to the dangers of allowing such individuals to have control of any funds at all. However, even the mentally ill must learn how to cope with both their illness and their addiction(s) in this day and age of deinstitutionalization. It is a sink or swim affair. Many sink. Perhaps a better way can be found to help them learn to manage money. There is certainly a glitch in the system that just sends out a check and does not expect an accounting, especially for persons who are mentally ill and addicted. I suspect that Congress does not want to face the fact that the checks are too small to provide adequate help.

Today we are here to face facts. The simple truth is that you cannot live on an SSI benefit, but you can get drunk on one - and maybe lose your life. Such irresponsible people often have a representative payee. But the check is made out to both the recipient and the representative payee, and the banks don't seem to pay any attention to who opens the savings account or who withdraws the money. I was manipulated by my son into allowing him to have control over his SSI money. Since he was saving most of it toward the day he would have his own place, I thought I was doing the right thing. But now and then he misused some of it. And I am sure plenty of others do too. How to prevent this is the question. Tighten up the rules for the representative payee. And inform banks that an account can only be opened by the representative payee, not the actual recipient.

A final point I would like to make to Mr. Ford, which is in answer to his question, where is the money to come from to pay for the increases? Every time I get a magazine in the mail (U.S. News & World Report) or the Washington Post National Weekly Edition, or the National Enquirer, it seems that there is an article about wasted taxpayers money on really frivolous research projects, ridiculously high defense bills, overruns on building projects, and most annoying of all, articles like the one I enclose which point out subsidies that the generous (or criminal) U.S. Congress pays out to millionaires, either for not planting crops we don't need, or in this article, forgiving the huge debts of extremely wealthy individuals who happen to be losing money (so they say) in a farm venture they went into. I mean to tell you, us little guys can read, and we don't like what we read about such taking advantage of programs meant for poor farm families by wealthy, unconscionable crooks.

That Congress allows such fraudulent waste to go on, and then leaves mentally ill people to fend for themselves on the streets of our big cities is not to be borne. Not by me. I protest.

Collect on those debts by any means possible. The IRS will take your home, your car, maybe even your kids if you don't pay up. I suggest that Congress find a way to play tough with people who obviously have the means to repay their debts. And incidentally, who writes laws that allow this to go on?

And speaking of repaying debts. How many doctors and lawyers still owe the U.S. government for their education loans? A lot I understand. Well, send them a bill, with a statement to the effect: You have six months to pay this bill or we will take measures to collect it - like the IRS. My guess is that they will pay, promptly.

I'll be keeping my eyes out for further news items about crooks robbing our federal treasury, so you can get after them and have money for the really needy.

I think Uncle Sam is broke because of its generosity to the Middle Class, not the poor. I also think that if you try to tighten up on them that they will squawk loudly. Please keep in mind that to be middle class today you need a family income of \$50,000.00 to pay the mortgage and raise the kids. Don't think those making \$20,000 as middle class. After income taxes, social security taxes, state taxes and city/county/school taxes, they have about \$10,000 per year to live on, which is no doubt why wives and mothers have to go out and try to earn another \$20,000.00 per year - to make up for the loss of the husband's paycheck. And of course the government taxes her income even more, because she doesn't have any dependents.

I truly hope that someone on your staff that reads this will call it to your attention. We really need help out here to survive. I am truly sorry there are so many needing help. It would make it easier for Congress to be generous to people in that category. Please do try to improve the SSI program.

THE PORK BARREL BARONS

The real scandal in Washington, as one wag put it, is what's legal. Here's the inside story of how one powerful congressional committee wastes millions of tax dollars.

They are America's master builders, 63 men and women who gather regularly in the nation's capital, where they sit in a handsome, high-ceilinged chamber—deciding how your money should be spent. In Room 2167 of the House of Representatives' Rayburn Office Building, there is abundant evidence of the dollars spent. The walls are hung with photograph after photograph of sleek roads, soaring dams, magnificent bridges. The projects are the handiwork of the House Public Works and Transportation Committee. Bud Shuster, a Pennsylvania Republican, is among the panel's most influential members. He calls the panel the "Building Committee of America."

The House Public Works Committee is the largest committee of the Congress and one of its principal power centers. It's not hard to see why. Members have access to big money. Each year, they

U.S. NEWS INVESTIGATIVE REPORT

authorize the spending of billions of dollars for the nation's infrastructure. Many of the projects the committee supports are worthy. Others are of dubious merit. All cost taxpayers an awful lot of money each year.

When he unveiled his \$1.52 trillion budget last week, President Clinton called it the "toughest budget on spending cuts the Congress has yet seen." Constrained by a budget deal last year that enforces spending limits, Clinton hopes to cut 115 government programs and shift money to priorities like health care and fighting crime. Making good on Clinton's proposed cuts will not be easy. Only Congress can decide how much tax money gets spent and what it gets spent on. Congress has the final say.

And Congress, as everyone knows, likes to spend—particularly members of the House of Representatives. Facing

re-election every two years, House members need to be able to show constituents that they can bring home the bacon. Highways, new courthouses—these are tangible results lawmakers can show those who elected them. The trouble is, while many of the projects authorized by Congress are needed, many are chosen largely because of political clout. For the Clinton administration this is a problem. Highway projects au-



THROUGH THE WOODS

The FmHA is seen as a welfare agency for wealthy debtor-farmers

By Sharon LaFransiere
Washington Post Staff Writer

When Southern California dentist John M. Mosby wants to relax, he hops in his burrundy Lincoln Town Car and heads for his \$817,000 ocean-front house, the one with the floor-to-ceiling windows and a private walkway to the beach. His neighbors there consider him a rich man, with a four-seat airplane and more than \$3 million worth of land.

Less obvious than his lifestyle is his financial benefactor: the Farmers Home Administration. Mosby owes \$3.5 million in back payments on federal loans to his beef cattle ranch in Northern California, but the FmHA has not foreclosed in the 13 years since his account first became delinquent. Meanwhile, Mosby built his weekend getaway house just outside Santa Barbara and purchased an office building there now assessed at \$1.7 million.

It is no mystery why wealthy FmHA borrowers such as Mosby don't pay: Nobody makes them. Congress has directed the FmHA to do all it can to keep farmers and ranchers in business, even if it means forgiving bad loans and making new ones to borrowers already in default.

The government always has bestowed special status on the family farmer, but even government officials concede that the 58-year-old farm loan agency is in a class by itself. Former Agriculture secretary Clayton Yeutter says the FmHA is so tolerant of delinquent borrowers that it does not hand out loans, it hands out grants.

How tolerant? This tolerant: In the past five years, the FmHA has written off as uncollectable \$11.5 billion in loans. But the agency isn't finished; it is carrying \$5 billion in bad loans on the books.

How tolerant? Seventy percent of the agency's debt in 1990 was owed by borrowers who either were behind on their payments or who are current only because the FmHA forgave some of their debt or rewrote their loans with better terms.

How tolerant? Faced with nearly 20,000 delinquent borrowers, half of whom have not made a payment in at least three years, the FmHA typically forecloses on only about 200 farms a year. Last March, Agriculture Secretary Mike Espy suspended all foreclosures, saying the agency had not been a good enough friend to troubled farmers. He lifted the ban in February.

How tolerant? So generous are the agency's loan arrangements—even after some tightening by Congress—that borrowers who renege on their obligations can make out far better than those who scrump to make payments.

James Pudwill is a California raspberry farmer who faithfully pays on his \$337,000 in FmHA loans, most of it borrowed at the now sky-high interest rate of 10.75 percent. If Pudwill was not making payments, or could show he was in financial distress, he could qualify for a lower rate—or even get some of his debt forgiven.

"I think that's pretty rotten," Pudwill says. "I took all my money that I saved and worked for and put it on my payment, instead of going to the Caribbean and buying Corvettes and big motor homes like I know some other people have."

Michael V. Dunn, the Clinton administration's FmHA administrator, agrees with Pudwill that some rich farmers and ranchers have abused their loans. But he and other FmHA officials say most delinquent borrowers are victims of a mid-1980s decline in crop prices, farm income and farmland values. The agency has improperly threatened some farmers with foreclosure without giving them required notice or services, Dunn says. "There's horror stories on both sides."

Lou Anne Kling, now in charge of farmer loans, says the FmHA expects to take losses if that is what it takes to keep farmers operating. "It's a welfare agency," she says. "That's what it is."

And a big one too. With 139,000 borrowers, the FmHA writes off a yearly average of \$2.3 billion in debt, enough to provide food stamps to 2.6 million recipients. Its mountainous

level of bum loans "far exceeds those that might be anticipated even for a 'lender of last resort,'" Congress's General Accounting Office says in a special report in 1992.

Some borrowers are now worse off, with more debt and less equity, than they would have been without the FmHA, the GAO says. Others are so well-off that FmHA's own loan officers deny the fact the agency cannot make them pay.

A confidential list of borrowers obtained by The Washington Post shows Mosby is by no means an extreme example. In another California county, delinquent FmHA borrowers include a developer who estimated his net worth at \$121 million, an alfalfa farmer with a passion for expensive vintage aircraft and the chairman of a real estate firm that reported \$250 million in annual sales.

Mosby's explanation for his default is that he is sending his extra money to the commercial lender who holds the first lien on his cattle ranch. He says he did not have to come up with cash to buy the office building or build his ocean-front home, but simply traded property he already owned and took out a commercial loan. He blames the FmHA for refusing to renegotiate his loans. "They just won't do anything," he says.

MOSBY IS NOT EXACTLY THE KIND OF CLIENT THE FmHA had in mind when it began making loans in the Depression era. Its purpose was to give hard-pressed family farmers temporary, low-interest loans until they could establish bank credit. Even today, farmers are not supposed to qualify for the agency's cut-rate loans unless they produce two letters from banks that have denied them credit.

But like a lot of agencies serving politically potent constituencies, the FmHA ballooned well beyond its original mandate. By the late 1970s, under constant pressure from Congress, the agency had evolved into a virtual piggy bank not just for family farmers, but also for almost anybody who could show even a tenuous link to agriculture.

Suddenly people living hundreds of miles from their farms or ranches, with millions in assets, qualified for loans at interest rates as low as 3 percent. Perhaps the prime example of excess was Tex-Cal Land Management Inc. The FmHA expects to lose virtually all \$51 million it loaned the firm, including \$15 million it gave out after Tex-Cal had already defaulted. The Justice Department now contends in a civil suit that Tex-Cal's owners spent loan money on their houses and other companies.

Some farmers got more help than they ever wanted. Wayne

Arnold, a California cotton farmer, asked for \$65,000 to help him through a bad crop year in 1979. The FmHA gave him \$400,000 in long-term debt. Now 50, Arnold will be paying until he is 76. "It was crazy," Arnold says. "It would have been better to let me go broke."

IN THE '80s, THE FmHA PULLED BACK. CONGRESS capped the much-abused emergency loans at \$500,000 per borrower and tightened eligibility to rule out mere investors. It also authorized the FmHA to back bank loans to farmers, trimming its role as a direct lender. Now the agency guarantees almost as much money in bank loans as it loans itself.

Still, legislators insisted that borrowers be treated with kid gloves. After the GAO criticized the agency for requiring loan applicants to show simply a positive cash flow, FmHA officials suggested tighter guidelines. Lawmakers batted away the idea. The FmHA decided to no longer make new loans to borrowers already in default. Congress reinstated the policy.

In the past three years, the agency has approved \$205 million in new loans to borrowers who either were in default or had failed to pay on earlier loans, according to the GAO.

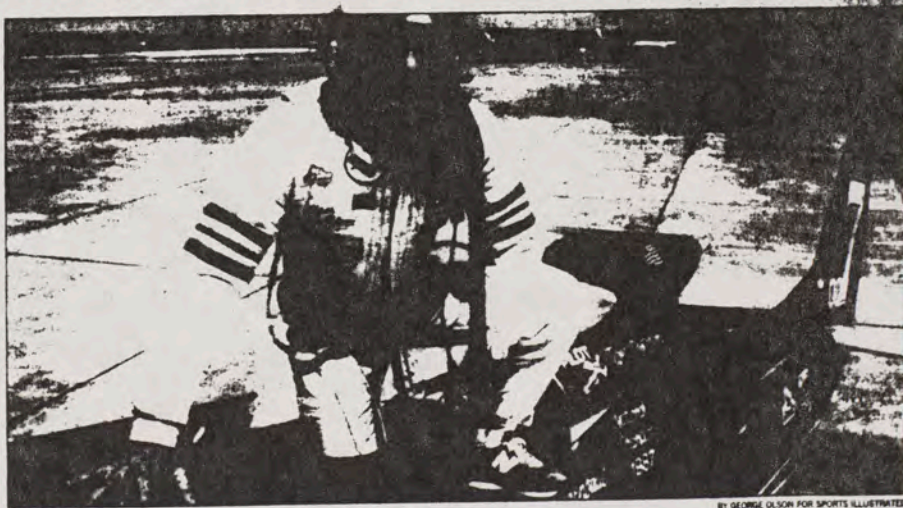
Says former Democratic representative Glenn English of Oklahoma, who headed the House Agriculture environment, credit and rural development subcommittee from 1989 to 1993: "A lot of members are reluctant, even with the cold hard facts staring them in the face, to say to a farmer that there's just no way we can do it."

In 1987, legislators devised a new way out of a bad loan: reducing the amount owed and forgiving the rest. The prime downs were for borrowers who could not be at least partially rescued by a lower interest rate, more time to pay or a new, bigger loan. Borrowers can have their loans forgiven, says the GAO's Patricia J. Sweeney, who supervised the audit: "It tells them: 'I don't have to pay this.'"

Debt relief is supposed to enable borrowers to keep their farms and resume paying. But many borrowers granted debt relief before 1990 only became delinquent again. The FmHA has forgiven more than \$1 billion in debt since 1987.

Before Congress tightened the program, it gave even debtors who had acted in bad faith. One family, for instance, improperly sold its farm to the FmHA for more than \$500,000 and gave the agency a letter of forgiveness. Yet the family qualified for \$1.75 million in loan forgiveness, according to congressional testimony.

Such practices have escaped widespread public attention.



Vintage aircraft collector Bill Dostofani owes \$1.2 million in back payments.

BY GEORGE OLSON FOR SPORTS ILLUSTRATED

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ILLNESS
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October 2-8, 1994

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February-March 1992

Under the influence

11 million Americans are hooked on alcohol

76 million have an alcoholic in their family

Who gets hurt? How can we stop it?

Thinking of drinking
and driving?



What'll ya have??

Silence in the wake of Poughquag cross-burning leaves anger, fear

by Julie Moran Alterio
Dorothy Williams is angry. She's angry that a month has passed since an 8-foot cross was burned on her Poughquag lawn and no suspects have been arrested in the case. She's angry that her closest neighbors on Mayfair Drive haven't even stopped by to ask her how she's

doing. But worst of all, in addition to her anger, she's afraid. Her neighbors' silence about the incident has led her to believe they condone it. The police's failure to make an arrest has led her to believe the green light has been given to hate crimes. She doesn't walk out of her house alone at night, not even to get to her car to go to work — she asks someone to accompany her. "I used to walk across the lawn to my mailbox and I don't anymore," Williams said. "I always prided myself on being a strong person, but this is scary."

Williams said if her neighbors had spoken out, she wouldn't be so fearful. "It would have shown that they didn't agree with it, that they disliked what happened almost as much as I did." Williams said her family has suffered what she considered "minor" annoyances since her move to Beekman 14 years ago. A mailbox was bashed, fence rails were broken, balls left on the lawn were deflated and eggs were thrown at the house, but nothing of this magnitude ever happened before, she said. "I never looked at any of that as being serious, but I look back on it and see all of it as serious. Because what the children got, they got from the parents," she said. "I've never feared any of my neighbors but, because of this, because of the silence, I feel they are in total

agreement with what happened here." Although she hasn't heard from her closest neighbors, Williams received calls from a nearby resident and two families in Poughkeepsie. She also received a call from Conrad Link, chairman of the Beekman Democratic Committee. "I called her because I was very incensed about that happening. I know from experience that we have bigots in a lot of places," Link said. "This is so sad. Here is a lady who's trying to make ends meet and she gets put upon in this manner."

Clarence McGill, head of the Dutchess County Committee Against Racism, has joined Williams in criticizing what he called a lack of reaction to the incident. "I've been trying to get somebody to speak out," McGill said. "For some reason, they just clam up and say nothing. If we have officials who stand by while someone is terrorized by this, why do we pay taxes? If a synagogue was burned, there'd be public outcry."

McGill said two other cross burnings have taken place in the county in the last five years and added that the Ku Klux Klan has been a presence here for some time. "The officials are not impressed that a black woman has been terrorized," he said. "It convinces people in the county — or out — that this is a racist society and we have no

(Continued on page A15)



LIVING WITH FEAR: Dorothy Williams sits on the porch of her Poughquag home looking out at the lawn where someone burned an 8-foot cross on Aug. 13. She doesn't walk on her lawn anymore and she doesn't go out alone at night. (Photo by Julie Moran Alterio.)

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Senator Kerry: Poughquag is in Dutchess County, east of Poughkeepsie. It is nearly 100% white. Read this and weep. It happened LAST WEEK.

...Fear, anger From Page A1

objection to it."

Williams said the incident has affected her life in every way. She said she often reads the Koran and the Bible, but she can't get over her anger. Because her co-workers see her smile and laugh they think everything is OK, but inside she is hurting, she said.

This most recent incident has brought back memories of past hurts. Williams recalled a time when she went to town hall for a town meeting and was asked if she was looking for the town court. She remembers when her now-grown daughter walked to school and a neighbor let loose her Doberman pinscher every morning just as her daughter walked by.

She said the police's failure to arrest a suspect in the cross-burning convinces her that the racism is condoned.

Williams said she approached the district attorney the week after the cross burning to ask him to get involved, but was told there wasn't anything he could do until the state police arrested a suspect.

District Attorney William

said Williams "misunderstood" what he said. "That's not true at all. We are working closely with the state police. The state police and my office are taking this very seriously. There is an ongoing investigation by the state police into this incident," Grady said. Grady said the state police's bias crime unit is involved in the investigation because of the nature of the crime. "Such cases have a very special emotional and psychological impact. Bias-related crimes such as this must be taken very seriously and be prosecuted vigorously," he said.

State police investigator Gary Mazzacano heads the bias crime unit. He said that although there is no "substantial" progress on the case, his office is still working on it with state police investigator Donald Yacker. "The investigator is doing everything he can," Mazzacano said.

Mazzacano said the police are still working on linking fingerprints from the cross to possible suspects.

Town prods police

said she's been in touch with police as well as the county Human Rights Commission as recently as this past weekend to encourage action on the case.

Heady said she cannot agree with Williams that her neighbors approve of what happened. "Knowing the people in the Town of Beekman and that neighborhood in particular, I'm sure that's not the case," Heady said.

She speculated that many residents don't know what to say in response.

James Tobin has lived across the street from Williams for as long as she's lived in Beekman. He said nothing like this has ever happened on Mayfair Drive before. "It was a surprise because it's very quiet up here," he said. "It's hard to believe when something like that happens."

Hopefully, the police are investigating.

Tobin said the street is populated with working adults who have a "nodding acquaintance."

He said that very few know each other's names. "People keep to

In Pleasant Valley:

The Voice Ledger, Thursday, September 15, 1994 A15