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PROBLEMS OF WELFARE REFORM

FREDERICK D. ANNER  
Education & Public Welfare Division

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## PROBLEMS OF WELFARE REFORM

### Introduction

The call for welfare reform is almost universal but little has been written of the many practical difficulties--rooted, however, in rather major philosophical, political, and fiscal considerations--which beset any substantial revision of the existing system. Most of the discussion has centered around proposals to "federalize" the system which generally means to institute national benefit and eligibility standards and provide Federal administration and financing. The various proposals, of course, differ in degree with considerable residual State authority involved in some. The paper which follows is a brief discussion of some of the basic issues underlying welfare reform with particular emphasis on the legislation which has received the most intense Congressional scrutiny.

## I. Selecting a National Payment Level

Most of the problems of welfare revision are due to the diversity of the existing programs which have created great extremes of treatment and are difficult to rationalize and incorporate into a uniform national system. The great differences in payment levels are well known and it is generally acknowledged that the original purpose of the Social Security Act to allow the States to adapt their own programs to their particular economic and social conditions has had very haphazard results nationwide in terms of the benefits provided.

There is a lack of consensus as to just what a national payment level should be. The Administration last year supported a Federal payment level of \$1600 for a family of four, and this year, in endorsing H.R. 1 the Ways and Means Committee bill as reported, a \$2400 level with a food stamp cash-out. Last year, and in H.R. 1 as introduced this year, it also endorsed the need for State programs with Federal matching supplementing the basic Federal payment. The Administration, however, has given little indication of what would be a desirable level for this combined program.<sup>1/</sup>

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<sup>1/</sup> The Administration endorsed the provision in the House-passed welfare bill last year and H.R. 1 as introduced this year which authorizes 30% Federal matching for State supplementary programs of payment amounts but not above the poverty level. Whether this is an indication of the desired payment level or merely support of an attempt to put a lid on the open-end matching formula is not altogether clear. Two States now have payment levels which exceed the currently established national poverty level for a family of four.

The Ways and Means bill this year would not require a State to have a supplementary program, or provide Federal matching for such a program, but if the State's payment level did not exceed that of January 1, 1971 it would be assured ("held harmless") by the Federal Government of not being required to expend more than it had expended for cash benefits in calendar year 1971. The Committee on Ways and Means report on H.R. 1 declares that the Federal benefit standard provided by the bill represents "a realistic attempt to establish uniform national minimum standards of assistance...." It further states:

Your committee recognizes, however, that, because of the variations in living costs from one area to another and for other reasons, a complete uniformity of assistance levels throughout the nation is not presently attainable nor even necessarily desirable. In general, it is anticipated that those States which now provide assistance at a level below that of the new Federal programs of your committee's bill will find the Federal benefits adequate to meet the essential needs of the poor in their areas while those States which currently have higher payment levels would find it desirable to supplement the Federal assistance payments. Your committee's bill accordingly leaves each State, completely free either to provide no supplementation of Federal assistance payments or to supplement those payments to whatever extent it finds appropriate in view of the needs and resources of its citizens.

(House Report 92-231, p. 199)

Four members of the Committee, although supporting the bill, criticized this decision. They wrote in additional views:

The minimum payment levels are clearly insufficient to provide a family with sufficient income to meet its minimal needs. This insufficiency is more serious since states are not required to maintain present benefit levels. For a family of four, \$2400 is

more than \$1500 below the official poverty line established by the Department of Health, Education and Welfare. It is no more than the \$2400 that the Ways and Means Committee itself considered necessary as a minimum payment to support an aged, blind or disabled family of two persons.

Proposals to raise the \$2400 were rejected by the Committee on the grounds of additional costs and that a benefit adequate for a family in high cost metropolitan areas of the north would have an adverse impact on low cost rural areas in the south. To meet the argument that increased benefits would result in an increase in the current federal deficit, proposals were made to establish a goal of adequacy towards which the benefit would be increased over a fixed period of years; and in recognition of the varying economic conditions within the United States to adjust the minimum benefit level to meet the increased cost of food and other shelter items in high cost areas. Yet these proposals were defeated....

Unfortunately the Committee rejected provisions to assure that no recipient would be worse off than under existing law--a cardinal principle which the President stated in August 1969, when he first proposed the Family Assistance Program to the nation. The Committee even eliminated from H.R. 1, as introduced in the Congress, specific provisions which it had passed last year requiring states to maintain their current payment levels.

While the Committee assured to the states that they could protect persons from loss of benefits maintaining current benefit levels and increasing them by the value of food stamps without having to expend more in welfare funds in future years than they spent in calendar year 1971, such provisions will not protect beneficiaries in all states. Some states may seize the opportunity which this will give them to escape from all welfare costs by reducing their payment down to \$2400.

(House Report p. 379-380)

Many different Federal Benefit payment levels have been suggested, ranging up to the \$6500 a year for the family of four supported by the National Welfare Rights Organization. The House report contains the following table which gives an idea of the fiscal import of payments at varying levels:

Estimated gross Federal payments at different  
benefit levels, 1972

Family program	Gross Federal Payments (billions)
<hr/>	
Basic benefit level, family of 4:	
\$1,600	\$3.4
\$2,000	5.0
\$2,400	6.5
\$3,000	10.0
\$3,600	13.5
\$4,400	20.3
<hr/>	

(House Report, p. 219)

The fiscal implications of keeping current eligibles at current levels--even though some States have relatively high benefit payments--are not very severe. (The Federal costs of the 30% Federal matching provision of H.R. 1 as originally introduced and the "hold harmless" in the Committee version of H.R. 1 both are a little over a billion dollars. The State costs under both bills are just over 3 billion dollars). On the other hand, a national benefit level that substantially brings up the payment of AFDC eligibles in a large number of States and, in addition, covers and provides comparable

payments for the workingpoor involves a very large expenditure of money. Thus, if one maintains that current recipients should not be disadvantaged in high benefits States, a uniform benefit can only come with relatively large expenditures. Conversely the present level of assistance for current recipients can be maintained at relatively modest costs, but at the sacrifice of benefit level uniformity and a unitary system.

## II. Fiscal Relief to the States

Welfare reform as a vehicle for some type of revenue sharing has been widely discussed and some elements of fiscal relief are present in almost all the reform proposals. Obviously, a large Federal payment will accord the greatest fiscal relief in that it will eliminate or materially reduce State and local welfare expenditures in most States. However, a basic Federal payment in the ranges adopted by the Committee on Ways and Means presents the dilemma of giving substantial relief to the low-benefit States but relatively less to the higher benefit States whose current AFDC levels are above the proposed Federal payment.

A perusal of the State savings figures under H.R. 1 as reported (Table 6, House Report p. 216. See Appendix A) shows a nationwide figure of only about \$60 million for the adult and family programs combined. This is derived by subtracting the actual savings in the lowest benefit States from the additional costs imposed on other States. All these estimates assume that



States institute supplementary programs which continue payments at present levels. Needless to say if the states do not institute such programs or impose reductions in present payments additional savings will result.

The savings in sixteen low benefit States total about \$600 million under H.R. 1. The high benefit States are protected, of course, under the "hold harmless" provision, and administrative costs are not included in this computation. When these last two elements are taken into consideration the State savings under H.R. 1, as reported, show a nationwide figure of about \$1.6 billion for fiscal 1973. (It should be pointed out, however, that this is not a savings over what is currently being spent but what it is estimated will be spent in fiscal 1973 under existing law with certain assumptions as to growth of the welfare rolls.) About \$1.1 billion is estimated to go to the States through the "hold harmless" mechanism in fiscal 1973. The real savings over current expenditure in all States are in administrative expenses which are estimated at about \$.5 billion nationwide. The assumption here is that all States will opt for administration by the Federal government which, under the provisions of H.R. 1, will then bear 100% of the administrative costs.

Various alternatives have been suggested to effectuate more fiscal relief for the States.<sup>2/</sup> A higher Federal payment is the most obvious, but others include reinstitution of Federal matching for the State supplementary program as in H.R. 1 as originally introduced, or a "sweetening up" of the "hold harmless". The latter was suggested by the four members of Ways and Means who presented additional views. They pointed out that a provision protecting the States against expenditures above 75% of their 1971 costs would give the States "an additional \$4.2 billion in fiscal relief during the five-year period." They stated that this would assure "that a fair share of fiscal relief would have gone to those states which have undertaken the greatest financial burdens in providing more adequate welfare benefits." (House Report, p. 380)

### III. Economic Effect on Recipients

Closely linked with the issue of fiscal relief to the States is the question of increased cash payments to recipients. The higher the basic Federal payment the higher the benefit payments will be for the recipients in those States which are subsumed under the Federal program. At the time the House passed the family assistance bill last year with a \$1600 payment for a family of four, that amount would have eliminated the program of some eight States. H.R. 1 this year with its \$2400 for a family of four would

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<sup>2/</sup> The original Administration FAP proposal in the fall of 1969 would have provided more fiscal relief to the higher benefit States but less to the lower benefit States. This would have been accomplished by a "hold harmless" based on 90% of past welfare expenditures coupled with a requirement that the States would have to incur welfare expenditures at a rate at least equal to 50% of past expenditures or refund this amount to the Federal government.

exceed the current benefit level in some 22 States. It should be pointed out, however, that this does not mean recipients in all these States will be better off than under existing law since under H.R. 1, as reported, they will lose their food stamp bonus which is worth about \$864 for a family at the \$2400 level, and \$408 for a family at the \$3000 level.<sup>3/</sup>

A major effect of the current reform proposals, and one of the areas of controversy, is the redistribution of the proportion of Federal welfare dollars between the low benefit and high benefit States. The increase in Federal funds going to recipients in the low benefit States is due to both increased payment levels and very substantial enlargement of the welfare rolls. The effect of raising the benefit level to \$2400 for a family of four, covering the working poor, and providing a liberalized payment level for the adult categories is shown by the following table which indicates the amount of cash payments and number of recipients in fiscal 1973 under H.R. 1, as compared with existing law in some low benefit and high benefit States.

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<sup>3/</sup>See table in Appendix B which shows that in only five low benefit States - Alabama, Arkansas, Louisiana, Mississippi, and South Carolina - does the \$2400 payment level exceed the AFDC payment level plus the food stamp bonus. Under H.R. 1 the State can increase the level of payments to compensate for the loss of food stamps eligibility and have this expenditure protected under the "hold harmless" provision. However, how many States will do this when this cuts into their "savings", or in the alternative, decide to adopt the commodity distribution program, eligibility for which is not eliminated under H.R. 1, is difficult to ascertain.

	<u>Existing Law</u>		<u>H.R. 1 as Reported</u>	
	\$ Millions	Recipients	\$ Millions	Recipients
Miss.	98.9	269,400	247.5	626,300
Ark.	83.9	149,000	152.5	404,500
Ga.	214.8	485,100	351.2	961,000
Cal.	2,196.4	2,335,600	2,582.9	2,444,400 <sup>4/</sup>
N.Y.	1,475.8	1,555,000	2,064.5	2,067,200 <sup>4/</sup>

(House Report, p. 210-213)

Fourteen of the lowest benefit States<sup>5/</sup> show an increase in payments of almost \$2 billion over existing law, and an increase in the number of recipients of about 6 million people. These States under existing law account for about 25% of Federal welfare expenditures but under H.R. 1 this percentage would rise to almost 33%. On the other hand, New York and California which together receive over 30% under existing law, would only receive 23% of Federal dollars under H.R. 1 in fiscal 1973.

#### IV. Incentive to Work

Probably one of the most crucial and least understood problems of welfare "reform" is how to develop a system which will carry out the almost universally agreed objective of making work more economically advantageous than the receipt of welfare payments.

<sup>4/</sup> Does not include those recipients entitled to State supplementary benefits only.

<sup>5/</sup> Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Texas, New Mexico, Puerto Rico, and West Virginia.

Making this ideal a reality, however, is difficult because of the inherent conflict between payment adequacy and an effective work incentive. Last year the Administration and the Ways and Means Committee struggled with the problem of designing a program which both provided an adequate benefit level for those who cannot work and also an adequate incentive for work for those who can.<sup>6/</sup> The proposal adopted was an acknowledged compromise between these two social objectives in a context of budget restraints, namely a \$1600 basic annual Federal benefit for a family of four which allows, under a earnings disregard formula, family earnings of \$3920 a year before all benefits disappear (the so-called breakeven point), plus a required supplementary program for those States whose AFDC program levels exceed the basic Federal benefit.

H.R. 1 as reported by Ways and Means this year has a higher Federal breakeven point (\$4,140) because it has a higher basic payment--\$2400 for a family of four. Although State supplementation is not required under H.R. 1, if it is it cannot be provided in such a way as to undermine the work incentive under the Federal payment. This means there cannot be a reduction in the State supplemental because of earnings until the Federal breakeven point is reached and at that point it cannot be more than \$1 for \$1. Under existing law and both Ways and Means versions of the bill the level

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<sup>6/</sup> The House Report on H.R. 1 explains the ramifications of adjusting the various elements of the work incentive. See Appendix C for excerpt from report. Also see the table in Appendix C which shows for the various benefit payment levels the amount of benefits payable and the persons eligible under three different rates of income disregard: \$1 for every \$2 of earnings (a 50% tax), \$4 for every \$10 (a 60% tax), and \$1 for every \$3 (a 75% tax).

of earnings in high benefit States can be quite substantial at the break-down point. For instance, in New York and New Jersey the breakeven point under H.R. 1 as passed by the House is over \$7000 for a family of four. See Appendix D which shows the breakeven points for the State supplementary programs in annual amounts and hourly equivalents with and without the food stamp cash out.

This point also raises the issue of the crucial relationship of the welfare payment to prevailing wage rates and their effect on the incentive to work. In the high benefit States the hourly wage required to get a family of four off the AFDC rolls may well run over \$3 an hour under existing law. The comparable figure in the lowest benefit States is about \$1.50 an hour. However, if H.R. 1 is enacted with a \$2400 payment, recipients in all States will need wages of at least \$2.00 an hour to get off the rolls. Some commentators believe that high benefit levels have had the effect of pricing welfare recipients out of the low-wage market. They point to studies of WIN training graduates that have shown that many of the jobs resulting from the program have been in the \$2.00 to \$2.50 an hour range, indicating that the incentive to work on economic grounds alone will be quite marginal in high-benefit jurisdictions. See Appendix E for wages received by WIN graduates by occupational specialty.

There is some information of a non-definitive nature<sup>7/</sup> as to the relationship of payment level and work incentive under existing law. The rather scanty evidence available indicates that the States with low-benefit level and liberal income disregard provision have the greatest work participation of AFDC women. Florida, for instance, which has a payment level of \$1608 but a breakeven point of over \$5000 a year, has 1/3rd of its mothers either fully or partially employed.<sup>8/</sup> On the other hand, New York with a payment level of about \$4000 had only about 7.9% of its welfare mothers working.

Just what low-benefit high breakeven points States will do under H.R. 1 will have a significant effect on work incentive.<sup>9/</sup> If they rely wholly on the Federal basic payment, the work incentive will be somewhat reduced as opposed to existing law. If on the other hand such a State wishes to preserve its current incentive through supplementation, it is not altogether clear how this would be accomplished under the provisions of H.R. 1

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<sup>7/</sup> In fact there is a great lack of information in general on the effect of the earnings disregard. Some experience even indicates that an earning disregard or the rate of disregard has little or no effect on work participation rates for welfare recipients. Other factors may play a role in this, however.

<sup>8/</sup> Based on 1969 statistics; State work requirements may also play a significant role in this situation.

<sup>9/</sup> Fifteen States have a payment level below \$2000 and twenty two below \$2400 but almost all of these States have a breakeven point above the Federal breakeven point of \$4140 under H.R. 1. Query: what effect this will have in combination with the higher benefit payment? Will recipients be less inclined to seek work under these circumstances?

Finally, the Senate Finance Committee last year focused attention on the so-called "notch" problems which concern the effects of earnings both under existing law and under the House-passed FAP proposal when you consider Federal, State, and local taxes, entitlement to food stamps, commodity distribution, public housing, and medicaid. The Committee was confronted not only with situations where earnings of \$3 or \$4 only increased the recipients financial situation by \$1, but also situations where earnings actually resulted in less benefits and money than if the individual had not worked at all (the true "notch"). The latter is true because a number of the in-kind programs are structured on a basis where an individual receives a flat benefit if his income falls below a specified level.

It should be noted that elimination of "notches" presents practical problems of a jurisdictional nature both in the executive branch and Congress. The House Agriculture Committee early this year surrendered jurisdiction for the food stamp program and this year's Ways and Means Committee bill cashed out the program in providing the \$2400 payment. The Agriculture Committee did not surrender jurisdiction as to the commodity distribution program, and inasmuch as recipients under H.R. 1 would be eligible for surplus commodities, this remains a potential notch problem.



Under this program eligibility for a specified amount of food products can be wholly lost when earnings push income beyond the prescribed eligibility limits. The similar situation in regard to Medicaid benefits, which was emphasized as a substantial notch problem by the Finance Committee last year, is the subject of a provision in H.R. 1 as reported this year. This provision which imposes an increasing deductible as earnings increase eliminates the "notch" effect but at the expense of the overall work incentive. The public housing notch is not dealt with in H.R. 1, but legislation to smooth out the income schedule is proposed in other Administration legislation before the Congress. Similar legislation was proposed in the last Congress but was not acted upon.

#### V. Problems of Coverage of the Needy by Category

A major rationale for the coverage of the "working poor" is that this will greatly lessen the incentive under present law for the father to desert so that his family will be eligible for welfare benefits. The Finance Committee pointed out that last year's House-passed bill in providing State supplemental benefits for the families of unemployed fathers but not for families of fully employed fathers might provide an "incentive" for the father to reduce work activity. This situation could also to some extent leave an incentive for desertion in order to increase family welfare benefits.

H.R. 1 does not require supplementation by the States, but the report on the bill indicates that continuation of existing programs is expected. This would mean, in many States, that supplementation would, as under last year's House-passed bill, be provided for families headed by an unemployed father but not for families headed by a fully employed father.

Some critics have pointed out that the welfare reform bill does not provide equal and uniform treatment of needy people in that it fails to cover single people and couples without children. Some see in this an undesirable incentive for child bearing. The Administration defends the exclusion for fiscal considerations and the belief that to provide universal coverage would be to provide a "guaranteed annual income."

VI. Is Expansion of the Welfare Rolls Welfare Reform?

Some of the most persistent criticism of the Committee on Ways and Means bill last year and this year is that they would add about 10 1/2 million recipients to the rolls over what could be expected under the current system--15 million under existing law in fiscal 1973 as compared to 25 1/2 million under H.R. 1. Estimates in the House report show a lessening of the gap between H.R. 1 eligibles and those who would be eligible under existing law--in 1977, for instance, it is estimated there will be 24 1/2 million under H.R. 1 and 19 1/2 under existing law. This assumes, however,

that there will be no increase in the basic Federal payments and, thus, the number of working poor eligible under H.R. 1 will decrease over the five year period by over 3 million as rising wages have the effect of reducing eligibility.<sup>10/</sup> As noted earlier, the pronounced growth in the rolls--as much as 200 or 300%--occurs in the low benefit States, whereas the rate of growth in the high benefit States is relatively small. (See Appendix F which shows the number of recipients under H.R. 1 and under existing law for fiscal years 1973-1977 and State by State for fiscal 1973 also showing percentage of population eligible for benefits.)

VII. Responsiveness of System to Individual Need--An Emergency or Permanent Income System

This issue has been submerged but will, undoubtedly, be much more discussed when the nature and the implications of the "accounting period" provision of H.R. 1 become better known. What functions the program will or will not serve may become clearer from this discussion.

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<sup>10/</sup> Also, the growth rates used in the House report are 8% a year for the AFDC program as opposed to 3% for families under H.R. 1. The Administration states that this differential is justified because under the new program there will be an annual rather than a monthly "accounting period", poor quality controls will be replaced by an efficient automated national system, changes will be made contracting the earnings disregard, and a new job training and job creation program will be implemented.

In the past, eligibility for cash welfare assistance has been determined on the basis of income and assets immediately available or assumed to be immediately available. The system is designed to take care of relatively rapidly changing circumstances although the investigation of income and resources might itself be quite time consuming. Last year's Ways and Means Committee bill based eligibility and the amount of benefits on an estimate of income for the current calendar quarter. The estimate could be made in light of income for previous quarters and could be modified in light of changed circumstances. The reporting of changes in circumstances would be required pursuant to regulations but the bill, as such, had no specific reporting requirements. A system of adjustment through reduction or increase in future benefits was required.

The report of the FAP PreTest unit in Vermont, prepared jointly with Mathematica, Inc., Princeton, New Jersey<sup>11/</sup>, indicated that current thinking (Nov. 1970) as how the FAP program would be administered--a system of reporting only changes in income on what they considered a "voluntary" basis (rather than regular income reporting) with an annual "reconciliation"--could raise program costs from 50 to 75% over current estimates. The report

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<sup>11/</sup> Family Assistance Program, Planning Papers, Volume III Accounting Period Implications and Options. Mathematica drew upon the field experimentation presently in process in the New Jersey Negative Income Tax Experiment, the Rural (North Carolina and Iowa) Negative Income Experiment, and the Seattle Income Maintenance Experiments and the research personnel connected with these projects. Volume III is primarily the work of Professor Harold Watts of the University of Wisconsin.

stated that the basic question presented by the "accounting period" is the balancing of the conflicting objectives of equity and responsiveness--the more responsive the program is to current need, the less equitable it will be. They pointed out that:

The question of equity (treating people in like circumstances in like ways) is not raised because we resent giving a few families "a little something extra." Indeed, as the Seattle analysis indicated, the monthly accounting scheme would not result in increasing the benefits to the poor; on the contrary, while more than doubling program costs, more than 55 percent of the expenditures would go to families above their annual breakeven points.<sup>12/</sup>

The pre-test group believed that the greater benefits that would be paid because of what they considered "voluntary" reporting procedures of the FAP bill would be "distributed to the relatively less poor and certainly toward those who have savvy to exploit and abuse the program." They believed that this:

...has been a liability of the public assistance program right along. The ones who play it square and honestly or who are less well informed end up on the short end of the stick. It would be an unrelieved disaster to expand and continue this practice in FAP.<sup>13/</sup>

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<sup>12/</sup> Ibid, page 3.

<sup>13/</sup> Ibid, page 18.

Finally as to the accounting period, the pre-test report stated that an annual period was a compromise<sup>14/</sup> between the ideal of the longest possible time and the monthly period which raised major equity questions. The report declares:

Some compromise here between an ideal and a practicable system is necessary because the best equity case may call for using the longest possible period (i.e., a lifetime). In the case of the positive personal income tax a compromise has been struck at a year, with some possibilities for extending it to a longer period through the devices of income averaging and loss carry-overs.

On the argument that what is an appropriate equity period for the non-poor is ipso facto appropriate for the poor, a period less than a year would seem to be unduly short. And one might well aim for a transfer system that provided equal benefits to families having the same income experience over a 1 year period, with perhaps again some possibility of carry-overs for a longer period. This is, of course, a drastic change from the current practice of most public assistance programs. There the implicit period is very short, and past income above the eligibility levels does not affect current payments except where these incomes have been accumulated in the form of liquid savings or owned homes.<sup>15/</sup>

Not unaware of implications of the Vermont Pre-Test report, the Ways and Means Committee made some very significant changes in the "accounting period" and income reporting provisions in this year's bill. H.R. 1, as reported and passed by the House, still bases eligibility and benefit amount

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<sup>14/</sup>Of a number of schemes the group examined they actually favored a six month period. "It seems to afford almost as much annual equity as the best of the alternatives and is at the same time relatively responsive. The need to maintain or secure or reconstruct only 6-month income patterns as compared to 12-months ought to afford administrative economies important enough to tip the balance in favor of this alternative." Ibid, pages 39-40.

<sup>15/</sup>Ibid, pages 8-9.

on the income for the current quarter but adjusted, if necessary, on the basis of income in the three preceding calendar quarters. Thus, the accounting period is changed from the monthly to a yearly test. A quarterly income report would be required to be submitted within 30 days of the close of each quarter. The House Report explains:

Although accounting under your committee's bill is on quarterly basis, families with irregular incomes because of seasonal employment or other factors cannot get payments for periods of low income if their annual incomes are high.<sup>16/</sup>

The following is a comparison of how last year's and this year's accounting period would work assuming the same benefit amounts of this year's bill, i.e. \$2400 for a family of four without other income. The example used under both methods would be a four-person family headed by a father who is employed for wages which yield \$1000 dollars per quarter in countable (non-disregarded) income<sup>17/</sup> who loses his job on June 30 and is out of work for a year. For the first 6 months, he gets unemployment compensation at a rate of \$585 per quarter. (Unemployment compensation payments are fully countable since they constitute "unearned" income.) The family's countable income for each quarter is shown as follows:

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<sup>16/</sup> House Report, page 180.

<sup>17/</sup> Under last year's bill, earnings at a rate of \$8720 per year would have yielded \$1000 per quarter in countable income; under H.R. 1, \$6720 in annual earnings would yield \$1000 in quarterly countable income.

I	II	III	IV	V	VI	VII
<u>Oct-Dec</u>	<u>Jan-Mar</u>	<u>Apr-Jun</u>	<u>Jul-Sep</u>	<u>Oct-Dec</u>	<u>Jan-Mar</u>	<u>Apr-Jun</u>
\$1000	\$1000	\$1000	\$585	\$585	0	0

Under last year's accounting period, there would have been a \$15 payment in quarter IV and quarter V and a \$600 payment in quarter VI and quarter VII. Under H.R. 1, however, there would be no payment in quarter IV or V and a payment of only \$230 for quarter VI. The payment in quarter VII (and subsequent quarters if the family's other income remains zero) would be \$600.<sup>18/</sup>

	I	II	III	IV	V	VI	VII
<u>Payments</u>	<u>Oct-Dec</u>	<u>Jan-Mar</u>	<u>Apr-Jun</u>	<u>Jul-Sep</u>	<u>Oct-Dec</u>	<u>Jan-Mar</u>	<u>Apr-Jun</u>
Last Year	0	0	0	\$15	\$15	\$600	\$600
H.R. 1	0	0	0	0	0	230	600

If the father in the same family was not eligible for unemployment compensation (\$585 in quarter IV and V) the following would be his benefit payments:

	I	II	III	IV	V	VI	VII
<u>Payments</u>	<u>Oct-Dec</u>	<u>Jan-Mar</u>	<u>Apr-Jun</u>	<u>Jul-Sep</u>	<u>Oct-Dec</u>	<u>Jan-Mar</u>	<u>Apr-Jun</u>
Last Year	0	0	0	\$600	\$600	\$600	\$600
H.R. 1	0	0	0	0	400	600	600

<sup>18/</sup> This is computed as follows: for quarters I, II, and III no payments could be made because the family's countable income exceeds the maximum payment of \$600. In each case the amount of the excess is \$400. In quarter IV, the \$600 maximum payment is reduced to zero by the \$585 of countable income in that quarter and by \$15 out of the excess \$400 from quarter III. In quarter V, the \$600 maximum payment is reduced to zero by the \$585 in that quarter and by another \$15 out of the remaining excess from quarter III. In quarter VI, the \$600 maximum payment is reduced by \$370 remaining excess in quarter III so that the family is payable in full since there is no countable income in that quarter and since all of the countable income in the three preceding quarters has already been used to reduce payments in those quarters.



In a sense, H.R. 1 represents the first major attempt to establish a permanent long-term income maintenance system which determines need on the basis of income over a fairly lengthy period--one year. It provides equity, in the sense that families with irregular income patterns will not get more total benefits than other families which have the same amount of annual income received evenly throughout the year. It raises questions, however, as to whether there is an effective mechanism to replace the emergency assistance functions of the existing welfare program. Will the States and localities undertake this function and, if so, what will be the cost ramifications upon them? The emergency assistance provisions of existing law provide assistance to needy families with children on a 50/50 Federal-State matching basis but limited to 30 days in any 12-month period. Whether these programs in tandem can serve both long-term income maintenance and short-term emergency needs remains to be seen.

Certain questions as to administration which may have major program and policy implications also revolve around the "accounting period" and income reporting. Should eligibility and payments be on a quarterly or monthly basis? The Administration maintains that the latter is not administratively feasible. On the other hand is income reporting on a quarterly basis realistic for the FAP population? The House report on H.R. 1 states that

"one important advantage of the quarterly period is that it would facilitate verification of earnings through use of social security records, since social security earnings are reported on a quarterly basis."<sup>19/</sup> Elsewhere in the report, however, some doubts are expressed as to the extent of social security tax reporting by domestics, farm and casual labor. There is also a question of how effectively can income records for a period of a year be constructed and used in benefit eligibility and computation? As indicated earlier the Vermont pre-test group suggested that a 6 month period might afford administrative economies important enough to justify its adoption.

Finally, closely related to the question of responsiveness of the program on one hand and "equity" on the other, is the use of the "declaration method" in determining eligibility. One of the major criticisms of the existing system is that it is demeaning and undignified to have the intense scrutiny of an individual income and resources which has been characteristic of some State welfare programs. Also, however, there is a considerable amount of criticism of current welfare programs on the grounds that they too often are so administered that some persons get payments to which they are not entitled. The Administration's original proposal and, to a lesser extent,

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<sup>19/</sup> House Report, page 179.

the Ways and Means Committee bill last year would have authorized a simplified or "declaration" procedure which is now being tried on an optional basis in some 22 States in the AFDC program. The Ways and Means Committee report on H.R. 1 this year indicates, however, a somewhat harder attitude:

Your committee believes that maintaining the integrity of the program requires that eligibility for benefits under this program must be established by suitable and convincing evidentiary materials, such as birth certificates. There will be no simple declaration process. Moreover, continuing eligibility must be shown by timely income reporting with failure to do so resulting in suspension of benefits and specific dollar penalties. Social security and income tax records would be used to verify the accuracy of earnings reports and to avoid duplicate payments. A requirement for reapplication every two years emphasizes your committee's intent that receipt of benefits should be a temporary status and not a way of life. (House Report, p. 161)

In theory, at least, the attitude which prevails could have a major effect on program costs, on the number of eligibles, and on the public reaction to the program. In practice, however, whatever the legislation adopted, the administering agency may find its options quite limited by the need to meet a number of conflicting requirements such as keeping its personnel and administrative costs within some sort of bounds and making assistance payments on a reasonably current basis while at the same time trying to avoid not only obvious and widespread fraud and similar abuse which would discredit

the program and its administration but also harsh and arbitrary methods of administration such as might evoke outrage on the part of both recipients, professional groups, and the general public.

#### VIII. Compulsory Work and Training Requirements

A final set of problems revolves around one of the philosophical bases of the Administration's welfare proposals. The President and other spokesmen have maintained that FAP is not a "guaranteed annual income" because the legislation requires able-bodied recipients to undertake work and training or lose their benefits. Critics point out, however, that although this may be the theory of "workfare" as opposed to "welfare" the history of similar provisions in existing law reveals some substantial practical problems. They note that although thousands of recipients have dropped out of training programs only a handful have actually lost benefits. The question of how you can effectively penalize a parent who refuses to work and train without penalizing the child remains a real one. Likewise, the effectiveness of training programs for welfare recipients remains in doubt. Critics point out that the reductions of the welfare rolls due to the WIN program are minuscule compared to the growth of the AFDC during its period of operation. A growing number of individuals are completing training with no jobs available. The provision of day care which will determine the ability of the major group of employables under the AFDC program--mothers with children--to participate has run considerably under stated expectations.

H.R. 1 attempts to deal with these problems by instituting a substantial program of public service employment, providing day care funding with no State or local contribution required, placing full responsibility for training and supportive services directly on the Secretary of Labor, and increasing penalty for refusing work or training to \$800 a year from \$500 in the FAP bill of last year.

There continues a lack of consensus on just what groups or recipients should be required to work or train. Some believe that an all-volunteer work and training program will be the only effective program. Others believe that fathers and youths 16 and over and out of school should be the only mandatory groups. As to mothers, the Administration believes that mothers with children under six should be exempt, while others think that only mothers with children under 3 should be allowed to stay home. This latter view was adopted by the Ways and Means Committee in H.R. 1. Some argue that it is economically unwise to require day care for large families so the mothers can work. Others maintain that there is more than an economic issue involved and that the example of a working mother can play a major role in breaking the welfare cycle in succeeding generations.

The issue of a compulsory work requirement, and the applicability or lack of applicability of the minimum wage law, has arisen throughout the legislative consideration of welfare reform. Under H.R. 1, a recipient who is determined employable cannot refuse employment on the basis of the wages offered if it is at or above the Federal or State statutory level for the particular job or, if the job is not covered by a minimum wage law, the prevailing wage for similar work. These were the requirements in last year's Ways and Means bill but a provision was added to H.R. 1, as reported and passed, which provides that in no case could the wage be less than 75% of the highest Federal minimum wage (which would be \$1.20 an hour based on the current law). The addition of the "floor" provision has not reduced the opposition of labor and welfare groups who have stated that the effect of both bills would be to force recipients into jobs which would pay substandard wages. These groups believe that this provision would contribute to the growth of more jobs which are below the minimum wage. They advocate a requirement that no one need take a job that pays less than the higher of the statutory minimum--whether or not the job is covered--or the prevailing wage. They couple this with a recommendation that the minimum wage be extended to all uncovered groups. The Secretary of Labor, in the Senate hearings in July 1971, defended the House provisions on the rationale that it is unfair not to require employable welfare recipients to work in jobs below the minimum wage when others not on welfare are so employed. He believed that extension of the minimum wage to these jobs might have the effect of eliminating them.

One of the issues which evokes strong feelings is the question of whether language should be inserted in the Act stating that no job need be taken unless it is "suitable employment in which he is able to engage." The word "suitable" which was in last year's Ways and Means bill was struck by a motion to recommit on the House floor. The Administration favored its inclusion in the Bennett-Ribicoff floor amendment on the Senate side and it was included in H.R. 1 as introduced this year. H.R. 1, as reported out of the Committee and as passed the House, does not include it. Organized labor maintains that its deletion will take away the protection that job assignments would have "to take account of such elements of suitability as the degree of risk to the individual's health and safety, his physical fitness for the work, prior training, length of unemployment, and distance from work."\*

Those who defend the deletion of the "suitability" clause believe that it gives too much discretion to the Secretary of Labor and that he would exercise it in such a manner that the work requirement would be substantially diluted. It may be that in the long-run the Secretary of Labor's day-to-day administration of the work requirement will be the determinative factor in its strictness or liberality whether he is working under a statutory provision where the job has to be "suitable" or he is determining whether or not "good cause" exists for failure to accept work.\*\*

\* Statement by the AFL-CIO, Executive Council of Welton, Bal Harbor, Fla., Feb. 15, 1971, insert in Cong. Rec. by Senator Ribicoff, S. 12078, July 26, 1971.

\*\*H.R. 1, as passed by the House, states that "every individual who is registered...shall participate in manpower services or training, and accept and continue to participate in employment in which he is able to engage, except where good cause exists..."

# APPENDIX A--ESTIMATED SAVINGS IN WELFARE EXPENDITURES FOR STATE AND LOCAL GOVERNMENTS UNDER H.R. 1, FISCAL YEAR 1973

[In millions of dollars]

State	State and local savings in welfare expenditures <sup>1</sup>				
	Total	Adult categories	Family category	Hold harmless payment	Administrative cost
Alabama	32.4	15.7	10.1		6.6
Alaska	2.5	-12.0	-6	14.5	.6
Arizona	21.5	5.8	<sup>2</sup> 12.2		3.5
Arkansas	19.7	12.4	4.6		2.7
California	234.9	-14.0	16.6	135.4	96.9
Colorado	13.3	8.0	3.5		1.8
Connecticut	21.3	-22.9	-7.0	38.6	12.6
Delaware	1.8	1.4	-4	.1	.7
District of Columbia	12.6	1.4	10.7		.5
Florida	170.3	35.4	<sup>2</sup> 128.9		6.0
Georgia	51.8	22.3	19.7		9.8
Hawaii	7.0	2.4	3.5		1.1
Idaho	1.5	-1.6	-1.5	4.1	.5
Illinois	62.1	-69.0	7.1	105.3	18.7
Indiana	8.6	.8	-6.2	10.5	3.5
Iowa	26.7	20.6	2.9		3.2
Kansas	14.2	8.4	2.2		3.6
Kentucky	12.6	15.3	-8.3		5.6
Louisiana	65.4	31.4	22.3		11.7
Maine	3.6	5.2	-10.8	8.0	1.2
Maryland	41.9	10.9	25.3		5.7
Massachusetts	44.3	-50.9	-8.7	91.1	12.8
Michigan	45.4	-44.5	17.0	55.9	17.0
Minnesota	15.2	-13.0	-9.2	33.6	3.8
Mississippi	23.3	12.7	4.1		6.5
Missouri	12.1	-2.6	-10.4	16.0	9.1
Montana	2.5	2.0	-6		1.1
Nebraska	3.1	-7.2	-6.2	14.8	1.7
Nevada	1.1	-4.5		4.7	.9
New Hampshire	2.3	-7.2	-2.6	11.7	.4
New Jersey	50.1	-43.0	-56.3	137.2	12.2
New Mexico	7.3	6.0	-3		1.6
New York	188.4	-98.2	-41.0	213.6	114.0
North Carolina	31.9	19.6	7.5		4.8
North Dakota	1.0	-1.7	-1.9	3.9	.7
Ohio	64.0	18.8	37.9		7.3
Oklahoma	38.3	29.6	2.1		6.6
Oregon	15.9	8.4	4.5		3.0
Pennsylvania	51.3	-38.5	-48.2	124.8	13.2
Rhode Island	6.3	-6.0	2.3	7.2	2.8
South Carolina	13.8	4.7	4.6		4.5
South Dakota	2.5	-4.1	-4.7	10.2	1.1
Tennessee	34.2	17.6	13.6		3.0
Texas	57.1	54.8	-9.1		11.4
Utah	3.4	2.7			.7
Vermont	1.1	-5.4	-3.2	9.3	.4
Virginia	10.4	-26.4	-12.0	45.5	3.3
Washington	11.4	-12.4	-7.2	28.2	2.8
West Virginia	18.3	8.0	8.5		1.8
Wisconsin	33.3	15.3	8.3		9.7
Wyoming	1.2	.3	-5	.7	.7
Guam	.2	.1	.1		.02
Puerto Rico	26.1	4.6	16.9		4.6
Virgin Islands	1.1	.2	.7		.2
Total	1,643.6	-82.3	140.8	1,124.9	460.2

<sup>1</sup> Estimates assume States maintain current benefit levels including food stamp benefits, and turn over program administration to the Federal agencies.

<sup>2</sup> This estimate incorporates a State expectation of major program change under current law.

SOURCE: House Report, p. 216.



## APPENDIX B--AFDC BENEFITS AND FOOD STAMP BONUS

Annual Basis Benefits for a 4-Person Family with no other Income  
July 1970

	AFDC	Food Stamp Bonus	Total
Alabama	972	1044	2016
Alaska	4500	288	4788
Arizona	2004	768 <u>1/</u>	2772
Arkansas	1200	972	2172
California	2652	552	3204
Colorado	2820	480	3300
Connecticut	3960	312	4272
Delaware	1788	828 <u>1/</u>	2616
District of Columbia	2856	480	3336
Florida	1608	864	2472
Georgia	1596	864	2460
Hawaii	3156	408	3564
Idaho	2904	480	3384
Illinois	3384	408	3792
Indiana	1800	768	2568
Iowa	2916	480	3396
Kansas	2928	480	3408
Kentucky	2244	696	2940
Louisiana	1308	972	2280
Maine	2016	768	2784
Maryland	2352	624	2976
Massachusetts	3768	312	4080
Michigan	3156	408	3564
Minnesota	3588	360	3948
Mississippi	840	1080	1920
Missouri	1560	864	2424
Montana	2736	552	3288
Nebraska	2400	624	3024
Nevada	1716	828 <u>1/</u>	2544
New Hampshire	3528	360 <u>1/</u>	3888
New Jersey	4164	312	4476
New Mexico	2184	696	2880
New York	4032	312	4344
North Carolina	1896	768	2664
North Dakota	3132	408	3540

(cont'd)

## APPENDIX B (cont'd)

	AFDC	Food Stamp Bonus	Total
Ohio	2400	624	3024
Oklahoma	2220	696 <u>1/</u>	2916
Oregon	2700	552	3252
Pennsylvania	3756	312	4069
Rhode Island	3156	408	3564
South Carolina	1236	972	2208
South Dakota	3600	360	3960
Tennessee	1548	900	2448
Texas	2148	696	2844
Utah	2544	552	3096
Vermont	3648	360	4008
Virginia	3132	408	3540
Washington	3636	360	3996
West Virginia	1656	864	2520
Wisconsin	2604	552	3156
Wyoming	2724	552	3276

1/ Do not presently have Food Stamp Program. (Assumes Food Stamp Program whether or not actually operating.)

## APPENDIX C--ELEMENTS IN ADJUSTING WORK INCENTIVE

Excerpt from Committee on Ways and Means Report

Your committee also considered the basic elements affecting the cost and coverage of plans like those provided for in its bill. These elements are: (1) the amount of benefit provided to a family with no other income (the basic benefit level); (2) the rate at which this benefit level is reduced by earnings (the disregard formula); and (3) the level of family income at which it is no longer eligible for any benefit (the breakeven point). Any two of these elements determine the third. They thus also determine the cost of the plan and the number of eligible families.

Raising the basic benefit level is consistent with the desire to provide more adequate support for those households who have no other means of support. Increasing it by \$100, however, and keeping other parts of the benefit structure the same, raises the breakeven point by \$150, increases the cost by over \$500 million per year and the number of eligible families by 300 thousand. The cost of such increases in general gets progressively higher; i.e. each additional \$100 in the basic benefit costs more than the preceding one. The reason for this effect is quite simple--there are more families with earnings in each higher \$100 interval. This effect would continue until the level of the breakeven point exceeds average family earnings for the whole Nation.

Raising the proportion of earnings which reduces benefits, sometimes called the marginal tax rate, thereby lowering the breakeven point, is consistent with the desire to reduce costs and prevent households with moderately higher incomes from becoming eligible for benefits. However, it reduces the positive financial incentives for work. Your committee's bill permits the first \$60 per month of earned income plus one-third of the remainder to be disregarded in determining a family's benefit.

Your committee believes that the provision allowing one-third of earned income in excess of the first \$60 to be disregarded will, in combination with the work requirements, provide the proper mix of incentives and obligations. Increasing the one-third figure to, say one-half, could increase the costs by over \$1.0 billion per year.

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SOURCE: House Report pp. 218-219.

APPENDIX C (cont'd)

BENEFIT LEVELS & TAX RATES - PAYMENTS & CASELOADS

Maximum Benefit Family of Four	<u>Tax Rates<sup>1/</sup></u>		<u>60%</u>		<u>67%</u>	
	Payments (Billions of \$)	Eligibles (Millions of recipients)	Payments	Eligibles	Payments	Eligibles
\$2400	7.9	28.1	7.1	22.8	6.4	19.4
2600	9.1	31.5	8.2	25.4	7.4	21.4
2800	10.3	35.0	9.3	28.1	8.4	23.4
3000	11.6	39.3	10.4	30.8	9.4	25.5
3200	12.9	43.8	11.6	33.6	10.5	27.7
3400	14.3	48.6	12.8	36.6	11.6	30.2
3600	15.7	53.6	14.1	39.8	12.7	32.9
6500						

1/

Rate of benefit reduction for earnings.

SOURCE: Department of Health, Education, and Welfare.

APPENDIX D---BREAK-EVEN POINT FOR A FAMILY OF FOUR---  
SUPPLEMENTAL PROGRAMS UNDER H.R. 1 UNDER VARIOUS  
ASSUMPTIONS OF STATE ACTION

State	State Supplemental Payment Level Set at Current AFDC Maximum 3/		State Supplemental Payment Based on Current AFDC Maximum and Standard of Need 4/	
	Without Food Stamp Cash Out	With Food Stamp Cash Out	Without Food Stamp Cash Out	With Food Stamp Cash Out
Alabama	4140 <u>1/</u>	4140 <u>1/</u>	4860	6426
Alaska	7470	7902	7920	8352
Arizona	4140 <u>1/</u>	4140 <u>1/</u> <u>2/</u>	5328	5328 <u>2/</u>
Arkansas	4140 <u>1/</u>	4140 <u>1/</u>	4140 <u>1/</u>	5544
California	4698	5526	6624	7452
Colorado	4950	5670	4950	5670
Connecticut	6660	7128	6660	7128
Delaware	4140 <u>1/</u>	4140 <u>1/</u> <u>2/</u>	4956	4956 <u>2/</u>
D.C.	5004	5724	5004	5724
Florida	4140 <u>1/</u>	4428	4734	6030
Georgia	4140 <u>1/</u>	4410	4464	5760
Hawaii	5454	6066	5454	6066
Idaho	5076	5796	5077	5797
Illinois	5796	6408	5796	6408
Indiana	4140 <u>1/</u>	4572	6516	7668
Iowa	5094	5814	5094	5814
Kansas	5112	5832	5093	5813
Kentucky	4140 <u>1/</u>	5130	4617	5661
Louisiana	4140 <u>1/</u>	4140 <u>1/</u>	4554	6012
Maine	4140 <u>1/</u>	4896	7002	8154
Maryland	4248	5184	4253	5189
Massachusetts	6372	6840	6372	6840
Michigan	5454	6066	5454	6066
Minnesota	6102	6642	6102	6642
Mississippi	4140 <u>1/</u>	4140 <u>1/</u>	4896	6516
Missouri	4140 <u>1/</u>	4356	6570	7866
Montana	4824	5652	4815	5643
Nebraska	4320	5256	6660	7596
Nevada	4140 <u>1/</u>	4140 <u>1/</u> <u>2/</u>	6426	6426 <u>2/</u>
New Hampshire	6012	6012 <u>2/</u>	6012	6012 <u>2/</u>
New Jersey	6966	7434	6966	7434
New Mexico	4140 <u>1/</u>	5040	4374	5418
New York	6768	7236	6768	7236
North Carolina	4140 <u>1/</u>	4716	4140 <u>1/</u>	4720
North Dakota	5418	6030	5423	6035

(cont'd)

## APPENDIX D (cont'd)

State	State Supplemental Payment Level Set at Current AFDC Maximum <sup>3/</sup>		State Supplemental Payment Based on Current AFDC Maximum and Standard of Need <sup>4/</sup>	
	Without Food Stamp Cash Out	With Food Stamp Cash Out	Without Food Stamp Cash Out	With Food Stamp Cash Out
Ohio	4320	5256	4342	5278
Oklahoma	4140 <u>1/</u>	4140 <u>1/</u> <u>2/</u>	4140 <u>1/</u>	4140 <u>1/</u> <u>2/</u>
Oregon	4770	5598	4767	5595
Pennsylvania	6354	6822	6354	6822
Rhode Island	5454	6066	5454	6066
South Carolina	4140 <u>1/</u>	4140 <u>1/</u>	4284	5742
South Dakota	6120	6660	6120	6660
Tennessee	4140 <u>1/</u>	4392	4626	5976
Texas	4140 <u>1/</u>	4986	4140 <u>1/</u>	4991
Utah	4536	5364	4525	5353
Vermont	6192	6732	6194	6734
Virginia	5418	6030	5440	6052
Washington	6174	6714	6174	6714
West Virginia	4140 <u>1/</u>	4500	6174	6 714
Wisconsin	4616	5454	4622	5450
Wyoming	4806	5634	5507	6335
Guam	5346	5346 <u>2/</u>	5346	5346 <u>2/</u>
Puerto Rico	3060 <u>1/</u>	3060 <u>1/</u> <u>2/</u>	3096	3096 <u>2/</u>
Virgin Islands	4140 <u>1/</u>	4140 <u>1/</u> <u>2/</u>	4140 <u>1/</u>	4140 <u>1/</u> <u>2/</u>

1/ Federal break-even point; State would have no supplemental program.

2/ State does not now have food stamp program.

3/ Level is based on existing maximum payment regardless of whether full standard of need is met.

4/ Continues situation under existing law whereby earned income which brings recipient above maximum payment level may be disregarded up to the level of the standard of need.

APPENDIX E---AVERAGE HOURLY WAGES AND AVERAGE HOURS WORKED PER WEEK OF WIN  
EMPLOYED GRADUATES BY MAJOR OCCUPATIONAL CATEGORY, JULY 1, 1970 - MARCH 31,  
1971<sup>1/</sup>

Major occupational category <sup>2</sup> and principal occupational groups within categories	Number of employed WIN graduates	Average hourly wage	Average hours per week
United States total.....	6,904	\$2.28	38.7
1. Professional, technical, managerial <sup>3</sup> .....	824	2.58	38.4
Nursing.....	30	3.65	38.1
Medicine and health <sup>4</sup> .....	281	2.55	39.1
Primary school and kindergarten education.....	38	2.75	36.1
Education <sup>4</sup> .....	39	2.15	33.8
Social and welfare work.....	236	2.42	38.0
2. Clerical and sales.....	2,043	2.17	38.6
Secretarial work.....	134	2.31	38.4
Stenography.....	53	2.18	38.5
Typing.....	63	2.37	37.3
Filing.....	44	1.93	38.9
Stenography, typing, and related <sup>4</sup> .....	616	2.16	38.9
Bookkeeping.....	52	2.20	38.9
Cashiering.....	34	1.96	39.5
Teller service.....	25	2.12	38.4
Automatic data processing.....	132	2.17	39.3
Computing and account recording <sup>4</sup> .....	297	2.11	38.5
Stock checking and related.....	53	2.15	38.7
Mail sorting, stamping, recording and related.....	29	2.35	39.7
Telephone work.....	67	2.13	39.1
Reception and information dispensing.....	46	2.03	37.7
Miscellaneous clerical work <sup>4</sup> .....	41	2.15	39.4
Saleswork, commodities <sup>4</sup> .....	34	1.90	38.9
Sales clerking.....	41	1.89	38.1
Miscellaneous merchandising work <sup>4</sup> .....	49	2.24	36.4
3. Service.....	1,705	1.91	38.0
Housework, domestic.....	88	1.83	38.0
Food serving.....	124	1.48	36.1
Cooking, large hotels and restaurants.....	35	1.81	38.8
Kitchen work <sup>4</sup> .....	61	1.81	38.1
3. Maid and related services, hotels.....	65	1.68	38.4
Barbering and related services.....	37	1.98	40.9
Beautician services.....	185	1.72	36.0
Masseur and related services.....	38	2.47	37.4
Attendant work, hospitals, and related health services.....	547	1.88	39.3
Miscellaneous personal services <sup>4</sup> .....	91	2.09	36.6
Guard and related services.....	28	2.18	39.9
Cleaning and related services.....	144	2.25	37.9
Janitorial service.....	67	2.20	39.9
4. Farming, fishery, forestry.....	106	2.38	40.2
Gardening and groundskeeping.....	48	2.63	40.0
5. Processing.....	217	2.48	39.4
Metal processing <sup>4</sup> .....	35	2.68	40.0
Ore refining and foundry work <sup>4</sup> .....	25	2.83	40.3
6. Machine trades.....	311	2.55	40.0
Metal machining <sup>4</sup> .....	39	2.58	40.0
Motorized vehicle and eng. equipment repairing.....	97	2.62	40.1

Major occupational category <sup>2</sup> and principal occupational groups within categories	Number of employed WIN graduates	Average hourly wage	Average hours per week
7. Bench work.....	364	\$2.11	39.7
Metal unit assembling and adjusting.....	43	2.19	40.0
Assembly and repair of electronic components.....	43	2.13	40.0
Machine sewing, garment.....	30	1.58	39.5
Machine sewing, nongarment.....	50	1.77	39.4
8. Structural work.....	504	2.92	33.9
Transportation equipment assembling.....	26	3.05	40.0
Combination arc and gas welding.....	30	3.09	40.0
Excavating and grading.....	27	2.87	41.1
Carpentry and related work.....	55	3.01	39.8
Miscellaneous construction work <sup>4</sup> .....	52	3.00	39.9
Miscellaneous structural work <sup>4</sup> .....	48	2.52	40.1
9. Miscellaneous.....	632	2.58	39.7
Heavy truck driving.....	61	2.89	39.5
Light truck driving.....	46	2.50	40.2
Passenger transportation <sup>4</sup> .....	32	2.42	36.7
Parking lot and related service work.....	59	2.11	41.3
Packaging.....	98	2.09	39.7
Materials moving and storing <sup>4</sup> .....	78	2.50	39.4
Packaging and materials handling <sup>4</sup> .....	106	2.51	39.7
Extraction of minerals <sup>4</sup> .....	28	3.73	40.3
Occupations not reported.....	198	2.39	39.3

<sup>1</sup> Based on termination reports received July 1, 1970, through Mar. 31, 1971.

<sup>2</sup> Listed occupational groups are confined to occupations with 25 or more employed terminees and do not add to summary totals for major occupational categories.

<sup>3</sup> Includes entry price which follow.

<sup>4</sup> N.e.c.—Nowhere else classified.

SOURCE: U.S. Department of Labor.

See footnotes at end of table.



APPENDIX F--PROPORTION OF POPULATION RECEIVING WELFARE UNDER CURRENT LAW AND  
PROPORTION OF POPULATION ELIGIBLE FOR BENEFITS UNDER H.R. 1 BY STATE, FISCAL YEAR 1973

[Persons in thousands]

	Civilian resident population, 1973	Federally aided welfare recipients, current law, fiscal year 1973		Persons eligible for welfare benefits under H.R. 1, fiscal year 1973	
		Number	Percent	Number	Percent
Alabama.....	3,449.5	408.2	11.8	761.9	22.1
Alaska.....	353.7	16.4	4.6	25.3	7.1
Arizona.....	2,151.3	97.7	4.5	163.2	7.6
Arkansas.....	1,958.6	149.0	7.6	404.5	20.7
California.....	23,052.0	2,335.6	10.1	2,444.4	10.6
Colorado.....	2,529.9	146.2	5.8	190.6	7.5
Connecticut.....	3,353.4	141.5	4.2	200.2	6.0
Delaware.....	621.9	36.1	5.8	58.5	9.4
District of Columbia.....	734.3	101.7	13.8	144.9	19.7
Florida.....	8,195.3	449.9	5.0	917.6	11.2
Georgia.....	4,914.6	485.1	9.9	961.0	19.6
Hawaii.....	840.7	43.8	5.2	63.0	7.5
Idaho.....	720.8	30.6	4.2	52.4	7.3
Illinois.....	11,643.9	639.5	5.5	959.4	8.2
Indiana.....	5,503.8	168.1	3.1	355.4	6.5
Iowa.....	2,813.0	116.2	4.1	241.7	8.6
Kansas.....	2,252.8	104.0	4.6	234.1	10.4
Kentucky.....	3,247.4	259.8	8.0	621.0	19.1
Louisiana.....	3,792.5	473.3	12.5	823.7	21.7
Maine.....	982.7	91.9	9.4	131.0	13.3
Maryland.....	4,520.4	217.5	4.8	388.5	8.6
Massachusetts.....	5,990.7	417.5	7.0	536.3	9.0
Michigan.....	9,504.7	517.5	5.4	841.7	8.9
Minnesota.....	4,034.5	159.5	4.0	346.1	8.6
Mississippi.....	2,145.4	269.4	12.6	626.3	29.2
Missouri.....	4,851.4	332.3	6.8	555.5	11.5
Montana.....	687.3	26.0	3.8	51.8	7.5
Nebraska.....	1,508.4	57.5	3.8	124.3	8.2
Nevada.....	692.1	23.1	3.3	37.8	5.5
New Hampshire.....	815.5	30.9	3.8	49.1	6.0
New Jersey.....	7,900.4	517.6	6.6	603.3	7.6
New Mexico.....	1,032.5	100.1	9.7	144.1	14.0
New York.....	18,929.5	1,550.0	8.0	2,067.2	10.9
North Carolina.....	5,273.2	248.2	4.7	821.6	15.6
North Dakota.....	597.6	20.4	3.4	58.4	9.8
Ohio.....	11,160.3	523.7	4.7	928.7	8.3
Oklahoma.....	2,623.0	218.6	8.3	400.7	15.3
Oregon.....	2,282.2	138.1	6.1	203.5	9.0
Pennsylvania.....	11,918.3	880.2	7.4	1,267.5	10.6
Rhode Island.....	968.5	68.2	7.0	103.4	10.7

(cont'd)

SOURCE: U.S. Department of Health, Education, and Welfare.

## APPENDIX F (cont'd)

[Persons in thousands]

	Civilian resident population, 1973	Federally aided welfare recipients, current law, fiscal year 1973		Persons eligible for welfare benefits under H.R. 1, fiscal year 1973	
		Number	Percent	Number	Percent
South Carolina.....	2,624.8	142.3	5.4	466.8	17.8
South Dakota.....	641.1	32.4	5.1	76.8	12.0
Tennessee.....	4,038.0	358.1	8.9	830.4	20.6
Texas.....	12,098.1	771.6	6.4	1,571.3	13.0
Utah.....	1,179.9	57.6	4.9	95.3	8.1
Vermont.....	474.3	25.1	5.3	44.8	9.4
Virginia.....	4,988.7	185.4	3.7	566.5	11.4
Washington.....	3,748.0	217.2	5.8	276.8	7.4
West Virginia.....	1,600.6	128.1	8.0	326.8	20.4
Wisconsin.....	4,678.6	138.2	3.0	311.7	6.7
Wyoming.....	327.5	13.7	4.2	23.3	7.1
Guam.....	104.0	2.8	2.7	3.5	3.4
Puerto Rico.....	2,953.7	339.1	11.5	995.8	33.7
Virgin Islands.....	100.9	2.6	2.6	3.9	3.9
Total.....	220,106.1	15,025.1	6.8	25,503.3	11.6

APPENDIX F (cont'd on next page)

APPENDIX F (cont'd)— PROJECTED NUMBERS OF ADULTS AND CHILDREN ELIGIBLE FOR  
FEDERAL BENEFITS TO FAMILIES UNDER H.R. 1 AND RECIPIENTS OF AFDC BENEFITS UNDER  
CURRENT LAW, 1973-77

[In millions]

	Fiscal year				
	1973	1974	1975	1976	1977
Persons in families eligible for Federal benefits under H.R. 1:					
FAP (total).....	5.9	6.1	6.3	6.5	6.8
Adults.....	1.6	1.7	1.7	1.8	1.8
Children.....	4.3	4.4	4.6	4.7	5.0
OFF (total).....	13.5	12.6	11.8	11.1	10.4
Adults.....	4.8	4.2	3.9	3.5	3.4
Children.....	8.7	8.4	7.9	7.6	7.0
Proposed eligibles (total).....	19.4	18.7	18.1	17.6	17.2
Persons in recipient families under current law:					
Adults.....	3.1	3.4	3.7	4.0	4.3
Children.....	8.5	9.2	9.9	10.7	11.5
Current AFDC recipients (total).....	11.6	12.6	13.6	14.7	15.8

SOURCE: U.S. Department of Health, Education, and Welfare.

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