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COMPARISON OF ALTERNATIVE FAMILY WELFARE PROPOSALS

COMMITTEE ON FINANCE
UNITED STATES SENATE
RUSSELL B. LONG, *Chairman*



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1. ELIGIBILITY FOR ASSISTANCE

PRESENT LAW (AFDC)

Families with children are eligible if needy under State standards and at least one parent is dead, disabled or absent from the home. States optionally may also cover families in which the father is unemployed.

CURTIS BILL (S. 2037)

The AFDC program would continue as under present law; States could, however, limit eligibility and would be subject to fewer Federal requirements. States could establish family assistance programs under which assistance could be provided to any needy family in any category the State elects to cover.

RIBICOFF AMENDMENT NO. 559

All families (including families composed of one or more adults without children) would be eligible if needy under Federal standards.

H.R. 1 (FAMILY PROGRAM)

Families with children are eligible if needy under Federal standards, including families with the father present whether he is employed or unemployed. Theoretically, there are two programs: OFF for families with employable members and FAP for families with no employable members. Identical assistance is provided under the two programs.

STAFF SUGGESTION*

Families with children would be eligible for welfare (AFDC) as under present law except that no family which includes an employable adult would be eligible for AFDC. (Employables would include nondisabled mothers with no children under age 6 and nondisabled fathers.) There would be a separate workfare program in which the head of any family with children could participate.

*As described in staff pamphlet 12.

HARRIS BILL (S. 2747)

All families (including families composed of one or more adults without children) would be eligible if needy under Federal standards.

McGOVERN BILL (S. 2372)

All families (including families composed of one or more adults without children) would be eligible if needy under Federal standards.

2. LEVEL OF PAYMENTS— BASIC PROGRAM

CURTIS BILL (S. 2037)

Each State would determine the level of assistance to be provided under its AFDC or family assistance programs.

PRESENT LAW (AFDC)

Each State establishes the standards and payment levels applicable to AFDC families. As of December 1971, payments for a family of four with no other income ranged from \$720 to \$4,020 per year.

RIBICOFF AMENDMENT NO. 559

Payments would be determined by Federal law. In 1973 a family with no other income would get:

Family size	Yearly payment
One	\$1, 000
Two	2, 000
Three	2, 500
Four	3, 000
Five	3, 500
Six	3, 900
Seven	4, 300
Each additional member..	+300

These amounts would increase in future years; for example, the payment to a family of four would increase to \$5,150 in 1977, with subsequent increases as the cost of living rises.

H.R. 1 (FAMILY PROGRAM)

Payments would be determined by Federal law in accord with family size. A family with no other income would get:

Family size:	Yearly payment
Two	\$1, 600
Three	2, 000
Four	2, 400
Five	2, 800
Six	3, 100
Seven	3, 400
Eight or more.....	3, 600

HARRIS BILL (S. 2747)

Payments would be determined by Federal law. In 1973, a family with no other income would get:

Family size	Yearly payment
One	\$1, 700
Two	2, 600
Three	3, 300
Four	4, 000
Each additional member..	+700

These amounts would increase in future years; for example, the payment to a family of four would increase to \$7,300 in 1977, with subsequent increases as median family income rises. Additional payments would be made to meet special needs.

STAFF SUGGESTION*

Under welfare program for families with nonemployable head, each State would set standards and payment levels as under current law.

Under the workfare program, participants would be guaranteed employment. Persons placed in regular public or private jobs would be eligible for special payments and subsidies which would assure annual income for full-time work of at least \$3,240. Persons not placed in regular jobs would be employed by the government at $\frac{3}{4}$ of the Federal minimum wage (\$2,400 per year for full-time work). For large families, there would also be special children's allowances payable with respect to children born before July 1, 1973.

*As described in staff pamphlet 12.

McGOVERN BILL (S. 2372)

Payments would be determined by Federal law. In 1973 a family with no other income would get:

Family size	Yearly payment
One	\$2, 250
Two	4, 100
Three	5, 300
Four	6, 500
Each additional member	+1, 200

These amounts would increase in future years; for example, the payment to a family of four would increase to \$7,800 in 1977, with subsequent increases as median family income rises. Alternatively, families could elect to have payments based on a detailed budget of their actual needs.

3. EFFECT OF EARNINGS

PRESENT LAW (AFDC)

Assistance payments are reduced by 67 cents for every \$1 of earnings. No reduction is made for the first \$30 of earnings each month or for earnings equal to child care and other work expenses.

CURTIS BILL (S. 2037)

Under the AFDC program, each State would determine the effect of earnings on assistance. Under a family assistance program, States would be required to disregard a portion of earnings of family members in determining eligibility for and amount of assistance. The State would determine what the disregard would be.

RIBICOFF AMENDMENT NO. 559

Assistance payments are reduced by 60 cents for every \$1 of earnings. No reduction is made for the first \$60 of monthly earnings or for earnings equal to child care expenses up to a maximum set by HEW.

H.R. 1 (FAMILY PROGRAM)

Assistance payments are reduced by 67 cents for every \$1 of earnings. No reduction is made for the first \$60 of earnings each month or for earnings equal to child care expenses. This child care deduction in combination with certain other exclusions could not exceed \$2,000 per year (\$3,000 for large families).

STAFF SUGGESTION*

Under welfare program for families with nonemployable head, those voluntarily participating in the employment program have their assistance reduced by \$1.20 for each hour of earnings at \$1.60 per hour or less. The effect of earnings in excess of \$1.60 per hour would be determined by the State.

Under the workfare program, each hour worked would increase income by the amount of the wage and, for those in regular public or private jobs, by the amount of the special payments and subsidies applicable to the wage. Increased wage rates for the same hours worked would increase the special payment (for those with wages below the poverty level), but would decrease the amount of the subsidy for those earning between \$1.20 and \$1.60.

*As described in staff pamphlet 12.

HARRIS BILL (S. 2747)

Assistance payments are reduced by 60 cents for every \$1 of earnings (or other income). No reduction is made for income equal to child care and other work expenses.

McGOVERN BILL (S. 2372)

Assistance payments are reduced by 67 cents for each \$1 of income. No reduction is made for income equal to the costs of child care and a number of other deductible items.

4. WORK REQUIRE- MENTS

PRESENT LAW (AFDC)

Employable persons in AFDC families (including mothers with no children under age 6) must register with the Department of Labor. State welfare agency must annually refer at least 15 percent of those registered to the Labor Department for participation in a work incentive (WIN) program of job placement, institutional or on-the-job training, or public service employment. Recipients required to register who refuse to do so or to accept work or training which is offered are subject to a loss of their assistance. (Assistance payments for their families would continue.)

CURTIS BILL (S. 2037)

Under an AFDC program, the States would determine what work requirements would be imposed. Under a family assistance program, a State would be required to deny assistance to employable persons (including mothers with no preschool children) who refuse work or training.

RIBICOFF AMENDMENT NO. 559

Employable recipients are required to register for and accept suitable work or training; refusal to do so would result in a loss of assistance for the individual but not his family. Mothers of children under age 6 would not be considered employable.

H.R. 1 (FAMILY PROGRAM)

Employable persons, including mothers with no child under age 3 (age 6 until 1974) are required to register with the Department of Labor and their families would receive assistance under a program operated by the Department of Labor. As a part of this program, the Labor Department would provide for job placement, institutional and on-the-job training, or public service employment for those registered. Refusal to register or to accept work or training would result in a loss of assistance for the individual but not his family.

HARRIS BILL (S. 2747)

Employable recipients are required to register for and accept suitable work or training; refusal to do so would result in a loss of assistance for the individual but not his family. Children under 18 and the mothers of such children would not be considered employable.

STAFF SUGGESTION*

There would be no work requirement as such. Employable persons and their families would be ineligible for the welfare program. Participation in the workfare program would be voluntary, and those participating would be paid for the hours worked at the rate of at least $\frac{3}{4}$ of the Federal minimum wage. (Those placed in regular public or private jobs would be paid that much or more and would also be eligible for the subsidies and special payments related to their earnings.)

*As described in staff pamphlet 12.

McGOVERN BILL (S. 2372)

There are no work or training requirements.

5. ADMINIS- TRATION

PRESENT LAW (AFDC)

AFDC is administered by State welfare agencies or by local welfare agencies under the supervision of a State agency.

CURTIS BILL (S. 2037)

The method of administering public assistance programs would be determined by the States.

RIBICOFF AMENDMENT NO. 559

The basic Federal program would be federally administered by the Departments of Labor and HEW. States could administer their own supplemental programs, but there would be incentives for them to request Federal administration.

H.R. 1 (FAMILY PROGRAM)

The basic program would be federally administered by the Departments of Labor, and Health, Education, and Welfare. States could elect to administer supplemental programs, but the bill includes strong incentives for them to request Federal administration.

STAFF SUGGESTION*

The workfare program for employable persons would be administered by a Federal employment corporation. The welfare (AFDC) program for nonemployable persons and any State supplemental program for employable persons would be administered by the States.

*As described in staff pamphlet 12.

HARRIS BILL (S. 2747)

The entire assistance program for families would be federally administered by the Department of Health, Education, and Welfare.

McGOVERN BILL (S. 2372)

The entire program would be administered by the Secretary of Health, Education, and Welfare using the facilities of the Internal Revenue Service.

6. STATE SUPPLE- MENTATION

PRESENT LAW (AFDC)

Not applicable. (The AFDC program is a State program.)

CURTIS BILL (S. 2037)

Not applicable. Public assistance would be basically State programs.

RIBICOFF AMENDMENT NO. 559

States would be required to supplement the basic Federal assistance payment to the extent necessary to assure recipients no reduction from current assistance levels. Until 1977, States would have to pay a part of the cost of the supplemental payments.

H.R. 1 (FAMILY PROGRAM)

State supplementation of the basic Federal benefits would be optional with the States. States would be assured no increase over 1971 costs if they decided to supplement so as to assure no reduction in assistance. To qualify for this assurance, States would have to agree to Federal administration of the supplemental payment following Federal rules. Whether State or federally administered, the Federal earnings disregard rules would apply.

STAFF SUGGESTION*

Not applicable to welfare (AFDC) program for nonemployables since that program would be a State program.
States could, if they wished, supplement the earnings of those in the employment program but any such supplemental program would have to assume earnings from the work program of \$200 per month and could not reduce payments for any actual earnings between \$200 and \$300 per month. This requirement would be necessary to preserve the work incentives of the workfare program.

*As described in staff pamphlet 12.

HARRIS BILL (S. 2747)

The basic Federal payments would be supplemented in each State by an amount which would assure recipients the same level of assistance as would have been provided in January 1971. These payments would be made by the Federal Government, but the States would have to provide the funding for them. (Required State funding could not exceed the State's 1971 assistance costs.)

McGOVERN BILL (S. 2372)

No provision.
(No States provide assistance at levels higher than the basic Federal benefits of S. 2372.)

7. FINANCING OF ASSISTANCE PAYMENTS

PRESENT LAW (AFDC)

Assistance payments are financed under a Federal-State matching formula. The Federal share varies from 50 to 83 percent depending on per capita income. Costs of administration are matched on a 50 percent Federal basis.

CURTIS BILL (S. 2037)

The costs of public assistance (including administrative costs) would be matched by the Federal Government according to a formula based on per capita income and with Federal matching ranging from 50 to 83 percent.

RIBICOFF AMENDMENT NO. 559

The basic program would be Federally funded. The Federal Government would also pay at least 30 percent of any supplemental payments. In addition, States would be assured that their costs would be reduced in comparison with 1971. The reduction in State costs would be gradually increased until fiscal 1977 when funding would become totally Federal.

H.R. 1 (FAMILY PROGRAM)

The basic Federal program would be entirely Federal in funding. State supplemental payments and any State costs of administering such payments would be borne entirely by the State. If a State agreed to Federal administration of the supplemental payments, however, it would pay none of the administrative costs and would be guaranteed that the cost of supplementing (at current assistance levels) would not exceed its 1971 costs.

STAFF SUGGESTION*

Although the levels of assistance payments under the welfare (AFDC) program for nonemployables would be left up to the States, the costs would be wholly Federal up to the following assistance levels: \$1,600 for a family of 2; \$2,000 for a family of 3; \$2,400 for a family of 4 or more. Above these levels, States would bear the full cost. Administrative costs would continue to be matched on a 50 percent Federal basis.

All costs of the workfare program would be Federal. States would bear the full cost of providing and administering any supplementation provided to workfare participants.

*As described in staff pamphlets 12 and 14.

HARRIS BILL (S. 2747)

The program would be entirely Federally funded except that States would be required to contribute to the cost of any supplemental payments. The State contribution would not need to exceed its 1971 assistance costs.

McGOVERN BILL (S. 2372)

The program would be entirely Federally funded.

**Summary of Printed Amendments Related to Family Welfare
Programs**

AMENDMENT NO. 318 (RIBICOFF)

Family Assistance Plan.—Amendment:

- (1) Sets national goal of eliminating poverty by 1976;
- (2) Increases Federal minimum income level for a family of four from \$2,400 in H.R. 1 to \$2,800, increasing further to 100 percent of the poverty level (now about \$4,000) by fiscal year 1977, with payment levels adjusted to reflect regional variations in the cost of living, and with subsequent increases as the cost of living rises;
- (3) Requires State supplementation of Federal welfare payments to assure that no beneficiary would receive less than he is now getting;
- (4) Phases out State and local share of welfare costs over a 5-year period;
- (5) Extends coverage to childless couples and single persons;
- (6) Increases earned income disregard;
- (7) Modifies work and training provisions to insert definition of "suitable" employment, expand public service employment, exempt mothers with preschool-age children from registration, and set priorities in the handling of registrants;
- (8) Establishes a Federal Child Care Corporation to expand the availability of child care;
- (9) Eliminates (a) duration-of-residence requirements, (b) the automatic termination of benefits for failure to file timely reports of changed circumstances, (c) the requirement of quarterly reports of income, and (d) the requirement of reapplying for benefits every two years;
- (10) Bases eligibility only on income in the current month;
- (11) Requires a simplified declaration method of determining eligibility; and
- (12) Provides for the protection of accrued rights of State and local Government welfare employees.

AMENDMENT NO. 395 (METCALF AND OTHERS)

Federal Share of Welfare Payments to Indians.—Provides 100 percent Federal funding of the costs of programs of AFDC, aid for the aged, blind, or disabled, or medical assistance with respect to expenditures under each of those programs for Indians, Aleuts, Eskimos, or other aboriginal persons.

Cost.—\$85 million in fiscal year 1973.

AMENDMENT NO. 559 (RIBICOFF AND OTHERS)

Family Assistance Plan.—Amendment:

- (1) Sets national goal of eliminating poverty by 1976;
- (2) Increases Federal minimum income level for a family of four from \$2,400 in H.R. 1 to \$3,000, increasing further to 100 percent of

the poverty level (now about \$4,000) by fiscal year 1977, with subsequent increases as the cost of living rises;

(3) Requires State supplementation of Federal welfare payments to assure that no beneficiary would receive less than he is now getting, with 30 percent Federal matching;

(4) Phase-out the State and local share of welfare costs over a five-year period;

(5) Extends coverage to childless couples and single persons;

(6) Modifies work and training provisions to insert definition of "suitable" employment, expand public service employment, exempt mothers with preschool-age children from registration, and set priorities in the handling of registrants;

(7) Increases earned income disregard;

(8) Eliminates (a) State duration of residence requirements. (b) the automatic termination of benefits for failure to file timely reports of changed circumstances. (c) the requirement of quarterly reports of income, and (d) the requirement of reapplying for benefits every 2 years;

(10) Bases eligibility only on income in the current month;

(11) Leaves the methods of determining eligibility up to the Secretary;

(12) Provides for the protection of accrued rights of State and local government welfare employees; and

(13) Eliminates ceiling on appropriations for certain social services.

Cost.—\$5 billion in fiscal year 1973.

AMENDMENT NO. 891 (RIBICOFF)

Welfare: Special Provisions for Indians.—Makes special provision for Indians getting assistance under the programs for the aged, blind, and disabled and for families so that property held in trust for them by the United States will not be counted as resources and so that assistance provided on the basis of need by Indian tribes will not be counted as income. Permits Federal funding of public service employment programs for Indians beyond the three-year limitation otherwise applicable and in an amount above the 75 percent and 50 percent matching limits specified for the second and third years of such programs.

Cost.—\$5 million in the first full year.

AMENDMENT NO. 1002 (TUNNEY)

Public Service Employment.—Provides that the funds appropriated for the public service employment program established by H.R. 1 are to be allocated among the States in accord with the relative numbers of recipients in each of the States who are registered for manpower services, employment and training.

Cost.—No additional cost.

AMENDMENT NO. 1039 (TUNNEY)

Family Assistance Emergency Payments.—Authorizes emergency payments to families initially applying for assistance to enable them to meet basic, nonrecurring needs such as clothing, furniture and other household items.

Cost.—\$100 million in first full year.

AMENDMENT NO. 1077 (ROTH)

Testing welfare alternatives.—Deletes Title IV of the bill ("Family Programs") and substitutes a new Title IV authorizing up to four temporary and experimental tests of family assistance and workfare proposals. Such tests would have to be conducted for at least two years and under comparable conditions, and would be subject to periodic review by the General Accounting Office.

AMENDMENT NO. 1104 (NELSON)

Earnings disregard.—Provides that assistance for families with children will be reduced by two-thirds of yearly earned income above \$720 and up to \$1,720 and by one-half of earned income above \$1,720 (rather than two-thirds of all earned income above \$720 as in H.R. 1).

Cost.—\$1 billion in fiscal year 1973.