NWRO

Adequate income plan

$5500 OR FIGHT!

National Welfare Rights Organization

1419 H Street, Northwest
Washington, D.C. 20005
April, 1970

The National Welfare Rights Organization is the nationwide grassroots organization of welfare recipients and other poor people. We have 400 local affiliates in 48 states and more than 150 cities. We are fighting for the goals of Adequate Income, Dignity, Justice and Democracy.

NWRO recognizes that people are poor because they don't have enough money. Poor people have never been able to secure enough income from the wages they earn to enable their families to live decently. Yet every man, woman and child has the right to live.

We are launching a nationwide campaign to assure an adequate income for everyone, from wages, welfare or both. We challenge the government to change its priorities from am emphasis on death and destruction to an emphasis on life and peace. We call upon our country to begin subsidizing life.

It costs $5500 for a family of four to live at a minimum standard of decency in America. This is what it costs to provide a good diet, adequate housing, clothing, transportation and other personal needs. To have less is to be poor in America. We demand that the federal government assure everyone a minimum adequate income.

HOW NWRO ADEQUATE INCOME WORKS

Under the NWRO Adeqqate Plan, all Americans are assured a basic standard of income, $2000 for an individual and $5500 for a family of four. Payments vary according to family size as follows:

Minimum Adequate Budget

Family Size	Income Per Year	Month	Week
one person	$2,000	$167	$38
two people	3,500	292	67
three people	4,500	375	87
four people	5,500	458	106
five people	6,500	542	125

$1,000 per year for each additional family member.

The NWRO ADEQUATE INCOME PLAN includes the following features:

* Income is automatically adjusted for variations in family size, price differences in various parts of the country, and changes in the cost-of-living and median family income as they occur.

* Eligibility is based solely on need and is determined by a person's declaration of what his needs are, with spot checks as is done under our income tax system.

* Emergency grants are available to take care of critical or unusual situations. These would include grants for clothing and furniture to bring participants' households up to minimum standards of health and decency at the time they come into the Plan. Replacement costs are provided in case of fire, flood, or any other substantial change in circumstance.

* Participants have the right to choose between a flat grant and an itemized assessment of their needs which would consider actual costs of housing, clothing, transportation and any special requirements the family unit may have. This is similar to the income tax system where an individual may either itemize his deductions or take a standard deduction, depending on which benefits him more.

* The Adequate Income Plan provides a work incentive by taxing earnings at the rate of 66 2/3%. This in effect allows a participant in the Plan to retain one third of his earned income. For example, if a man who has been receiving Adequate Income Plan payments of $100 takes a job that pays the same amount, his Adequate Income payment will be cut only $67, leaving him with a total income of $133, $100 from his job and $33 from the Adequate Income Plan.

* Under the Adequate Income Plan, a family of four is eligible for benefits until its earned income reaches just under $10,000. Families earning up to $8246 continue to benefit because they pay income taxes at a reduced rate until their earnings reach $9887. The Plan works in the same way for other size families.

Earnings	Final Income Under the NWRO Adequate Income Plan	Final Income Under the 1966 Tax Law
$ 0	$5,500	$2,460*
2,000	6,166	2,000
3,000	6,499	3,000
4,000	6,832	3,860
5,000	7,165	4,710
7,500	7,998	6,814
8,246	8,246	7,432
9,000	8,497	8,057
9,887	8,792	8,792

*The average grant level under the present welfare system.

* The Plan is administered by a single agency located in the federal government. Standards and procedures are uniform throughout the country.

* All rights and regulations under the Adequate Income Plan are written in simple and understandable language and distributed to all participants, potential participants and organizations of participants.

* Participants in the plan are entitled to a fair hearing prior to the termination or reduction of benefits. The hearing is to take place within fifteen (15) days of the application for appeal. Special grants are provided for participants to obtain lawyers or other advocates and to pay for child care.

* The NWRO Plan assumes persons eligible for ADEQUATE INCOME benefits are entitled to <u>free medical care</u>, <u>legal services</u>, and <u>day care facilities of a high quality in the neighborhoods where they live</u>.

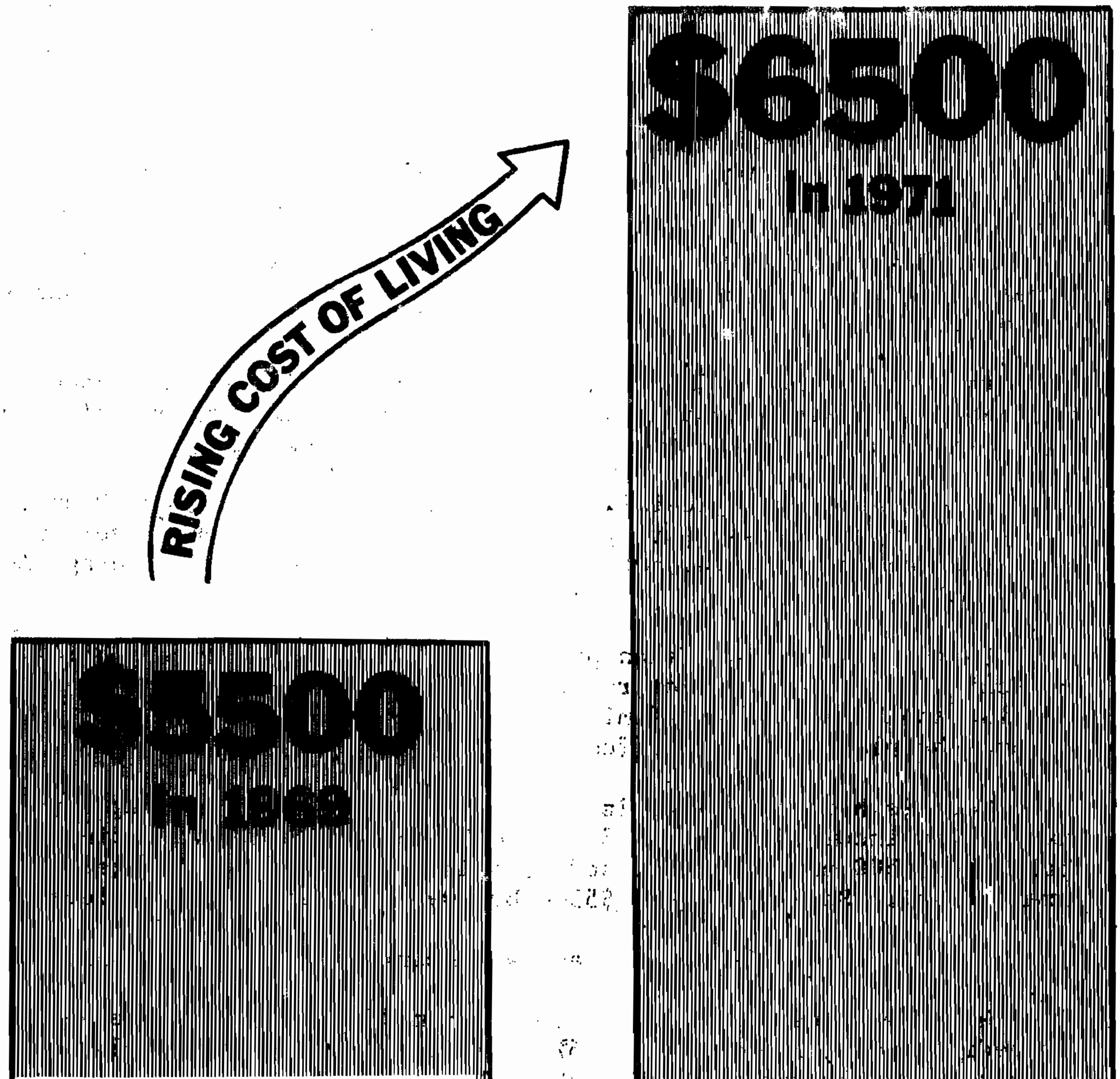
* Other services to the participants are on a completely voluntary basis, administered by agencies controlled by recipients and separate from the agency administering ADEQUATE INCOME payments. Such services include family planning, homemaker services, family counseling, child welfare, etc.

WHERE NWRO'S BUDGET COMES FROM

The NWRO Budget is computed on the basis of surveys conducted by the Department of Labor's Bureau of Labor Statistics. These surveys, as reported in Labor Department Bulletin No. 1570-5 <u>Three Standards of Living for an Urban Family of Four Persons</u>, reflect the approximate amount of money that a family of four must spend for the "maintenance of health and social well-being, the nurture of children, and participation in community activities."

The report outlines three budgets at three different levels, lower, moderate and higher. NWRO's Adequate Income Budget is based primarily on the lower living standard budget which generally allows a family of four to have access to decent standards in housing, transportation, clothing and personal care.

However, we reject the lower living standard's food budget which is based on the U.S. Department of Agriculture's "low cost food plan." Government surveys show three fourths of the families with food budgets equivalent to the low-cost food plan have nutritionally inadequate



NWRO ADEQUATE INCOME PLAN

National Welfare Rights Organization

WHY $6500?

The NWRO National Coordinating Committee (NWRO's policy making body) decided to ratify $6500 as the current adequate income goal of the organization.

The $5500 figure that we had been using was based on the U. S. Bureau of Labor Statistics surveys of what a family of four actually spends to live at a lower standard in 1969.

The change from $5500 in 1969 to $6500 in 1971 is <u>not</u> a change in our basic Adequate Income Plan. We are simply following our plan and increasing our number as the cost-of-living rises.

According to the provisions of the NWRO Adequate Income Plan introduced in Congress last year by Senator McCarthy the grant level must be adjusted each year to reflect the change in income of the average American family.

In 1969, President Nixon proposed a budget of $1600 for a family of four. But Nixon has not raised his benefit level. Congress is still talking about $1600 for a family of four even though it would be 1972 before the plan goes into effect if it passes.

Here is how the change is computed. In 1969, the average or median family income rose from $8,632 to $9,433 or 9.3%. According to our bill the $5500 must be increased by this same percentage to get the 1970 grant level. So we multiply $5500 by 109.3% to get the 1970 level.

$5541 (the actual amount) x 109.3% = $6055.

We repeat the same process to go from 1970 to 1971. The average or median family income rose 7.6% in 1970 so we multiply $6055 by 107.6% to get the 1971 grant level.

$6055 x 107.6% = $6515.

Other sized families would get different amounts:

A single person would receive	-	$2250.
Two people would receive	-	$4100.
Three people would receive	-	$5300.
Four people would receive	-	$6500.

Each additional family member would receive $1200.

National Welfare Rights Organization
1419 H. Street, N. W.
Washington, D. C. 20005

February 8, 1971

diets. Therefore, the NWRO Budget uses the Agriculture Department's "moderate food plan" which would assure an adequate diet for every American. NWRO contends that providing adequate income is the only way to combat hunger in America.

The table on the following page shows how the minimum adequate budget is broken down. The budget excludes the basic cost of hospital and doctor's care since it is assumed that free medical care will be available through Medicaid, national health insurance or some other program.

It should be carefully noted that this is a minimum adequacy budget. It provides only a basic subsistence income. There is no allowance for life insurance, out-of-town travel, a car, long-distance phone calls, cigarettes, dry-cleaning or use of a laundromat.

The budget is based on statistical averages and is subject to 10% to 20% variations depending on the locality. The range runs from $5209 in most non-metropolitan areas to $6649 for Honolulu.

MEETING EMERGENCY NEEDS

Recognition of emergency needs and of providing alternative ways of meeting needs, either through the adequate income grant level or through individual computations of need, is important for two reasons:

1. The Bureau of Labor Statistics assumed in computing the budget that the family had been established for fifteen years and had an accumulated stock of clothing and furniture. The budget was intended only to cover replacements. This assumption does not apply to the average family living in poverty. Emergency grants are necessary for wardrobe and furnishings to bring persons up to minimum standards of health and decency and to meet disasters if they occur.

2. The budget is based on statistical averaging formulas which do not necessarily apply to real people or real situations. For example, an individual family of four may or may not be able to obtain adequate housing in good condition at the $92 a month rent that the budget allows, even if that happens to be the average for the city in which he lives.

   Similar arguments can be applied to transportation costs, where the transportation quanitity for school children in the Bureau of Labor Statistics Budget was less than the number of

NWRO ADEQUATE INCOME DETAILED BUDGET

FOR A FAMILY OF FOUR.

CATEGORY	COST PER YEAR	COST PER MONTH	COST PER WEEK
FOOD This allowance is a total of the BLS Moderate Budget cost for food at home (1999/yr., $166/mo., $38/wk.) and the BLS lower standard for food away from home ($238/yr., $18/mo., $5/wk.) The latter includes snacks, school lunches, etc.	$2,237	$186	$ 43
HOUSING These costs represent the BLS lower standard's costs, updated to spring 1969 levels. They are meant to cover all supplies and furnishings for the home and its operations including telephone and postage. Rental costs ($1108 yr., $92/mo.) include all items like gas, elec., and water.	1,402	117	27
CLOTHING AND PERSONAL CARE The items in this budget, shampoo and yard goods as well as clothing and clothing care, are unchanged from the BLS lower standard. The cost has simply been updated to spring 1969 levels.	784	65	15
MEDICAL CARE Dental, eye care, and non-prescription drugs are included here. BLS consideration of doctor and hospital care has been omitted, as explained in the text. There is no provisions for medical appliances and supplies.	312	26	6
TRANSPORTATION Includes school bus rides and all other use of public transportation by non-car owners.	484	40	9
OTHER Reading, recreation and education comprise about 1/2 of this category. There is no provision, according to the BLS study for life insurance, club membership dues, hobby expenses or the acquisition of musical instruments.	322	27	6
TOTAL	$5,541	$462	$106

days in the school year! This is because the figure is an average of children who rode to school and those who walked. While it can be assumed that some families will be over in one category and under in another, the differences may not always average out in any given family. If a family has greater needs in a number of categories, they should have the option of itemizing their family budget and applying for a grant that meets the actual needs that they have.

THE INADEQUATE WELFARE PLANS

NWRO rejects the income level in the Nixon Family Assistance Plan as totally inadequate. At worst it allows a family of four $1600 a year. At best it would perpetuate the present welfare system. The Nixon Plan would establish a federal ceiling on benefits at the Poverty Line, now $3720 a year which is lower than present welfare payment levels in New Jersey and New York. Recipients in these states could get cut down to the Poverty Line.

The Poverty Line is based on the U.S. Department of Agriculture's "economy food plan", which according to the Agriculture Department "is not a reasonable measure of basic money needs for a good diet." The Agriculture Department points out that "the public assistance agency that recognizes the limitations of its clientele and is interested in their nutritional well-being will recommend a money allowance for food considerably higher than the cost level of the economy plan."

Under the Nixon Plan states would have no incentive to raise grants above this level. The economy food plan used in the Poverty Line and the Nixon Plan allows a person to survive, according to the Agriculture Department, with adequate nutrition "for short emergency periods of time and only under very special circumstances."

The Nixon Plan claims that the food stamp program will add about $800 to recipients' annual budgets but only about 38% of welfare recipients currently receive stamps according to an Agriculture Department Report dated January, 1970. Recipients cannot afford to participate in the program because the stamps are not free. In the winter this means a recipient has to postpone buying warm clothing or paying a heating bill in order to buy food stamps. While the program is "voluntary" recipients are frequently made to feel obliged to buy food stamps.

The surplus commodity program cannot provide enough of the right kind of food and is operated so cumbersomely that recipients must line up at a specified time and place or lose their food until the following month. Frequently, surplus food "depots" run out of items and do not permit participants in the program to return when stocks are replenished.

Both these programs brand recipients as poor people, giving them bits of colored paper or marked items that single them out from other people. The money spent on food stamps and surplus should be redirected toward providing a more adequate basic income for poor people.

The best food program is money. Poor people know better than anyone else that the hodge-podge of programs offered by the government today are welfare programs for farmers, the food distribution industry, and for employers paying low wages to Nixon Plan recipients. They are not designed to serve the needs of poor people. Welfare programs which exclude people for reasons other than need and which do not provide adequate income are a basic source of hunger and malnutrition.

POSITIVE STEPS TOWARDS WELFARE REFORM

Must has been said and written about the inadequacies of our present welfare system. Much has been said about the inadequacies of the President's so-called welfare reform. As we press toward an adequate income much can be done to improve the welfare system and the Nixon Plan NOW!

1. ADEQUATE INCOME GOAL: Adequate income based on the NWRO \$5500 standard should be made a national goal.

2. HIGHER FEDERAL FLOOR: The federal government should establish a floor on welfare benefits as close to \$5500 as possible.

3. TIME TABLE: There should be a time table for reaching adequate income at the earliest possible date.

4. EMERGENCY GRANTS: There should be emergency grants to bring people up to a decent standard when they go on the program and to take care of special or unusual circumstances.

5. COST-OF-LIVING INCREASES: There should be increases in the grant level to compensate for increases in the cost-of-living at least once a year.

6. INCLUDE ALL POOR PEOPLE: Coverage should be broadened to include all poor people, not just families with children.

7. SIMPLIFIED ADMINISTRATION: There should be one unified program operated by the federal government.

8. NO FORCED WORK: There should be no requirement making work or job training a requisite to receiving aid.

9. JOB STANDARDS: All jobs offered must be regulated by strict national standards including minimum wage and fair labor standards.

10. RECIPIENTS' RIGHTS: Recipients must receive a clear explanation of their rights and recipient organizations must be recognized as parties in legal action and be given copies of all regulations and procedures.