

THE NIXON FAMILY ASSISTANCE PLAN — REFORM OR REPRESSION

By GEORGE A. WILEY

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I'M BLACK AND I'M BEAUTIFUL, I'm on welfare and I'm not ashamed — and I'm mad." So said Jennette Washington, one of the New York leaders of the welfare rights movement during the early days of the struggle. This combination of militance, self-awareness and assertion of dignity has characterized the struggle for welfare rights since its inception. Recipients have marched, sat-in, waited-in, laid-in, kicked-in, lobbied, litigated and politicked in their five-year quest for adequate income, dignity, justice and an opportunity to participate in making policy decisions that affect their lives.

At the height of the nationwide struggle we have a proposal from President Nixon to "reform" the welfare system. The proposal must be examined in the context of the political forces which produced it. Such an analysis will show the Nixon Plan to be a repression against welfare mothers who have been fighting to change their conditions, rather than the reform it is heralded to be.

Historically, welfare was not designed to benefit poor people. It can best be understood as a system designed intentionally to maintain people at as near starvation as conscience or political climate would permit, and to maintain

them under conditions as humiliating and degrading as possible. The purpose of this design is to insure that no one who is able to work will seek welfare as an alternative to working, no matter how menial or low-paying the job. Indeed the welfare system in the South has been one of the primary institutions that insured the white plantation owners of a ready supply of cheap black labor to work for slave-wage pay and working conditions.

While meager welfare benefits would be offered in the off-season, every able-bodied black including women would be purged from the welfare rolls whenever the cotton chopping or harvest season approached. Welfare laws were always enforced in a selective and discriminatory manner. Moreover the arbitrary rules and regulations of the welfare system facilitated the political subjugation of blacks whose source of subsistence was controlled by white case workers. Nor were these techniques the exclusive property of the segregationist South. The welfare system was only slightly better in the North. It operated in a manner that was arbitrary and flagrantly discriminatory. Recipients were subject to the arbitrary will of the case worker and degraded, humiliated and harassed in innumerable ways.

THEN IN mid-1966 came the welfare rights movement spearheaded by a handful of erstwhile civil rights activists who saw in the welfare system a vehicle for organizing a nationwide grassroots political force. They saw the potential for seizing one of the most repressive institutions which subjugates and humiliates millions of black people, and, by organizing against it, fomenting a crisis which would not only pervade the welfare system but which would rock the foundations of all the economic institutions which exploit the labors of blacks and, indeed, many poor whites and other minorities as well.

The techniques of the movement were simple — to learn the rules and regulations of the welfare system so carefully and systematically hidden from the view of recipients and potential recipients. This information was disseminated throughout the ghettos, barrios, and rural areas across the nation. Poor people were encouraged to stand up and fight for the millions and millions of dollars in benefits and entitlements being illegally denied them. At the same time legal challenges were mounted against the eligibility rules and welfare practices which are outside the constitution, the Social Security Act or the state and local laws under which welfare is supposed to operate. The objectives of the movement were to build a nationwide grassroots poor people's organization and to mount substantial pressure on the welfare system.

In the ensuing years these techniques proved effective in building a network of more than 700 welfare rights organizations encompassing all 50 states and every major city in the country. These local groups were linked up with the National Welfare Rights Organization. Using militant direct action methods, welfare recipients won campaign after campaign: for school clothing, furniture, special diets, winter clothing, free school lunches, simpler and fairer procedures, speedier treatment, and higher welfare grants in many states. At the same time

legal attacks were striking down man-in-house rules and durational residence requirements, establishing the right to privacy and eliminating many of the arbitrary practices and multiple standards where welfare recipients are judged by different criteria of law than the society at large.

The result of this onslaught has been a vast expansion of the numbers of people eligible for welfare. But much more important it opened access to welfare to those who did not know how to apply for welfare, or had applied and were illegally denied.

The result has been dramatic increases in welfare case loads over the past five years coupled with spectacular increases in welfare costs during the same period of time. The number of people on AFDC has risen from 4½ million in 1966 to 8½ million in 1970 with 12½ million recipients in all categories. Total welfare costs have risen from about 5½ billion in 1966 to over \$12 billion in 1970. To NWRO this means that more poor people are beginning to get welfare; to NWRO this means that we are making a little progress in the war on poverty. To poor people it means a little more bread and milk on the table and a little more of the basic necessities for their families.

THE DRASTIC increases in welfare rolls and welfare costs have caused a hue and cry from the nation's mayors and governors and have precipitated a national debate concerning the ills of the welfare system. Practically every governor in the country is on record for federal take-over of the welfare system. It is in this climate that President Nixon introduced his Family Assistance Plan. A few excerpts from the President's speech of August 8, 1969 will be enlightening. He spoke of the present welfare system in this way — "whether measured by the anguish of the poor themselves, or by the drastically mounting burden on the taxpayer, the present welfare system has to be judged as a colossal failure.

Our states and cities find themselves sinking in a federal welfare quagmire; as case loads increase, as costs escalate, and as the welfare system stagnates enterprise and perpetuates dependency. What began on a small scale in the depression 30's has become a monster in the prosperous 60's. And the tragedy is not only that it is bringing states and cities to the brink of financial disaster, but also that it is failing to meet the elementary human social and financial needs of the poor. It breaks up homes. It often penalizes work. It robs recipients of dignity. And it grows.

In other places in the speech President Nixon refers to the objective of his Family Assistance proposal: "it aims at getting everyone able to work off the welfare rolls and onto payrolls" — we cannot legislate our way out of poverty; but this nation can work its way out of poverty." What America needs now is not more welfare but more "workfare."

It should be of little surprise then that the Nixon plan provided little benefit to poor people and in the long run substantial savings to the state and local governments. The basic thrust of the Nixon program is a \$1600 per year federal income floor for a family of four extended only on the condition that the potential recipient accept any offer of employment that is made no matter how menial the job and no matter what working conditions or wages are offered. This forced work program is the heart of the Nixon plan. It is an enshrining in federal law of the basic principles that are the root cause of the horrors of our present welfare system. It is inherent in the approach that the benefit levels must always be inadequate; that the program will be categorical to effectively sort out the "deserving" from the undeserving" poor; that it will be deficient in real incentives and opportunities for recipients to obtain self-sufficiency; that it will be demeaning to recipients; that it will have a complicated and costly bureaucracy to administer it; and it will deny rights and benefits to millions of people who are in urgent and desperate need.

The Nixon Family Assistance Plan is indeed yet another welfare program for

the business community. For it will assure them a supply of cheap labor. An employer need only inform the local welfare office that jobs are available and recipients must work for him at whatever pay is offered or lose their welfare benefits.

DURING ITS debate in Congress, the Family Assistance Plan went through many convolutions and permutations. It is therefore difficult to present here an analysis of the Nixon Family Assistance Plan because there have been so many different variations. The administration's performance during the months of debate was hydra-like. Pressure to eliminate one regressive feature would force them to yield their redraft and would come up with yet another restriction on benefits or eligibility in another area. The thrust of all the administration proposals, however, amounted to the perpetuation or escalation of the basic evils in the present welfare system behind a facade of welfare reform.

It is for these reasons that the National Welfare Rights Organization opposed passage of the Nixon plan. An articulate lobby of welfare mothers convinced three liberal Senators to vote against it in the Senate Finance committee. These votes by Senators McCarthy, Harris and Gore proved to be the decisive factor in the 10 to 6 defeat which FAP suffered in the Finance Committee, a defeat from which it never recovered.

It is NWRO's belief that the defeat of the Family Assistance Plan, coupled with the stepping up of the grassroots pressure on the welfare system and an active and informed citizens lobby, can force the Congress to start the country on the road toward real welfare reform.

WHAT IS TRUE WELFARE REFORM?

A real welfare reform must meet the following basic tests:

1—Provide an adequate income floor to every person who needs it.

2—Provide the income in a way that is neither degrading to the dignity of recipients nor destructive of family life.

3—Provide a just system that protects the rights of recipients and provides reasonable opportunities for recipients to redress grievances with the system.

4—Provide the income through a simple administrative mechanism.

5—Provide the income in equitable fashion so that it meets the needs of recipients in the actual conditions in which they live across the country.

6—Provide economic and other incentives for recipients to improve their economic situations.

7—Redistribute income sufficiently to provide poor people a reasonably competitive position in the nation's economy.

The National Welfare Rights Organization has developed a plan which meets these basic tests. The plan has been drafted in legislative form and introduced into the last Congress by Senator Eugene McCarthy. It never received any significant hearing in the Senate in spite of its endorsement by the White House Conference on Food, Nutrition and Health and a number of major organizations ranging from the United Church of Christ to the United Auto Workers. Another attempt will be made in the next Congress.

ADEQUATE INCOME

ADEQUATE INCOME means providing people with money to meet the basic necessities of life such as food, clothing, housing, health care, transportation and recreation. The NWRO plan is based upon surveys of actual costs of these items conducted by the Bureau of Labor Statistics of the U.S. Department of Labor and the U.S. Department of Agriculture. It uses the basic needs budget based on the "loser standard budget" of the Bureau of Labor Statistics combined with the "moderate food plan" of the U.S. Department of Agriculture. The moderate food plan was used because Agriculture Department surveys showed that three-quarters of the families living with less money for food did not have a nutritionally adequate diet. From these surveys it is clear that an average urban

family of four required \$5500 per year to meet their basic necessities in 1969.

In addition to this income they would have to be provided with free health care, free legal services, and free child care plus special grants for major items of furniture or other emergencies when they arise. Adjustments in the grant of approximately \$1,000 per year would be necessary for each additional member of the family. Further, since the \$5500 figure applies to the year 1969, it requires a cost of living adjustment to \$6660 per year for the year 1971. The NWRO plan also provides for regional adjustment in the income for different areas of the country where costs of living may vary.

A further unique feature of the NWRO scheme is to allow a recipient to either the standard formula for his family size or submit an individual computation of his budget to demonstrate exceptional need. This is much the same as under income tax where a family may either take a standard deduction or itemize his specific expenditures.

Not only is the Nixon Plan's \$1600 benefit level inadequate, this standard falls below the level of present payments for 90% of the AFDC recipients in 43 states. It offers states numerous loopholes by which they may cut the pitifully low benefits that AFDC recipients presently receive. The plan is devised in such a way that it clearly regards the poverty line of \$3720 per year as the maximum that ever should be paid in welfare benefits. The poverty line is derived from the U.S. Department of Agriculture's "economy food plan" which the federal government itself recognizes is inadequate to provide a nutritious diet for more than a brief emergency period.

A minimum step for welfare reform must be to recognize adequate income as its basic goal and commit the country to a program of reaching that goal in the shortest period of time. Not only did none of the versions of the Nixon proposals do this but they did not even provide for cost of living increases on the basic benefit levels. They set the federal reimburse-

ment to states for state supplementary programs in such a way as to discourage states from giving cost of living increases even when their grant levels are below the woefully inadequate "poverty line."

DIGNITY

THE SECOND requisite of a welfare reform is to provide the income in such a way that it preserves the dignity of the individual and the integrity of the family. The first prerequisite for dignity is the provision of an adequate income. For poverty itself and the squalid and humiliating living conditions that it requires is inherently demeaning.

The penny-pinching attitude which denies an adequate income usually brings with it a welfare bureaucracy which investigates every aspect of a recipient's personal life. The man-in-house rules and residence requirements are only two of the most obvious examples of a degrading welfare policy. The Nixon Family Assistance Plan was shot through with requirements which would degrade and humiliate recipients. Policing the enforced work requirements for example, would impose major control by the welfare bureaucracy over recipients' lives, require registration and re-registration for work by recipients, and permit case workers to cross-examine them concerning their efforts to find jobs.

In addition, the Family Assistance Plan included payments to third parties as punishment for recipients who do not satisfy the case worker in their pursuit of work. Absent fathers who may through no fault of their own be unable to support their families would be pursued doggedly by use of federal records not normally available to welfare administrators. Federal benefits they might receive at any time in their lives could be confiscated to replace money paid to their families under Family Assistance. These onerous provisions have been doggedly preserved by the administration through all versions of the bill. A variety of other punitive provisions were advanced by the administration from time to time, although

most of them were ultimately repulsed by the Welfare Rights lobby before the final stages of debate.

In contrast to these demeaning provisions, the NWRO plan simply identifies need as the basic test for whether a person can get assistance and would rely on the person's sworn affidavit analogous to the income tax return as evidence of the need.

JUSTICE

AN INCOME maintenance system must recognize and protect the constitutional rights of recipients. Many of the indignities and injustices of our present welfare system result from denial of basic rights of people as citizens. In fact it is a commonplace belief that recipients of public assistance should give up their rights as citizens because they are accepting "public charity." The most basic right of a recipient must be the right to know what his entitlements are and the right to have some voice in determining the policies which affect him. This means that the welfare regulations must be disseminated in simplified form and made available to poor people. This means that organizations of recipients must have access to those regulations and must have a voice in how the policies and regulations are determined. Neither of these principles are recognized in the Nixon Plan. As mentioned previously, the Nixon Plan includes provisions which erode rights protected, however weakly, in the present Social Security Act. The undermining of the money payment principle, the pursuit of absent parents, the return of the step-father clause, a version of the man-in-the-house rule, and the forced work provisions are examples of this erosion.

Beyond these protections, recipients must have the right to a fair hearing and, if necessary, court review, before benefits under the plan may be reduced or terminated. This right has been established by several Supreme Court decisions and a weak provision implementing it was included in the Nixon Family Assistance Plan.

SIMPLE ADMINISTRATION

A COROLLARY to a system which is just and provides dignity, is a system in which the administration and the regulations are visible, accessible and simple to understand. Such administration is probably best done by the federal government but must provide for local community participation in implementation of the program in each area. The Nixon Plan not only failed to provide a simple federal administration, but offered an administration more complex and more costly than even our present unwieldy welfare system. The administration of the Nixon Plan would put yet another layer of federal administration on top of the existing arrangements in each state. It would allow the states to choose among sixty-four federal-state arrangements in the complicated array of money payment and service programs that would be offered. Under such a system it would be practically impossible for a recipient to effectively understand and pursue his rights and entitlements. In addition, this system would waste an additional \$300 million in administrative costs beyond the already exorbitant costs of administration of our present unworkable system.

EQUITY

WE HAVE ALREADY described how the NWRO plan would deal with equitable distribution of resources according to the needs in various parts of the country, the needs of various family sizes, and the changes in needs resulting from changes in the cost of living.

The basic framework of the Nixon Plan perpetuates the categorical approach which is at the heart of the inequities of the present system. It basically establishes four categories: the aged, disabled and blind make up one category. A single recipient in this category could receive as much as \$1560 a year compared with the \$1600 for family of four under the family category. The second category for families at least has the virtue of bringing working and non-working

recipients as well as female and male-headed families under a single part of the plan, but it provides the benefits at such a low level that most of the present inequity in benefit levels from state to state would continue.

The third program would be a state-run supplementation program which would maintain present AFDC recipients at their present benefit levels (except for cuts which are permitted under the loopholes described earlier); in addition in some versions of the bill an unemployed parent program was mandated to require states to supplement families with two parents but with an unemployed father at least at their present AFDC level. And finally, the fourth category would include single individuals and couples without children who would be totally excluded from any benefits under any of the federal programs. Thus the Nixon Plan would project an extension of the complicated hodge-podge of programs with varying payments and requirements from one category to another and with varying payments and eligibility requirements from one state to another. The NWRO proposal would erect a single category which would cover all persons in need in all parts of the country at an adequate income level for their family size and region of the country. It would not arbitrarily and categorically distinguish between young and old, disabled or non-disabled, working or non-working, two-parent or single-parent families.

INCENTIVES

THE QUESTION of incentives is a controversial part of income maintenance. On the one hand the inclusion of provisions to allow recipients to keep a portion of earned income adds a very large apparent cost to the plan. If one is concerned about the total cost of a program then the inclusion of a large "work incentive," that is permitting the welfare recipient to keep a large portion of earned income without losing his benefits, adds considerably to the cost of the program. The NWRO plan would cost approximately

\$20 billion to simply supplement the present income of poor people from work or other sources up to the adequate income standard for his family size. It would cost an additional \$45 billion to allow recipients to keep 50% of earned income. In the NWRO plan we propose a lower "work incentive" in order to allow adequate basic payment levels without raising the cost unduly.

The NWRO Plan provides an earnings exemption of 33 1/3%. This adds about \$30 billion to the cost. It provides a smooth transition between total dependency on the income plan to total self-sufficiency. That is to say a recipient does not feel that if he goes out and earns an additional \$10, \$10 will be deducted from his check. Under our plan for every \$100 earned he would lose \$67 from his payment or, conversely, he would be able to keep \$33 of each \$100 earned. This means that a family would continue to benefit from a plan until its total income reaches \$8246 a year. Because of the way the tax system would be adjusted, any family of four earning less than \$10,000 would benefit from the NWRO program.

Under the Nixon Plan work incentives would be very complicated. Ostensibly, a 50% earnings exemption was proposed. However, when one reads the fine print one found that the earning exemption varied widely in the various versions and for people in the various categories. For some categories of some people in some parts of the country the exemption was actually less than 10%; for most people it ranged between 20 and 30%. A uniform 33 1/3% income exemption is clearly more equitable and more desirable.

REDISTRIBUTION OF INCOME

IF AN INCOME maintenance plan fails to redistribute wealth in the country in the direction of poor people, it cannot fulfill the basic objective of eliminating poverty. For poverty is a relative thing, related in part to the vast discrepancy

between those people who have and those who have not. In the United States the wealthiest 20% of the population receive 40% of all income received in a given year and the poorest 20% of the population receive less than 6% of the total income. This is a condition that has existed for the last 100 years. It was very little affected by the introduction of the income tax system in 1913. And, needless to say, it would be virtually unaffected by the Nixon Family Assistance Plan. Since under the NWRO plan only persons earning above \$10,000 would bear the cost of the plan and everyone earning \$10,000 or less would benefit, the result is that the one-third of the population with incomes above \$10,000 would have their wealth trimmed somewhat to increase the share for persons below \$10,000, with the heaviest benefit going to those people below \$5500. We estimate that the share going to the bottom 20% should more than double while the share going to the top 20% would be trimmed perhaps by as much as 50%.

What we have, therefore, in the Family Assistance Plan is a plan which fails to redistribute wealth, which perpetuates the inequities of our present welfare system, and which adds onerous forced work provisions designed to subjugate poor people and harass them.

It is discouraging to us that so many white liberals and so many black leaders were duped by the sham of the Nixon Plan. Toward the end of 1970, however, the Welfare Rights lobby turned the tide of battle against the Family Assistance Plan. The task for 1971 is to consolidate our forces and drive for a guaranteed adequate income for all Americans.

"If you cannot identify with a mother who stays awake at night to make sure that rats do not bite her child, then you have lost the one quality that makes you civilized, that bit of humanity that keeps you from being just a vegetable with clothes on." WHITNEY M. YOUNG