

**REPORT
ON
VICTIMS
OF THE
REAGAN-BROWN
Welfare Budget
Cuts Of
1981**

**COALITION OF CALIFORNIA
WELFARE RIGHTS ORGANIZATIONS**

INTRODUCTION

The Reagan-Brown Welfare Budget Cuts are **anti-family and anti-work.**

The alleged reason for these cuts was to stop those isolated cases where persons earning \$25,000 a year received AFDC benefits. The imposition of the gross income level accomplished this goal, although it could have been done by stating that "no person earning more than \$25,000 a year shall be eligible for AFDC benefits.

But the Reagan Cuts go several steps further by attacking the working poor through limiting the \$30 and 1/3 work incentive to a four month period; abolishing the recipients ability to deduct his or her actual work related expenses; and taking away deduction if the monthly income report is not received by the welfare bureaucrats to their satisfaction.

The result is that working families are put in the position of **making a choice between working and not feeding their children; or stop working to be able to feed their children.**

Many recipients will not quit their jobs until they actually see their children starving. Others may choose other avenues to make more money, such as:

- *taking a second job and virtually leaving the children parentless;*
- *providing none or inadequate child care for their children;*
- *supplementing their income through illegal means, such as prostitution or drug dealing;*
- *working and not reporting their income to the welfare department.*

We do not endorse these methods of **survival**, but the desire of the poor to work is so great (even to the detriment of their family) that many of these survival alternatives will be utilized by AFDC recipients.

This report contains a sample of the "victims" of the Reagan-Brown Welfare Budget Cuts. We believe that the public should be aware of the impact that these welfare budget cuts have upon the poor families.

Some may wonder why we characterize these cuts as the **Reagan-Brown Welfare Budget Cuts.** The reason for this characterization is the fact that the Brown Administration supported 72% of the Reagan Welfare Budget Cuts in a report submitted to Congress on April, 1981.

Moreover, regulations promulgated by the Brown Administration implementing the Reagan Welfare budget Cuts are more punitive and restrictive. Some examples are:

- *Allowing a lesser deduction for part-time employed families than required by federal law;*

◦ *Denying work related deductions to certain families when it is not required by federal law.*

It is indeed a tragedy that we have to gather these sad stories and present them in this report. But it would be a far greater tragedy if these victims of the 1981 Reagan-Brown budget cuts go without any public recognition.

VICTIMS OF
LIMITING WORK RELATED EXPENSES
& THE WORK INCENTIVES

Prior to the Reagan Welfare Budget Cuts, under the the AFDC program, working AFDC recipients were allowed deductions to cover their actual work related expenses.

This was not true in California, because California had illegally limited transportation to 15¢ a mile, refused to pay other work related expenses, and had imposed limitations on child care deductions.

Reagan's Welfare Budget Cuts allow a flat \$75.00 deduction to cover taxes withheld from the paycheck and other work related expenses, such as transportation, uniforms, lunches, etc.

The other major change was the limiting the \$30 and 1/3 work incentive payment to 4 months.

To this date the Reagan Administration has not offered any justification for the \$75.00 limitation on work related expenses, or for limiting the \$30 and 1/3 work incentive to four (4) months, except that they needed to make some **cuts**, and the working poor seemed to be a **good target**.

As the cases below will show, after four months most of the families will not be able to **feed their children if they continue to work**.

Thus, many of them will be **forced to quit their jobs to feed their children**.

Regina Richmond—One Child

**BASIC SURVIVAL COSTS AND
WORK RELATED EXPENSES**

EARNINGS

Rent	\$ 150		
Utilities	\$ 10	Gross Income	\$ 594
Car Payment	\$ 50	\$75.00 deduction	\$ 519
Car Insurance	\$ 34	Child Care	\$ 339
Gasoline	\$ 100	\$30 & 1/3	\$ 206
Child Care	\$ 180	<u>AFDC GRANT</u>	\$ 202
Other		TAKE HOME PAY	AFDC CHECK WITHOUT THE \$30 & 1/3
TOTAL=	\$ 524	\$ 473	\$ 69

FAMILY IMPACT STATEMENT: This would leave Ms. Richmond \$18 a month to meet her food costs.

Linda Smith-Two Children

BASIC SURVIVAL COSTS AND
WORK RELATED EXPENSES

Rent	\$ 325
Utilities	\$ 118
Car Payment	\$ 100
Car Insurance	\$ 30
Gasoline	\$ 30
Child Care	\$ 20
Other	

TOTAL= \$ 623

EARNINGS

Gross Income	\$ 600
\$75.00 deduction	\$ 525
Child Care	\$ 505
\$30 & 1/3	\$ 317

AFDC GRANT

\$ 189

**TAKE HOME
PAY**

**AFDC CHECK
WITHOUT THE
\$30 & 1/3**

\$ 520

\$ 1.00

FAMILY IMPACT STATEMENT: This family will be \$100 in the red once the \$30 and 1/3 incentive stops.

Lorene Cattaneo-Four Children

**BASIC SURVIVAL COSTS AND
WORK RELATED EXPENSES**

Rent	\$ 420
Utilities	\$ 100
Car Payment	
Car Insurance	\$ 32
Gasoline	\$ 80
Child Care	
Other	

TOTAL= \$ 627

EARNINGS

Gross Income	\$ 773
\$75.00 deduction	\$ 698
Child Care	\$
\$30 & 1/3	\$ 446

AFDC GRANT

\$ 240

**TAKE HOME
PAY**

**AFDC CHECK
WITHOUT THE
\$30 & 1/3**

\$ 590

\$ 00.00

FAMILY IMPACT STATEMENT: Ms. Cattaneo's take home pay is less than her basic survival needs (without counting food).

Linda Fletcher-Three Children

**BASIC SURVIVAL COSTS AND
WORK RELATED EXPENSES**

Rent	\$ 425
Utilities	\$ 100
Car Payment	
Car Insurance	
Gasoline	\$ 50
Child Care	\$ 160
Other	

TOTAL= \$ 735

EARNINGS

Gross Income	\$ 926
\$75.00 deduction	\$ 851
Child Care	\$ 691
\$30 & 1/3	\$ 441

AFDC GRANT \$ 160

**TAKE HOME
PAY**

**AFDC CHECK
WITHOUT THE
\$30 & 1/3**

\$ 701

\$ 00.00

FAMILY IMPACT STATEMENT: This family will have no money left for food once the \$30 & 1/3 work incentive stops.

Annie Coleman-Six Children

**BASIC SURVIVAL COSTS AND
WORK RELATED EXPENSES**

Rent	\$ 475
Utilities	\$ 124
Car Payment	\$ 150
Car Insurance	\$ 27
Gasoline	\$ 125
Child Care	
Other	

TOTAL= \$ 901

EARNINGS

Gross Income	\$ 808
\$75.00 deduction	\$ 733
Child Care	\$ 733
\$30 & 1/3	\$ 460

AFDC GRANT

\$ 386

**TAKE HOME
PAY**

**AFDC CHECK
WITHOUT THE
\$30 & 1/3**

\$ 800

\$ 113

FAMILY IMPACT STATEMENT: Ms. Coleman will have \$12 a month to cover the food bill b for her six children upon the expiration of the \$30 and 1/3 work incentive payment.

Ms. Ella Dokes-Five Children

BASIC SURVIVAL COSTS AND
WORK RELATED EXPENSES

Rent	\$ 379
Utilities	\$ 40
Car Payment	
Car Insurance	
Gasoline	\$ 180
Child Care	\$ 195
Other	
TOTAL=	\$ 794

EARNINGS

Gross Income	\$ 800
\$75.00 deduction	\$ 725
Child Care	\$ 530
\$30 & 1/3	\$ 334
<u>AFDC GRANT</u>	\$ 437
TAKE HOME PAY	AFDC CHECK WITHOUT THE \$30 & 1/3
\$ 640	\$ 241

FAMILY IMPACT STATEMENT: Ms. Dokes will have \$87 a month to feed her family once the \$30 & 1/3 work incentive stops.

Kathy Bass-Three Children

**BASIC SURVIVAL COSTS AND
WORK RELATED EXPENSES**

EARNINGS

Rent \$ 250
 Utilities \$ 50
 Car Payment
 Car Insurance \$ 20
 Gasoline \$ 100
 Child Care \$ 190
 Other

Gross Income \$ 735
 \$75.00 deduction \$ 660
 Child Care \$ 470
 \$30 & 1/3 \$ 294

AFDC GRANT \$ 307

TAKE HOME PAY **AFDC CHECK WITHOUT THE \$30 & 1/3**

TOTAL= \$ 590

\$ 646

\$ 111

FAMILY IMPACT STATEMENT: Ms. Bass will have \$167 a month for food and other expenses. Any kind of car repair or other unexpected expense will force her into total destitution, assuming that \$167 is enough to feed a family of four (4).

Helena McHarris-Two Children

BASIC SURVIVAL COSTS AND
WORK RELATED EXPENSES

Rent	\$ 375
Utilities	\$ 50
Car Payment	
Car Insurance	\$ 35
Gasoline	\$ 20
Child Care	\$ 200
Other	

TOTAL= \$ 630

EARNINGS

Gross Income	\$ 692
\$75.00 deduction	\$ 617
Child Care	\$ 417
\$30 & 1/3	\$ 258

AFDC GRANT **\$ 248**

**TAKE HOME
PAY**

**AFDC CHECK
WITHOUT THE
\$30 & 1/3**

\$ 536

\$ 89

FAMILY IMPACT STATEMENT: After four months Ms. McHarris will have \$5.00 a month to feed her children.

DENYING WORK RELATED EXPENSES

TO FAMILIES THAT SUBMIT

LATE MONTHLY INCOME REPORTS

Prior to changing state regulations in response to the Reagan Welfare Budget Cuts, AFDC families submitting monthly income reports by the end of the month were allowed all work related deductions.

The Brown Administration, in their desire to "outReagan" Reagan, promulgated regulations which deny all work related expenses to families who submit a monthly income report with all of the required verifications after the 11th day of the month.

It appears that the Brown Administration was not satisfied with the "gross harm" that the Reagan Welfare Budget Cuts will impose upon the working poor families, and decided to inflict further harm upon them.

Below are three examples of how the Brown Administration the working poor families of California.

1. Ms. LAMM

Ms. Lamm did not receive a CA-7, which is the welfare name for the monthly income report, in the mail for the month of December. She did however mail a letter to the welfare department informing them how much her income was and what her work related expenses were. This letter was received by the county welfare department on December 11, 1981.

She then received a letter from the county welfare department informing her that because she did not provide the county with a completed income report, she will be denied the following expenses next month:

° \$75.00; ° \$30 & 1/3 deduction; and ° her child care expenses

Ms. Lamm was also informed by the county welfare department that she did not have a good reason for not submitting the CA-7 on time.

#2 Ms. WALGREEN

Ms. Walgreen was ill during the month of December, but she mailed in her CA-7 on 12/7/81. The welfare department received the CA-7 on 12/15/81. Because the report was not received by the county welfare department on the 11 th day of the month, she was denied the following work related expenses:

° \$75.00; ° \$30 & 1/3 deduction; and ° \$287 actual child care costs.

Ms. Walgreen was told by the county welfare department that she did not have a good reason for getting the report late to the welfare department.

3. Ms. RAMOS

Ms. Ramos mailed her CA-7 to the welfare department on December 3, 1981. It was received by the county welfare department on December 9, 1981.

Although the report was on time, and she had had five (5) contacts with her worker, she was never told that there were some technical problems with the report until she received a notice of action denying her her work related expenses 10 days before the end of the month. She was therefore denied the following expenses:

° \$75.00; ° \$30 & 1/3; and ° \$220 of actual child care costs.

150% NEED LEVEL VICTIMS

THE 150% RULE

This provision is designed to deny AFDC benefits to marginally employed AFDC mothers. Under this rule if a family is working and has gross income which exceeds 150% of the AFDC grant level, they are automatically ineligible.

This cases below represent a sample of cases where the family's gross earned income exceeds the 150% of the California AFDC benefit levels.

Sherri Badore- One Child

BASIC SURVIVAL AND WORK RELATED EXPENSES

Rent \$ 250

Utilities \$ 12

Car Payment \$ 75

Car Insurance

Gasoline

Child Care \$ 200

Other

EARNED INCOME

Gross Income-\$ 705.00

TOTAL MONTHLY EXPENSES= 637.00

Take Home Pay- 530.00

FAMILY IMPACT STATEMENT: Family basic survival expenses are \$637 a month and the net take home pay is \$530.00 a month.

Pat Rollins- One Child

BASIC SURVIVAL AND WORK RELATED EXPENSES

Rent	\$ 250
Utilities	\$ 100
Car Payment	
Car Insurance	\$57
Gasoline	\$ 100
Child Care	\$ 130
Other	

EARNED INCOME

Gross Income-\$816

TOTAL MONTHLY EXPENSES=

637.00

Take Home Pay-\$624

FAMILY IMPACT STATEMENT: Ms. Rollins expenses, notwithstanding food, are \$637 a month, and her take home pay is \$624 a month.

Annette Davis- One Child

BASIC SURVIVAL AND WORK RELATED EXPENSES

Rent \$ 234

Utilities \$ 80

Car Payment

Car Insurance \$ 60

Gasoline \$ 100

Child Care \$110

Other

TOTAL MONTHLY EXPENSES= 584

EARNED INCOME

Gross Income-\$854

Take Home Pay-\$600

FAMILY IMPACT STATEMENT: Ms. Davis would be left with \$16 a month for one months' food bill.

Freda Mays- Two Children

BASIC SURVIVAL AND WORK RELATED EXPENSES

Rent \$ 410

Utilities \$ 62

Car Payment \$ 196

Car Insurance

Gasoline \$ 100

Child Care

Other

TOTAL MONTHLY EXPENSES= \$767

EARNED INCOME

Gross Income-\$1,065

Take Home Pay-\$801

FAMILY IMPACT STATEMENT: This would leave Ms. Mays with \$34.00 a month to pay feed herself and her two children.

Diane Parson- Two Children

BASIC SURVIVAL AND WORK RELATED EXPENSES

Rent	\$ 310
Utilities	\$ 60
Car Payment	\$ 88
Car Insurance	\$ 40
Gasoline	\$ 40
Child Care	\$ 120
Other	

TOTAL MONTHLY EXPENSES= \$ 658

EARNED INCOME

Gross Income-\$812

Take Home Pay-\$654

FAMILY IMPACT STATEMENT: Ms. Parson has take home pay of \$654, but her basic survival expenses, without considering food, is \$658 a month.

Ms. Allotey- Two Children

BASIC SURVIVAL AND WORK RELATED EXPENSES

Rent	\$ 405
Utilities	\$ 64
Car Payment	
Car Insurance	
Gasoline	\$ 100
Child Care	
Other	

EARNED INCOME

Gross Income-\$770

TOTAL MONTHLY EXPENSES=

\$569

Take Home Pay-\$610

FAMILY IMPACT STATEMENT: This family of three would have to eat on \$41 a month.

Ms. Beverly Sanchez- Two Children

BASIC SURVIVAL AND WORK RELATED EXPENSES

Rent	\$ 109
Utilities	\$ 110
Car Payment	\$ 52
Car Insurance	
Gasoline	\$ 100
Child Care	\$ 360
Other	

EARNED INCOME

Gross Income-\$952

TOTAL MONTHLY EXPENSES= \$ 730

Take Home Pay-\$760

FAMILY IMPACT STATEMENT: This family of three will have \$30 a month to pay for their food bill.

Deborah Garcia-One Child

BASIC SURVIVAL AND WORK RELATED EXPENSES

Rent \$ 217

Utilities

Car Payment \$ 170

Car Insurance \$ 50

Gasoline \$ 60

Child Care \$ 200

Other

TOTAL MONTHLY EXPENSES= \$697

EARNED INCOME

Gross Income-\$825

Take Home Pay-\$680

FAMILY IMPACT STATEMENT: Ms. Garcia will have \$17 a month left each month for food.

Ms. Virginia Gonzales-Three Children

BASIC SURVIVAL AND WORK RELATED EXPENSES

Rent \$ 250

Utilities \$ 100

Car Payment \$ 142

Car Insurance \$ 70

Gasoline \$ 100

Child Care \$ 540

Other

TOTAL MONTHLY EXPENSES= \$ 1,202

EARNED INCOME

Gross Income-\$1,280

Take Home Pay-\$1,014

FAMILY IMPACT STATEMENT: Ms. Gonzales's basic survival expenses exceed her take home income.

Ms. K. Griffith-One Child

BASIC SURVIVAL AND WORK RELATED EXPENSES

Rent	\$ 250
Utilities	\$ 75
Car Payment	\$ 73
Car Insurance	\$ 35
Gasoline	\$ 100
Child Care	
Other	

EARNED INCOME

Gross Income-\$1,052

TOTAL MONTHLY EXPENSES=

\$734

Take Home Pay-\$790

FAMILY IMPACT STATEMENT: Ms. Griffith will have \$56 a month to pay for food each month.

Ms. A. Clayton-Three Children

BASIC SURVIVAL AND WORK RELATED EXPENSES

Rent \$ 550

Utilities \$ 80

Car Payment

Car Insurance

Gasoline

Child Care \$ 300

Other

TOTAL MONTHLY EXPENSES= \$ 930

EARNED INCOME

Gross Income-\$1,119

Take Home Pay-\$900

FAMILY IMPACT STATEMENT: Ms. Clayton's basic survival expenses exceeds her monthly spendable income.

Ms. Nancy Gains-One Child

BASIC SURVIVAL AND WORK RELATED EXPENSES

Rent	\$ 210
Utilities	\$ 57
Car Payment	
Car Insurance	
Gasoline	\$ 60
Child Care	\$ 50
Other (Car Repair)	\$ 200
TOTAL MONTHLY EXPENSES=	\$577

EARNED INCOME

Gross Income-\$750

Take Home Pay-\$630

FAMILY IMPACT STATEMENT: Ms. Gains will be left with \$54 for the month of January to pay for the food bill of her family.