

be scrutinized for internal inconsistencies, errors, and suspicious claims. But only a small fraction—perhaps one in 15 or 20—would be subject to full investigations on a random sample basis. This spot check system would prevent most willful cheating and would replace the present demeaning practice of routine intrusions into the private lives of all welfare recipients.

The level of benefits proposed in my bill—a guaranteed minimum income of approximately \$2,000 for a family of four—is still below the poverty line. However, they are above the AFDC average benefits in all but 12 States.

At this level of benefits the gross cost would be \$8.1 billion to the Federal Government. However, since this program would replace about 80 percent of the existing \$5.1 billion welfare costs, there would be a saving of approximately \$4 billion in total Federal and State welfare costs. Since the Federal Government pays some 60 percent of the welfare costs, the Federal saving will be about \$2.4 billion, and the States will save \$1.6. On balance, therefore, the program will cost the Federal Government some \$5.7 billion—\$8.1 billion minus \$2.4 billion—and save the States \$1.6 billion in existing welfare costs. Thus, the net cost will be \$4.1 billion.

At this level the income position of nearly 80 percent of present welfare recipients will be improved. More significantly, nearly all of the 22 million Americans, who now live in poverty but do not receive public assistance, will get some income supplementation.

Ideally, the poverty gap should be closed entirely. However, to close it solely by means of a guaranteed income system would cost in the neighborhood of \$25 billion yearly. The principal reason for the geometrically increasing cost in the problem of "leakage" to the nonpoor. If the maximum benefit for a family of four is \$2,000, as my bill proposes, and work earnings are "taxed" at the 50-percent rate, then all benefits will cease when total income reaches \$4,000 per year.

However, if the maximum benefit for a family of four is placed at \$3,000, then every family of four with income of less than \$6,000 will be eligible for some benefits; and there will be a great deal of "leakage." Even to increase the maximum benefit from \$2,000 to \$2,400 for a family of four will double the cost of the program.

As I pointed out, one difficulty with a base benefit of \$2,000 is that 12 States now have higher average AFDC benefits. The assumption of my bill is that in these States the Federal income maintenance benefit would pay the first \$2,000, and the welfare program would make up the difference between that and whatever level it is now paying. So that if a welfare standard for a family of four in a given State is \$2,400 a year, the Federal income maintenance program would pay the basic \$2,000, and the welfare program would pay the last \$400. The recipient in those few States would be no worse off. And, of course, in the majority of States, where welfare benefits are below the standards of H.R. 17331, the recipients would be considerably better off. Where the Federal income maintenance benefit is supplemented through welfare, section 1604 of my bill provides that, as earnings increase, welfare benefits are to be reduced by two-thirds of earnings, until welfare benefits are eliminated. Further earnings reduce income maintenance benefits by two-thirds of earnings, until the position of the recipient is identical to that of a recipient who was never receiving welfare, at