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# General Plan of the City of Cleveland

Ernest Bonner

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AN OUTLINE OF THOUGHTS ON THE CONCEPTUAL  
FRAMEWORK AND POLICY FORMAT FOR THE GENERAL PLAN  
OF THE CITY OF CLEVELAND

General Plan Report No. O

Ernest R. Bonner, Chief  
Comprehensive Planning & Research

March, 1971

City Planning Commission  
City of Cleveland

*This is the first written draft of  
the conceptual framework for the  
Cleveland Policy Plan Report.*

## A GYROSCOPE FOR THE GENERAL PLAN

The long-range planning staff will deal in information, criticism and advice. Our audience will be those who influence or make decisions.

We take upon ourselves a special role with respect to that audience. The information, criticism, and advice we offer will be informed by a vision we have for the City of Cleveland and its people. This vision is utopian in that it is admittedly normative, arising from our own conceptions of the "good life" for people. It is not utopian in that it may point to a direction the City can choose and can follow, a direction that distinguishes among desirable and undesirable actions taken yesterday, and today, and to be taken tomorrow.

Establishing some direction for the City of Cleveland is, thus, a necessary first step in our efforts to inform, criticize, and advise decision-makers acting on behalf of Cleveland residents. With this direction, we shall know when we are proceeding in the right way and measurements of our progress, along that path toward our vision can conceivably be made. Without it, even measurements of movement are irrelevant for there is no assurance of progress or regress in that movement.

Our vision (in outline) is as follows:

- Individuals choose their own goals and means to pursue those goals.
- Societal values and conditions act as constraints upon individual selection and pursuit of goals.
- Societal values are questionable insofar as they unnecessarily restrict choice and to the extent that they are inconsistent with one another.
- Institutions are established to serve individual pursuit of goals. In

- the process institutions, themselves, establish goals--some of which must be self-serving to assure their survival.
- Institutional goals which are self-serving, however, must be clearly secondary and supportive of institutional goals furthering pursuit of individual goals.
  - Societal values and conditions also act as constraints upon institutional selection and pursuit of goals. But, unlike individual selection and pursuit of goals, institutional selection and pursuit of goals affect societal values and conditions. Institutions are, therefore, the focus for changes in societal values and conditions.
  - Both individuals and institutions pursue their respective goals through decision and action. Decisions to act must be made from among those choices of action which the individual or institution perceives.
  - Individuals are better off with more choices in any decision, for more choices increases the probability that a choice involving an improvement in his welfare (as he perceives such improvement) will now be available.
  - Institutions serve individual goals most when they provide wider choices in decisions made by individuals.
  - The primary goal of institutions must be to provide wider choices, partly through their own decisions and actions, partly through their affect on societal values and conditions.
  - In a context of limited resources, first and priority attention should be

given to the task of promoting wider choices for those individuals and groups who have few, if any, choices.

A BRIDGE OVER MUDDY WATERS

--Given this goal as a direction for change, what policies should we, as a City, pursue in order to serve that goal?

--Income and power are important generators of choice. Policies dealing with changes in the level and distribution of income and power are, therefore, necessary guides in reaching our goal.

--But, any given level and distribution of income does not, automatically, lead to more choices in private and public goods and services. Prevailing political, social, and economic trends, for example, are toward a systematic narrowing of choice for all, but a very few. Policies dealing with these trends in the response of the private and public sectors are additional guides in reaching the goal of more choices for individuals who have few or none. These policies will widen choice for the majority as well as the minority.

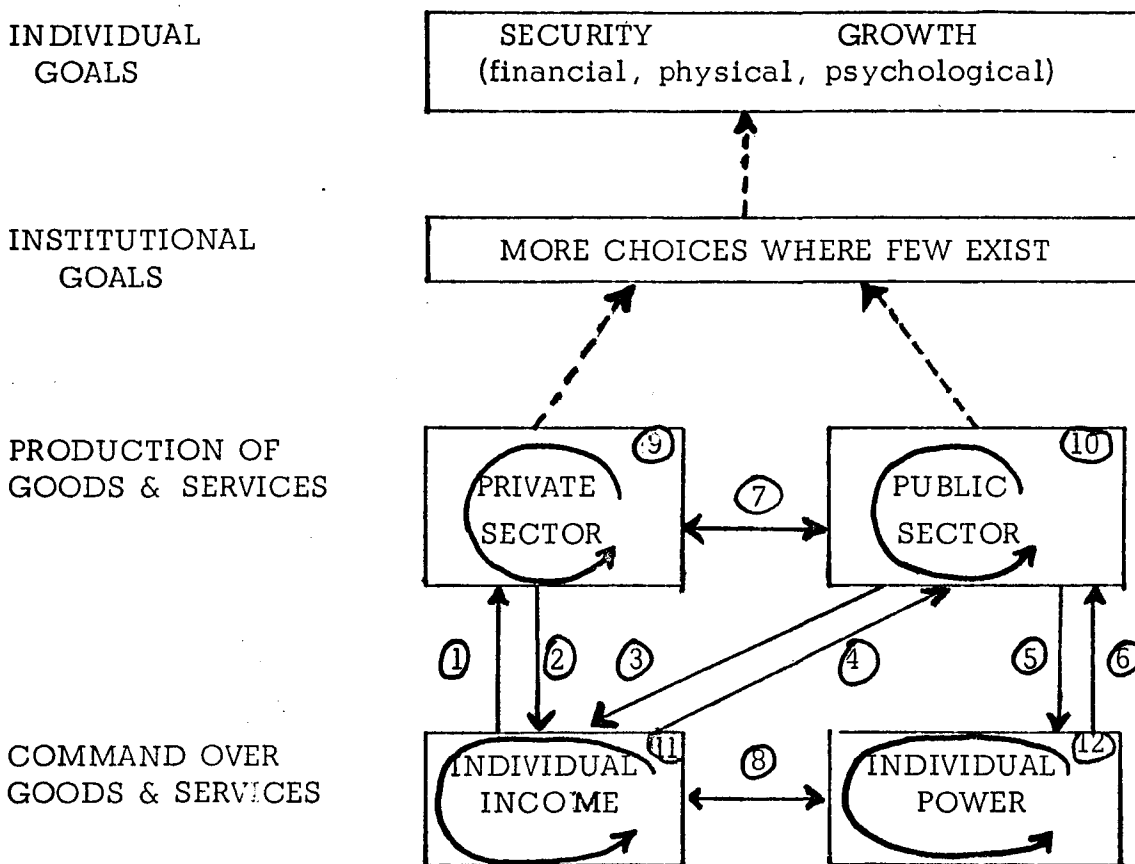
--There are, thus, two (2) broad areas of policy:

1. Policies to promote changes in the level and distribution of income toward some more equitable allocation of the rewards of our productive system; and
2. Policies to improve the choices in goods and services offered by the private and public sectors in response to

any given level and distribution of income and power.

--Both areas of policy must be included in an effective thrust toward the goal of promoting choices where few or none exist.

--The two (2) broad areas of policy can be further subdivided by reference to the diagram which charts the important parts of the system within which we work and the relationships among these parts:



Each arrow represents a relationship which will be a subject of policy.

--More specific areas of policy under the general area of policies dealing with the level and distribution of income and power include:

- (2) Private sector payments and transfers of income to individuals.
- (3) Public sector payments and transfers of income to individuals.
- (5) Public sector allocation of power to individuals.
- (8) Relationship between individual income and power.
- (11) Payments and transfers of income among individuals.
- (12) Transfers of power among individuals.

--More specific areas of policy under the general area of policies to improve response of the private and public sectors include:

- (1) Individual expenditures on private sector goods and services.
- (4) Individual payments to public sector institutions.
- (6) Response of the public sector to individual power.

--Each of these policy areas serves as an initial framework for a work program. The objective of each work program will be to devise alternative policies for the accomplishment of the goal before us. Priority in work programming will also be assigned in view of our goal. Thus, policy areas which clearly focus on individuals with few choices will be considered first.

THE PRIMROSE PATH FROM GOAL TO WORK PROGRAM

- In order to determine what these policy areas might be, consider the lack of choices confronting an individual who lacks income. Theoretically, he has a number of options for gaining income. He may become employed, he may acquire capital (and, thus, realize income from earnings on the investment of that capital), he may apply for public or private assistance in the form of "welfare" or charity, he may borrow or ask for money from his friends or family, or he may acquire income through some illegal activity (robbery, burglary, gambling, etc.).
- Suppose this individual cannot get a job, does not own nor can he possibly acquire capital, and is not eligible for public or private assistance. His choices remaining are not hopeful, nor does his exercise of either remaining choice contribute to our goal. Even though he was successful in borrowing or obtaining income from his friends or family, chances are good that this transfer of income will be from poor to poor, leaving his friend or family even worse off than they were. Further, though the transfer may be made, it is obviously made grudgingly and sets up a conflict among those who already suffer under conflicts sufficient to undermine their life (and society at large) in important ways. Clearly, reducing his options to that of committing crime leaves him with no real choice at all. In fact, this is the one choice we cannot permit. The possibility of obtaining income through illegal activity must be reduced if not removed altogether.



--The policy implications of this are clear. On the one hand, policies establishing an adequate income guarantee to all individuals based on need must be devised. At the same time, policies must be devised to reduce the effective income to be gained from illegal activity.

--A minimum, but adequate, income guarantee program would include policy determinations on such matters as eligibility, work incentive, and level of basic allowance or guarantee.

--Reducing the effective income of criminal activity would require policies as to:

1. Possible changes in the definition of criminal activity--gambling can be a crime or a local industry.
2. Ways of decreasing possible revenues from criminal activity, by increasing the responsibility of victims or by reducing the opportunities for criminal activity.
3. Ways of increasing the probability of apprehension, either in fact, or as perceived by the criminal.

--Successful pursuit of these policies would provide a choice the individual did not enjoy before (eligibility for a minimum, but adequate, income guarantee) while rendering the choice of criminal activity less preferred.

--Most individuals who lack income would prefer employment as a means to income over public assistance, transfers from friends and family or illegal activity. Those who cannot choose employment as a means to income fall somewhere in the following outline of the reasons for unemployment or underemployment--in some cases the reason for an individual not even

--In those cases where supply exists, demand does not, policies to promote choice in employment would include those designed to:

1. Encourage economic development of city and region in specific categories of economic activity.
2. Insure equal employment opportunity.
3. Encourage re-assessment of work tasks and personnel requirements by public agencies, private firms, and unions in the area.
4. Maintain the demand for labor through public service employment of those willing but out of work.
5. Encourage migration to or from the area.

--In those cases where supply does not exist but demand does, policies would include those designed to:

1. Improve the flow of information about job openings and the counseling of those searching for work.
2. Improve the working conditions of those employed.
3. Permit choice of residential accommodations in closer proximity to employment centers.
4. Equip individuals with the special skills and talents that jobs with promise require.

--Throughout our discussion of policies above, we have dealt in detail only with those encompassed in the broad area of policy directed toward a change in the level and distribution of income toward a more equitable distribution to those with little income. In the event that the chosen

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combination of policies is in some way successful in improving the relative income position of the poor, we still have that important set of policies remaining to insure that the increase in income does, in fact, promote wider choices in goods and services from the private and public sectors.

--Would, for instance, a change in the distribution of income as a result of the policies above, promote wider choices for the poor in housing? Specifically, would individuals and families living in substandard homes now be able to choose standard housing at rents they can afford? Or will the costs of supplying and maintaining housing at local standards still place the unit out of their reach?

--For many families, the dilemma is clear. "Standard" housing in central City locations is costly. Rents to support the construction or rehabilitation of these units is then necessarily high. Incomes, from which rents must be paid, are low and burdened with other demands--food, clothing, transportation. The gap between the rents which must be paid and the rents which could be paid must be narrowed by policies to increase incomes of poor families and individuals (already discussed above) and policies to reduce the cost of "standard" units--in effect to improve the response of the private and public sectors in the provision of housing for low-income families.

--An obvious first step is the development of policies to adjust the local standards.

--Policies will also be required in those areas of cost which together promote the high cost of housing units:

1. Land Costs
2. Construction Costs
3. Financing Costs
4. Operating Costs

--If a "standard" home is to include important neighborhood service levels, policies will be necessary in the areas of:

1. The level, quality and distribution of services (schools, recreation, safety, etc.) in the City.
2. The choice of location in an area or municipality where services are "standard."

--Pronouncing choices in housing is only one area of concern in our consideration of the response of the private and public sector. Other areas would include certain private consumption goods as well as a host of public services including education, recreation, public safety, and sanitation.

--Further, the discussion so far has not directly concerned itself with either the distribution of power or the response of the public sector to this auxiliary form of command over goods and services.

--This paper is, admittedly, only a demonstration of the process the general planning staff is following to develop a direction for ourselves and the Planning Commission and to use that direction as a guide in the development of policies which will ultimately become the general plan for the City of Cleveland.

--This demonstration, I hope, makes clear how the challenge we have set before us differs from typical planning practice.

- First, we have established a single, relatively specific goal; and this was established with reference to our vision of the way a society ought to be. It is, basically, a moral stance on our part, and places us in a clear advocate position in favor of those who have few, or no, choices.
- Second, the connection between this goal and the policies of the general plan will be explicit and overriding. As a result, some traditional policies and programs of planning agencies may not appear in the Cleveland general plan. At the same time, many policies (and areas of concern) new to planning agencies will be in prominent positions.

● The need for two kinds of planning

a. Planning for institutional social change

b. Program planning

● An ~~in~~ unwillingness, thus, to deal with basic issues —

~~work — a choice not to work?~~

(Choices in general) —

• what do we want to do?  
what are our goals?

• Do we want people to work? or do we want to give people the choice of working?

SHORT MANUAL ON STYLE FOR BUREAUCRATIC GUERILLAS

Certain obstacles (and opportunities) are inherent in this approach to planning and obvious beforehand. Our style of operation must recognize these:

1. To promote social change is to accept social conflict. We agree to submit all conflicts to those executive, legal and legislative tribunals for resolution and to accept the resolution which is forthcoming. At the same time we refuse to minimize or cloud those conflicts before decision-makers. Conflicts in interests and ideas are not to be avoided. They are to be sharpened and clarified so that those who must decide make clear choices based on more fundamental precepts.

Conflicts in ideas are to be particularly nurtured, for out of these conflicts can come progress in our knowledge.

2. To cast our vision in more fundamental terms is to assure that our breadth of concern will eventually encompass all. Our limited resources will not



permit a "comprehensive" analysis to match our framework for planning. We must admit that our eventual plan will not be comprehensive in the generic sense of that term. Still, each part we accomplish of the total effort required will at least be informed and conditioned by knowledge of its place in a broader scheme. Further, the more comprehensive framework provides the same perspective to others in their various capacities throughout the City. Their work will be on our behalf in that sense.

3. There can be no "best" way for there can be no "best" goal. This or that policy or program might, in some limited sense, be the "best" way to serve some given goal. But the determination of a "best" goal will fail for lack of criteria. Selection from among alternative goals is the difficult task of political decision-makers. Their selection is not of the "best" goal, only their selection of an alternative. Our selection of a goal, and all subsequent policy design based on that selection, does not presume that decision-makers will select that goal, too. It will assure, however, that that goal will always be in front of

decision-makers as an alternative during times of decision.

4. A healthy skepticism will be of invaluable assistance in our efforts, toward our own actions and decisions as well as others. Our framework of analysis will give this skepticism great force and direction. In every case, in all decisions, there are only a few questions:

What explicit (or, more likely, implicit) goal will decision one way or the other serve in this matter?

In what way does service to that goal affect service to our goal?

In most cases these questions will not be easy to answer, but if our action (review, approval, etc.) is the one sought, the responsibility for answering the question is theirs, not ours.

5. Our goal springs directly from those egalitarian ideals which are rooted in the rhetoric of our history. To fix ourselves, with professional integrity and abilities, upon that goal is to become the conscience of our society.

As such, we will be beaten back at every hard choice. To take as our measure of success the number and importance of changes made in institutions or the things which "get done" is to invite frustration. A more valid measure of our success would be those small, sometimes fleeting, changes in men's minds, those important (but invisible) succumbings by an individual to his own conscience, and the new dedication, new purpose of individuals to those ideals we hold but only haltingly strive for.

ON REORDERING THE PRIORITIES OF  
THE PLANNING PROFESSION

The Honorable Carl B. Stokes, Mayor of Cleveland

This conference gives me a chance to discuss with your important professional group the ways in which we might jointly seek the kind of social change which our nation so desperately needs. I am aware that the planning profession is seeking a new consciousness based on relevancy and equity, and that the often-shrill voice of the advocate planner is heard more and more frequently in the land.

It was therefore with some surprise that I reviewed the agenda of this conference. Most of your sessions appear directed to zoning matters, the training of planners, and the use of census materials. I see very little attention to those pressing problems in health, education, and poverty which, in my view, are critical dimensions of what we have come to know as the "urban crisis." Not once in your agenda do I see the word "change" and rarely do I find even the implication that a discussion of change will take place.

Most important and disturbing, your agenda suggests little attention to the ends of the institutions you serve, but much attention to the means and regulations you employ to serve those ends. It is almost as if no one has questioned either the content of your work or its effects.

It seems to me that this order of priority is backward. To paraphrase Charles Reich in The Greening of America--when the goals of institutions become instruments for the preservation of institutional values, they become oppressors of individual justice. It may well be that the ends of some of the institutions you serve are themselves crucial contributors to the "urban crisis."

A great part of this urban crisis centers on such questions as the redistribution of income and services, yet how many institutions can you name which have as an important goal the redress of grievances among the powerless and disenfranchised? How many take a strong advocate stance in favor of the poor? How many pursue a more equitable distribution of the wealth and power in our society in the simple name of justice? In fact, few institutions--if any--do, and this lack of purpose almost assures a lack of attention to the poor and powerless.

The goals of most city plans clearly indicate this lack of focus and concern. Rarely do they challenge the present distribution of the rewards in our society. Rather, planning goals are based on accepted notions of "efficiency" and "objectivity" organized around concepts of land use. Since planners have assumed that they have no legitimate responsibility to direct the goals of their efforts in any egalitarian sense, planning activity has, at best, maintained the status quo and, at worst, contributed to the "crisis."

Institutions avoid specific goals because they are difficult to set and controversial. Nevertheless, implicit goals are set and are obvious in our policies and programs: These results are clear, and in all too many cases, they are regressive.

The result of our federal housing policy is to subsidize the rich members of our society  $3\frac{1}{2}$  times more heavily than the poor.

The result of our local land-use and zoning powers is harassment of low-income housing construction in the central cities and the almost total exclusion of low-income housing from the suburbs.

The result of our federal and state transportation policy is to increase mobility for our more mobile citizens and to reduce the mobility for our least mobile citizens--the poor, the young, the elderly, and the disabled.

The result of federal pressure for regional cooperation and coordination is to channel more power to the suburbs at the expense of the central cities.

And Scott Greer could open his perceptive book on urban renewal by stating without serious challenge: "At a cost of more than three billion dollars, the federal government has succeeded in materially reducing the supply of low-cost housing in American cities."

These results occurred because the programs, the legislation, and the planning activity were not guided by any specific moral concept of what this society could be. To continue in this way is to resist and defer essential social change for this nation.

It seems to me that the name of the planning game (and the political game, as well) must be to ensure that the rewards of our society are more equally allocated and shared. If policies and programs of the past had been directed specifically toward this end, the results would have been radically different.

Our public institutions must promote opportunity, not for those who have numerous opportunities but for those who have few or none. These ends have not been served well--by public institutions or by the planners who serve these institutions.

I understand the limitations of your practice by charter, by tradition, and by individual philosophy. I do not question what you now do. I implore you to do more. Specifically, planners--as individuals, as professionals, and as members of this national organization--must be important leaders in the struggle for social change and must accept the responsibilities which attend to this role. It will not be easy, but your profession will enjoy some of the satisfactions of helping to close the existing gap between the rhetoric of our promise and the paucity of our performance.

Now, how can planners accept and discharge this responsibility in specific ways? Let me speak as if I were a planner.

As an individual, I would hold that promoting increased opportunity for those who have few or no choices is the goal of highest priority. I would hold this view on moral grounds alone.

As a professional, I would use my talents, time, and position to inquire of all policies, programs, or proposals three basic questions: (1) Does the policy, program, or proposal transfer income or power? (2) If so, from whom does income and power come and to whom does it go? (3) Is the transfer sufficient to promote opportunity for those who have few or no opportunities? I would then promote programs which, under analysis, assure greater opportunities to those with few choices, and I would oppose programs with opposite results.

- ❖ • Let me challenge your profession to advocate the interests of the poor and powerless with three specific examples, beginning first with the functional area of transportation.

As a society, we have opted for an automotive society which has conferred vastly improved access and mobility on the majority who could take advantage of it. In the process however, we have ignored the problems this automotive civilization creates for those who cannot own or drive a car. The poor, the elderly, and those too young to drive must pay more for transportation, while having fewer and fewer places they can reach by public transit. This is a substantial group indeed. In the City of Cleveland in 1965, an estimated 32 per cent of all households did not own a car; of 45,000 families with incomes under \$4,000, 46 per cent owned no car; of households headed by persons over 65, 48 per cent had no car.

It is this group which must be the prime beneficiary of improvements in transportation policy! The public subsidies in transportation should accrue primarily to this group. We must state this goal clearly and urgently, and we must emphasize this point again and again at every level.

If the strongest support is not directed to this goal, I predict the following scenario for the distribution of the \$3.1 billion now available in the Urban Mass Transportation Assistance Act.

(1) A considerable amount of money will be spent on planning prior to the capital grant applications. Planning agencies which are now suffering from the decline in federal funds attending the near completion of the interstate system will compete for these funds. Bold politicking (not planning) for custody of the study funds will place direction and control of the funds with regional (not city) agencies.

(2) The regional agency's natural orientation to the suburbs as expressed by its board, which disproportionately represents rural and suburban interests everywhere in the country, will assure priority attention to the problem of work trips for suburbanites who work in the downtown area of the central city.

(3) Some central city planners might protest that no important attention is being paid to those transit-dependent riders in the central city for whom no choice but public transportation is available.

(4) The regional agency will pay lip service to these notions but will not adjust its study program in any substantial way. The central city planners might threaten to withdraw from the study and withhold their local share of study costs.

(5) The federal government, while avowing interest in transit-dependent riders, will see this conflict as a threat to their vision of region-wide cooperation and A-95 review-type planning, and encourage the city to yield in its differences with the regional agency.

(6) Some city politicians and powerful business leaders, fearful lest the "federal dollar" be lost if the disagreement continues, will succeed in forcing the city to yield, and the regional agency will agree to study the needs of transit-dependent riders. The study will begin, however, with an emphasis on suburban trips to downtown.

(7) After one year of study, the regional agency will make a grant application for \$75 million to finance the extension of two-rail rapid transit lines into wealthy suburbs. The central city planners might argue that the study of transit-dependent riders has not been completed and that grant applications should await its completion. The regional agency will note that speed is important to capture the federal funds, as many similar applications have already been submitted by other cities.

(8) The Department of Transportation will approve a grant of \$60 million for the rail extensions. An accompanying letter will state that funds are now extremely low and any further applications must await additional congressional appropriations. The regional agency, running short of funds, will discontinue the transit-dependent rider study.

(9) The transportation choices of the people dependent on public transportation will again go unattended and, over time, will continue to worsen.

If this script sounds familiar, it may be because the drama is probably already underway in many of your own communities.

In the field of housing, we have failed our low-income population tragically. The national goal of "...a decent home in a suitable environment for all Americans is largely responsible. Tony Downs was absolutely correct when he wrote in Agenda For The Nation: "...this (goal) utterly fails to convey the appalling living conditions which give the housing problem such overriding urgency to millions of poor Americans." We must reflect that urgency in our national housing goals.

At the same time, we can no longer rely upon those housing programs for low-income families which: limit the number of poor families who can receive a housing subsidy; limit housing choices of the poor, both as to housing location and as to housing type; and limit the effectiveness of our low-income housing dollar.

All of us must broaden our efforts to design and initiate a low-income housing program wherein:

No particular dwelling unit is set apart as the residence of a poor family.

Subsidies are available to all poor residents (not just those for whom public housing happens to be available), with the poorest receiving the greatest subsidy.

Poor families may choose a housing unit in any location, in any jurisdiction, and may enjoy ordinary choices in the type of housing they occupy.

The private sector is importantly involved in the provision of these choices.

Designing such a program is clearly one of your responsibilities. If I were you, I would search for that program with at least as much diligence as I would search for the latest in subdivision regulations, new code enforcement techniques, and sites for middle- and upper-income housing.

Finally, the planning profession must pay greater attention to national legislation, where proposed guaranteed income and revenue sharing programs are now before Congress.

A national income maintenance program is a clear and direct transfer of income from federal income tax payers to low-income families. But President Nixon's proposed Family Assistance Plan, although it is a step in the right direction, does not transfer enough income to promote real opportunity or real choice. The President's proposal will not, for instance, bring a single, working, poor family in Cleveland out of poverty. Neither will it provide a penny of assistance to single individuals and childless couples--a large part of the poor population in our central cities.

If you fail to see (or even look for) these deficiencies in Nixon's proposal, you lose the opportunity to effect necessary changes in this important legislation. And if we fail to enact an adequate and just income maintenance program, we have lost the chance to promote real choices for the poor--the choice of a home without rats, the choice of basic sustenance without resort to stealing, the choice of rearing children without nagging hunger, the choice of dignity and hope.

We have, in fact, lost the chance to directly improve choices for the poor, rather than indirectly through subsidies in functional areas such as transportation and housing.

In the proposed revenue sharing legislation we have a chance to directly transfer income and power from the federal to the local level. If the interests of the poor and powerless are to be properly served by this legislation, it will be absolutely essential for local planners and other public administrators to become their advocates. Otherwise, the funds will be used to aid the groups served so well by present programs.

You must ask yourselves:

How many of your local legislators will stand with conviction on the side of the poor?



How many appreciate the needs of individuals more than institutions?

How many are angry that the elderly are isolated in their homes by lack of transportation, that children die of lead poisoning or rat bites in abysmal housing, that people go to bed hungry at night?

You can have an important influence upon the way in which local governments spend these shared revenues. I trust you will accept this responsibility with the sincerity it deserves.

Finally, let me challenge ASPO to pronounce from its vantage point a commitment to lead its members in promoting choices and in ensuring opportunities--not for those who already enjoy choice and opportunity, but for those who do not; not for those who already enjoy the fruits of this society but for those we have left behind.

I realize that the reordering of priorities and goals in the planning profession is not an easy task. But this reordering is your decision. You decide, by ballot in the election of officers, by expressions of concern to elected officers, by attention to the poor in your practice and in the advice you offer to decision-makers, by individual commitment and efforts to that end.

I have challenged you as individuals, as professionals, and as a society. I accept no lesser challenge myself.

THE FAMILY ASSISTANCE ACT OF 1970  
AND THE CITY OF CLEVELAND

A Critique and Some Proposals

Ernie Bonner.

*This was my first  
published effort  
in Cleveland.*

*When progress in  
"family assistance"  
stalled, we turned  
to housing  
allowances.*

A City Planning Commission General  
Plan Report

May, 1970

## I INTRODUCTION AND CRITIQUE

President Nixon's proposed welfare reform bill has passed the House of Representatives and is now before the Senate Finance Committee. It has been billed as a major new step in Welfare legislation. The objectives of the legislation, according to HEW Secretary Finch are:<sup>1/</sup>

1. "... to move toward a national solution for what we recognize as a national welfare problem through the establishment of uniform eligibility criteria...
2. "... to provide strong work incentives in the welfare system both for those on welfare and for those working people who have a high risk of entering the welfare population...
3. "... to make a significant impact on the problem of poverty..."

The first of these objectives it has served by setting nationwide eligibility and payment standards that will significantly affect only the most backward states of this nation. The State of Ohio (not a leader in welfare legislation) has operated for some time under welfare legislation which is equal in most respects, and superior in some respects, to the proposed reform.

Framers of the bill pride themselves on their service to the second objective of the legislation -- assistance to the so-called "working

<sup>1/</sup>Statement before Senate Finance Committee Hearing on Family Assistance Act of 1970, H.R. 16311, April 29, 1970.

poor" and new opportunities and incentives to work for existing welfare recipients. This is a crucial objective in any welfare reform and their failure in this regard is a cruel disappointment.

In all but eight southern states, the bill perpetuates the discrimination of existing welfare legislation against the working poor -- those intact families with a male head who works full-time to earn less than a poverty level of income. In the City of Cleveland, the male head of a working poor family of four, employed full-time at \$1.25 an hour, will receive a supplement under the bill of less than \$700 per year. This supplement, together with the income he earns, will net him about the same annual disposable income as that provided to the female head of a family of four who does not work at all.

The same male head, employed full-time at the minimum wage of \$1.65 an hour, will realize about the same annual disposable income as a male or female family head working less than 15 hours a week at the same wage.

All of the above families will realize an average annual income which is \$1,000 below that needed to maintain a minimum level of existence in the City of Cleveland.

In addition to this discrimination against the working poor, the bill actually reduces the financial incentives to work of present welfare recipients under existing Ohio legislation. It will be

possible under this bill for an ADC recipient, employed at the minimum wage, to increase his earnings while realizing no increase in his disposable income. For example, a man earning \$3,200 a year will realize \$4,560 in disposable income under the program. If he increases his earnings to \$4,000 a year his disposable income will increase by less than \$2.00 per year! This is, for all practical purposes, no increase in disposable income.

The proposed Act may make "... a significant impact on poverty..." nationwide but its impact on poverty in the City of Cleveland (and probably other major cities of the country as well) will be minor. The Act will provide less than \$5 million in payments to an estimated 3,000 of the very poorest working poor families in the City. It will add an estimated additional \$3.5 million in payments to the approximately 18,000 families on existing Aid to Dependent Children rolls.

The Act Will do nothing for an estimated 10,000 to 15,000 working poor families in Cleveland which, by any reasonable definition of need, should be eligible for assistance under a program of this kind. It will also provide no assistance whatever to an estimated 15,000 single adults and probably 2,000 childless couples in poverty, residing in the City.

## II. SOME PROPOSALS

The following proposals are made in an attempt to improve the bill generally and to make its provisions more relevant to the City of Cleveland (and metropolitan areas in general):

1. Basic allowances (payments made to families with no earned income) should vary by region or by urban-rural residence of recipient. A uniform basic allowance of \$1,600 annually may raise a family in Cleveland, Mississippi out of poverty, but it will barely cover rent and utilities for a family of four in Cleveland, Ohio. In short, the basic allowance should not be uniform across the nation with respect to annual money income, but uniform with respect to purchasing power of recipients.
2. The legislation should establish, and provide for periodic adjustment of, poverty levels based upon family size and regional cost of living differentials. Federal basic allowances could then be set at some percent of this poverty level of income. States should be encouraged to supplement these Federal basic allowances, up to the defined poverty level, by contributions as now provided for in the legislation.

3. The food stamp program proposed as a supplement to the meager basic allowances of the bill, should be discontinued, and the funds proposed for this purpose (\$1.2 billion in 1971 and \$2.5 billion in 1972) should be used to supplement cash payments to the working poor. The present food stamp program is so degrading and inconvenient that fewer than half of those eligible use the program. It is also a costly program to administer.
  
4. Payment schedules should insure an adequate basic family assistance benefit and strong, positive work incentives. This can be done at little additional cost to Federal and State governments. As an example of this, we propose establishment of the following program for a non-farm family of four:
  - a. A basic family assistance benefit set initially at present state-set standards of needs and eventually set at poverty-level incomes as established, and updated periodically, by the Social Security Administration. This basic benefit should be at least \$1,600 per year.

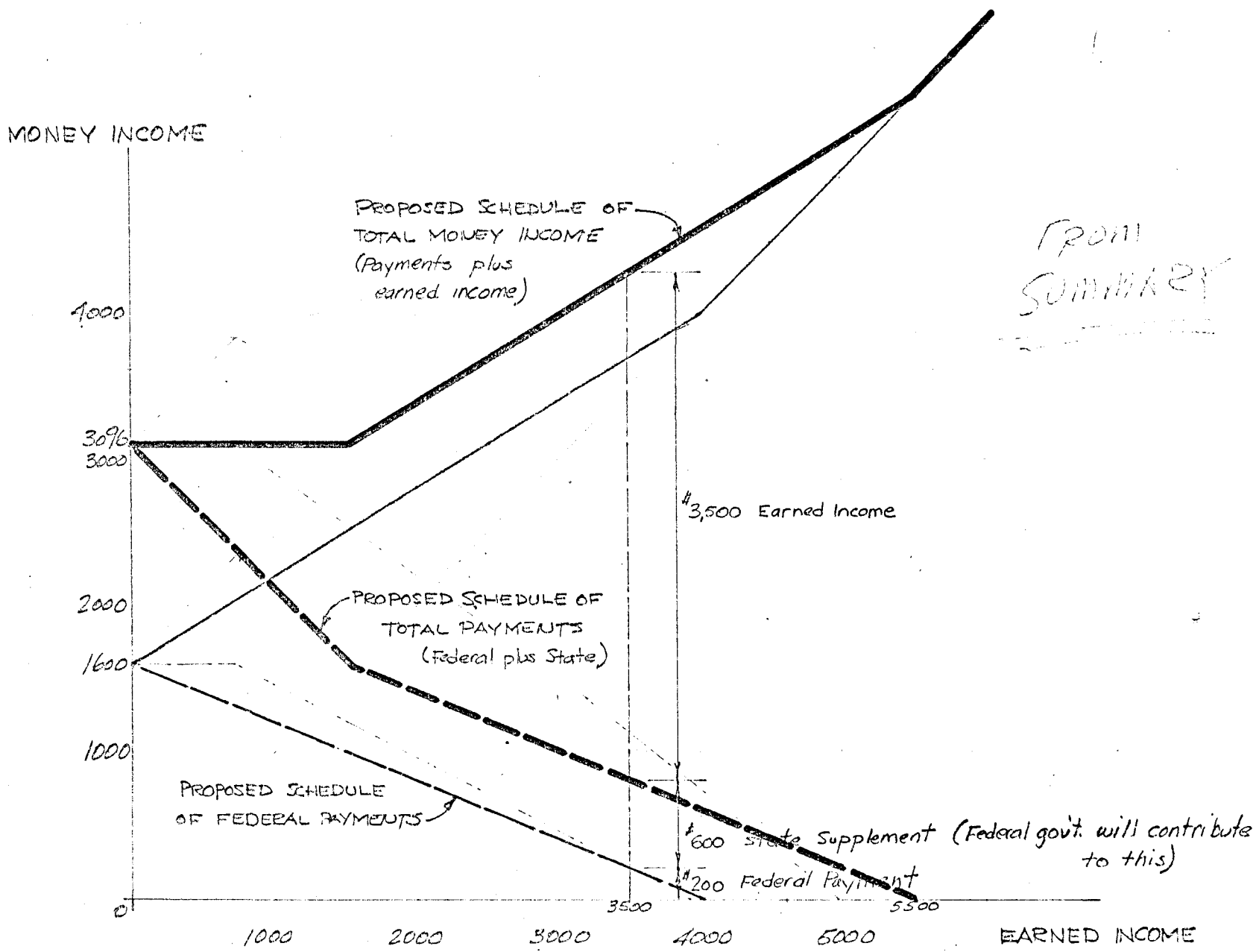
- b. No financial incentives to work at earned incomes less than the difference between the basic family assistance benefit and \$1,600.
- c. Strong, positive incentives to work at earned incomes greater than the difference between the basic family assistance benefit and \$1,600 and less than the break-even point. Over this range of earned income no more than 40 cents may be taken from the basic benefit for each dollar of additional earnings.
- d. A break-even point as established by the above provisions.

Figure 1 shows this proposal as applied to Cleveland. The basic family assistance benefit is shown as the State-set standard of need (\$3,096 per year in Ohio for a family of four). One dollar of this benefit will be taken away from the family for each dollar it earns up to \$1,500 per year. Beyond \$1,500, only 40 cents is taken for each dollar of added earned income. Benefits disappear at about \$5,500 of earned income.



**FIGURE 1:**

PROPOSED SCHEDULE OF MONEY INCOME AND PAYMENTS —  
CLEVELAND FAMILY OF FOUR.



FROM  
SUMMARY

Federal-State financing of the program could proceed much as the Act now provides. The Federal government would be responsible for \$1,600 of the basic family assistance benefit and it would reduce this benefit by 40 cents for each added dollar earned. In addition, the Federal government would contribute to those supplementary payments that States with basic benefits higher than \$1,600 would be required to make.

The total cost of the program should be approximately that estimated for the Family Assistance Act plus the proposed food stamp program. Federal financial responsibilities will be greater for ADC families with earned income between \$4,500 and \$5,500 but lower for ADC families with earned incomes between 0 and \$4,500.

States will be required to supplement payments to the working poor. This provision will extend coverage of the program to more than twice the number of working poor families covered by the Family Assistance Act.

5. The legislation should accept the goal of eventually removing poverty as a national problem and this goal should be part of the Act's provisions:

- a. Periodic increases in the basic allowance paid by the Federal government should be provided for so that these payments will ultimately be equal to the Federally-defined poverty level for any family in any region and a single payment schedule will then hold for both working and non-working poor, thereby removing that discrimination against the working poor which characterizes both existing legislation and the Nixon proposal. Adequate financial incentives to work should be part of this provision.
- b. The bill should also provide for periodic increases in coverage so as to eventually encompass in the program childless couples and single adults.
- c. Reasonable progress toward these goals may require adding approximately \$2 billion to the annual cost of the program each year. This is less than 40% of the normal Federal tax revenue increase each year (\$5-7 billion) surely a less than forceful commitment to the elimination of that cruel paradox of poverty amidst plenty.

6. The impact in Cleveland of a bill such as proposed would be considerable for both the poor and non-poor residents of the City. Ultimately new payments to poor recipients under the proposed program could amount to as much as \$100 million a year. About half of this income would be spent on retail goods and services. The other half would be spent on housing, transportation and other expenditures. The result could be an added \$40 million in income to the non-poor of the Cleveland metropolitan area.

The location of recipients under the program is of more than passing interest to the Planning Commission. Though recipients will be found in almost every area of the City, significant concentrations of payments will occur on the East Side and the Near West Side.

This concentration of income will make an important contribution to our search for solutions to the problems of declining and marginal retail trade centers in these areas and also serve as an important stimulus to downtown retail activity.

An understanding of the affects of this program on housing, transportation and crime (as well as many other areas of local government concern) will be knowledge crucial to our preparation of a general plan for the City of Cleveland and efforts toward this objective are now underway.