

## **Charity Zones**

*To replace portions of public welfare with private charity*

### **Introduction**

Currently, our nation is 18 trillion dollars in debt. Of the approximate 3.5 trillion dollar annual budget, nearly two-thirds is spent on caring for the sick, hungry, elderly and poor. This responsibility was once shouldered privately more than publicly with the locus of control at the community level. Research indicates private giving to help the poor has been crowded out in direct relationship to the advent and growth of federal welfare programs. Unfortunately that trend continues with federal welfare spending expected to increase 80% in the next 10 years. New efforts to localize poverty relief and decrease state involvement represent more than a cost savings; compassionate charity at the local level is more efficient, accurate and involves relational accountability important for truly helping the poor.

Although there have been a number of bills passed to “empower” or “renew” particular cities, they focus more on economic stimulus than hands-on poverty alleviation. Other legislative efforts have put more funding in the hands of local communities for urban development. Neither fully address the problem of a growing welfare system in relationship to the current deficit. Those particular discussions often lean toward cutting programs *or* increasing tax revenue. This plan represents a “middle-ground” discussion of carefully replacing some publicly funded programs with private charity, dollar for dollar. Cities that model this program successfully could embolden other communities to join in the vital effort of exercising effective compassion for the poor in their midst.

### **Legislation**

A new 501(c) category “Association of Charities” would be created with an explicit definition and purpose to replace welfare with privately funded charity. For states to opt into this pilot program, new legislation would redirect current welfare funding to qualifying “Charity Zone” cities in the form of tax credits. Donors would receive a 50% tax credit through the first year of the first phase of operation. Charity Zone cities would partner with their local social service offices to administer the current SNAP (food stamp), TANF (cash assistance) and LIHEAP (utility assistance) programs according to this program outline.\*

### **Qualifying Criteria of a Charity Zone:**

1. An established 501(c)30 “Association of Charities” - a group of privately funded churches and charities associated for the purpose of replacing welfare with private local charity
2. A prior good faith commitment in funds or equivalent goods or services that are intended to be replaced in a particular year.
  - a. If food, the commitments could be basic staples such as offered in the WIC program (See <http://www.fns.usda.gov/wic/women-infants-and-children-wic>)
3. An established charity network which:
  - a. Collaborates on-line, sharing records of charity distribution and case management\*\*
  - b. Holds regular meetings among its representatives

- c. Has an established practice of assessment that is holistic in approach to facilitate appropriate client referral to other resources in the community.
- 4. One participating charity per 10,000 residents with capacity to store basic food items outlined by a health and safety committee.
- 5. Hours of operation among the network charities that affords at least 20 hours of evening access weekly.
- 6. An established work program to accommodate community service for any program participant that is unemployed and without dependents and would include requirement for those participants to serve at one of the network charities or other community partner organizations the number of hours equivalent to the approved monthly benefit amount divided by federal minimum wage.
- 7. An established case management program to partner with program clients in developing a plan of care and establishing measurable time-driven goals toward poverty resolution.
- 8. An established health and safety advisory committee that includes a physician.

### **Referral Process and Record Sharing:**

- 1. New applicants and reapplying applicants for the specific welfare benefit to be replaced would be deferred from the welfare office to one of the charity zone organizations after his or her qualification for that government benefit has been established at the welfare office.
- 2. Any assessments or re-assessments completed by the welfare office for applicants referred to the charity network would be shared with the charity network and should include the dollar quantity of benefit for which the client was approved.

### **Benefit Category Focus and Phases:**

- 1. Initial Focuses:
  - a. SNAP, TANF, LIHEAP are the initial focuses in that order beginning with:
- 2. Phases
  - a. Consideration A. By demographic
    - i. Homeless men
    - ii. Homeless women
    - iii. Single men in residence without dependents
    - iv. Married couples in residence without dependents
    - v. Single women in residence without dependents
    - vi. Families with dependents

(These phases are based on a consideration of both “ease” to serve and vulnerability. Phases would only advance upon successional success.)

- b. Consideration B. By income
  - i. Top 5% income tier of those qualified for particular welfare program
  - ii. Top 10% income tier of those qualified for particular welfare program
  - iii. Top 25% income tier of those qualified for particular welfare program

(This progression or one similar continues and/or alternates between programs SNAP, TANF, LIHEAP)

## **Outcomes:**

1. The client
  - a. Baseline assessment would be completed with each client at a participating network charity within the first week of entering the program and would include at minimum gathering information in the following categories:
    - i. Employment status
    - ii. Home/Housing situation
    - iii. Health/Nutritional status
    - iv. Education level
  - b. The client would actively participate with his/her case manager to establish measurable goals to improve quality of life.
  - c. Re-assessment would occur monthly or until the client is no longer in need of assistance.
2. The dollars
  - a. The dollar amount of welfare benefits replaced would be tallied on an ongoing basis and reported publicly
  - b. That dollar amount of decreased state expenditure should approximate twice the deficit in revenue that resulted from tax credits awarded to donors who supported the 501(c)30 in the first year.
  - c. There should be a regression of tax credit award by phases to realize progress toward greater deficit reduction.\*\*\*

In our county, Jasper, in 2012, more than 21,000 individuals were on the food stamp program. Joplin accounts for 43% of Jasper Co population, so an estimated 9100 individuals were in the SNAP program in Joplin last year. The average monthly benefit amount is \$123. The percentage of SNAP recipients that are homeless is 4.21% so an estimated 383 homeless in Joplin were on the program in 2012. As the missions in Joplin readily feed the homeless, this first phase need would be met without difficulty saving \$565,000 in the first year in Joplin alone. If the homeless in Missouri were fed at missions apart from food stamps, Missouri would save 27.3 million in the first year.

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\* TANF and LIHEAP are currently block granted to the states. Regulations pertaining to those grants would need to be adjusted.

\*\* Currently, Joplin uses a software created by Simon Solutions, Inc. "Charity Tracker." Joplin's Charity Tracker Network currently consists of more than 60 churches, charities and benevolent organizations with its collective database including more than 55,000 individuals who have been assisted. This inexpensive tool fosters communication, accountability, stewardship and cooperative effort. ([www.charitytracker.net](http://www.charitytracker.net))

\*\*\* Although tax credits are very attractive to those with significant tax liability, there are two reasons for the suggested decrease to nil over ten years. First, this type of government award strongly implies that the work done by the private donation is ultimately the responsibility of the government grantor. As it is core to this plan that the responsibility to care for the poor ultimately rest at the community level, weaning from tax

credit incentive is important. Second and also core to the plan is reduction of government deficit. This is done through decreasing expense and cannot be accomplished through a parallel reduction in revenue. That said, there may be a myriad of other possibilities that could accomplish the same two objectives.