

ACTION Memorandum

WASHINGTON, D.C. 20525

Date: April 22, 1974

Reply to: Marjorie Lynch, Associate Director
Title of: Domestic and Anti-Poverty Operations

Subject: Effect of Minimum Wage Increase on FGP Stipends

To: Regional Directors

With reference to the Federal minimum wage, the President's signing of the bill to raise the minimum hourly wage in two steps from \$1.60 to \$2.30 will not legally effect the annual volunteer stipend of \$1,670 for Foster Grandparents.

Foster grandparent stipends are not subject to Federal minimum wage requirements. The Federal minimum wage has served as a reference point in determining the amount of the stipend. Another reference point is ACTION's funding capacity, which in itself would preclude a change at this time. As a point of reference the Federal minimum wage is only a guide and does not bind ACTION to change the stipend level.

The Federal Regulations for the Foster Grandparent Program are being revised at this time to conform to the Domestic Volunteer Services Act of 1973. Section 418 of this Act makes a distinction between payments for volunteer support services and wages. It states that stipends are not taxable and cannot "be treated as wages or compensation for the purposes of employment, temporary disability, retirement, public assistance...or minimum wage laws".

The purpose of stipends for Foster Grandparents is to lessen the physical and psychological problems of age and poverty and make it possible for low income older people to serve their community in a meaningful way. Without financial assistance many would be unable to participate in the program.

With this in mind, an increase in the Foster Grandparent stipend will, of course, be considered when funds become available. To make a change now could be accomplished only by disengaging some volunteers from their service as Foster Grandparents. This would hardly be an acceptable course of action.

Please convey this message to Foster Grandparent Program sponsors in your region.