

NLWJC - Kagan

DPC - Box 061 - Folder-010

Welfare - Food Stamp Cut-Off



Monday, August 3, 1998

GREG FRAZIER
Chief of Staff

To Rahm Emanuel -

I have attached draft Presidential directives aimed at three aspects of food stamp fraud that we previously discussed; note, however, that the third is a new proposal we have not before discussed. Questions and answers follow each draft, explaining it more detail.

- DEATH MATCHING. This directive requires the Social Security Administration to share with the Department information from its death master files to ensure that food stamp recipients who die are immediately removed from the food stamp rolls -- at the green tab.
- RETAILER DEBT. This directive requires the Department to refer retailer debt cases to the Department of the Treasury for collection through the federal income tax off-set debt collection program - at the orange tab.
- INTERSTATE MATCHING. This directive requires the Department to work with HHS and the states to develop a national system that will enable food stamp administrators to ensure that food stamp recipients are not receiving benefits in multiple states - at the yellow tab.

just look at feasibility

You should be aware of two related developments scheduled this week: first, on Wednesday, the House Agriculture Committee will hold a hearing on death matching and second, on Friday, GAO plans to release a report calling for interstate matching.

When you decide how and when you want to proceed, and if you have questions, call me: 720.3631.

Greg Frazier
August 3

MEMORANDUM FOR THE SECRETARY, EXECUTIVE DEPARTMENTS AND AGENCIES OF THE SOCIAL SECURITY ADMINISTRATION AND DEPARTMENT OF AGRICULTURE

SUBJECT: Use of Social Security Administration's Death Master File to Prevent Deceased Persons from Receiving Food Stamp Program Benefits

This Administration strongly supports initiatives to prevent ineligible individuals from receiving food stamp benefits. The Food Stamp Program is the cornerstone of our nation's effort to provide food assistance and nutritional security to low-income American households. Over 19 million individuals receive food stamp benefits monthly. Over 50 percent of food stamp participants are children and a significant number of benefits are issued to households containing a disabled or elderly family member.

The Social Security Administration (SSA) maintains records containing the most comprehensive death information available to Federal agencies. SSA receives information about deceased individuals from Federal agencies, funeral homes and family members. When the death of a beneficiary is reported, SSA verifies the report, terminates SSA benefits and updates its Death Master File (DMF). Establishing a computer match between the State agencies responsible for administering the Food Stamp Program and the SSA would further improve the integrity of the Food Stamp Program and enhance existing computer matches conducted by the States.

To reduce the possibility that deceased persons may be counted as members of food stamp households, I hereby direct the following:

(1) The SSA and the U. S. Department of Agriculture (USDA) shall work together to develop databases and systems that will allow the State agencies administering the Food Stamp Program to have access to the SSA databases containing information about deceased individuals. The Agencies shall work together to determine the most feasible and cost-effective method for retrieving information about deceased persons and for providing that information to the State agency;

(2) Based on matches with the SSA, State agencies that identify ineligible persons receiving food stamp benefits shall take prompt action, consistent with statutory requirements, to terminate benefits;

(3) The SSA and USDA shall work with State and local governments, where appropriate, and take whatever actions are practicable to carry out this memorandum.

I believe these measures will strengthen the partnerships between the State and Federal agencies and will build public confidence in our Federal food assistance programs.

Talking Points for Executive Directive about Death Match

- *Key Points About the Food Stamp Program*

Approximately 8 million households with 19.5 million individuals participate in the Food Stamp Program. The program is the cornerstone of the Federal government's food assistance programs. It provided \$19.6 billion in benefits in 1997.

The USDA Food and Nutrition Service (FNS) administers the Food Stamp Program through agreements with State agencies. The State agencies administer the Food Stamp Program through county offices. Eligibility and benefits levels are based on the number of eligible household members, household income, assets, expenses and other eligibility criteria. The Food Stamp Program requires verification of all household members' social security number. While the Social Security Administration (SSA) verifies the validity of the social security number, it does not advise the States if the social security number is for a deceased person.

- *Key Points about Households Receiving Benefits After Someone Dies*

A recent General Accounting Office (GAO) Report concluded that current methods for preventing a deceased person from receiving food stamp benefits are inadequate and that states should match participant rolls against SSA databases to detect and remove deceased persons from the Food Stamp Program.

FNS supports actions that would help the State agencies improve the integrity of the Food Stamp Program through computer matches. A match between the State Food Stamp agencies and SSA would strengthen the Program's existing matching requirements (e.g., income and prisoner verification).

- *Key Points about the SSA Death Master File (DMF)*

The SSA DMF is the most comprehensive list of death information available to the Federal government.

SSA receives information about deceased persons from the Health Care Financing Administration, the Department of Veterans Affairs, family members, funeral homes, postal authorities and internal entitlement sources. Ninety percent of deaths reported to SSA are from family members and funeral homes.

A small percentage of information is reported through State Vital Statistics reports and many States restrict the SSA from re-disclosing information to other States. Therefore, a statutory change would be required to allow States access to the complete DMF.

By law, the SSA shares the DMF (including all State data) with four Federal Agencies. The SSA also sells the DMF (without State data) to seven Federal agencies. The Department of Commerce sells the DMF to the private sector. USDA does not receive DMF data through any of these methods.

The purpose of this action is to allow a computer exchange between the States and SSA in the most streamlined and efficient manner possible.

Some States place restrictions on the use of the death data they provide to SSA. Thus, without changes to Federal law, SSA lacks the authority to disclose the small amount of restricted death information to States administering Federal benefit programs.

- *What is FNS doing to facilitate computer matches between the States and SSA?*

The FNS Administrator sent all State Commissioners a copy of the GAO report, which concluded that the Food Stamp Program could be improved if the States were allowed to use a comprehensive database. The Administrator encouraged States to use the database, to the extent permitted by State and Federal law, to establish agreements with SSA. Approximately 20 States have responded to the Administrator. Overall, the States strongly support actions, including proposed legislation, that would provide them with complete access to the SSA DMF in the most useful format.

USDA and SSA have begun to engage in discussions to resolve programmatic and technical issues in implementing a computer match for identifying and removing deceased persons from the Food Stamp Program.

USDA supports proposed legislation to allow the SSA to exchange the complete DMF with State Food Stamp agencies. Senator Lugar has introduced such legislation, which FNS has supported in hearings. The Under Secretary for Food, Nutrition and Consumer Services (FNCS) is also scheduled to testify on August 5 in support of a similar proposal Congressman Goodlatte will introduce in the near future.

MEMORANDUM FOR THE SECRETARIES OF AGRICULTURE AND TREASURY

SUBJECT: Collection of Delinquent Retailer Debt in the Food Stamp Program Through the Federal Debt Collection Process

The Food Stamp Program (FSP) is one of many benefit programs government wide which makes use of Department of Treasury's Debt Collection Systems. I am pleased to recognize the efforts of the Departments of Agriculture and Treasury, as well as cooperating State agencies, for their success in the area of collections for overpayments to recipients in the FSP. A major contributor to this success has been federal/State implementation of federal tax and salary offset. The Food and Nutrition Service (FNS) of the Department of Agriculture is a transfer point for data between the States and IRS, as well as other federal agencies who make the collections. Beginning with two states and \$3.5 million in collections in 1992, the offset programs now include 47 States with collections of close to \$65 million in the 1998 tax cycle. Total collections through these methods now exceed \$200 million. All States will participate in Fiscal Year 1999 and we anticipate that collections will continue to increase.

In addition to debts as a result of overpayments to food stamp recipients, FNS has a significant number of outstanding debts owed by retailers which have been found violating FSP regulations. FNS has recently referred to Treasury a total of 178 delinquent retailer debts totaling \$3.3 million. Treasury is in the process of attempting to contact these retailers in order to arrange a schedule of voluntary repayment. Failing such an agreement, Treasury will refer these debts to a private collection agency. It is projected that over the next two years, up to an additional \$5 million in delinquent retailer debt will be eligible for referral to Treasury for administrative offset (tax refund and Federal salary offset) once all required public notifications are in place. Therefore, to ensure the timely implementation of administrative offset for delinquent retailer debts, I hereby direct as follows:

- (1) The Department of Agriculture shall publish a Departmental regulation and a Privacy Act Notice within the next 120 days which will set forth the Department's authority and intent to collect delinquent retailer debts through administrative offset.
- (2) Immediately following publication of the above documents, the Department of Agriculture will issue a notice to all participating retailers in the Food Stamp Program advising them that any delinquent debt they may incur in the future will be referred to the Department of Treasury for administrative offset. All retailers newly applying to accept Food Stamp benefits shall be similarly advised upon application.
- (3) Once all required public notifications are in place, the Department of Agriculture shall immediately refer all currently eligible delinquent retailer debts to the Department of Treasury for administrative offset and continue to refer subsequent appropriate debts as they become delinquent.

(4) The Department of Treasury shall act expeditiously to take appropriate collection action on the recently referred \$3.3 million in delinquent retailer debt, as well as take timely and appropriate action on subsequent delinquent retailer debts referred for administrative offset.

I believe this coordinated inter-Departmental approach will contribute significantly to the government's success in meeting the requirements of the Debt Collection Improvement Act of 1996.

WILLIAM J. CLINTON

Talking Points for Retailer/Wholesaler Debt Collection in the Food Stamp Program

◆ *Key Points About the Food Stamp Program*

Approximately 8 million households with 19 ½ million individuals participate in the Food Stamp Program. The program is the cornerstone of the Federal government's food assistance programs. It provided \$19.6 billion in benefits in 1997.

◆ *Background*

The Debt Collection Improvement Act of 1996 requires that all federal agencies refer debt that is over 180 days delinquent to the Department of Treasury for collection. Treasury has at its disposal several debt collection mechanisms in place which they can use to collect such debt, one of which is administrative offset. Administrative offset is the withholding of funds payable by the Federal government, such as tax refunds and Federal salaries, to satisfy a claim or debt.

Currently, 182,000 retail food stores and wholesale food concerns participate in the Food Stamp Program. The vast majority of these retailers abide by the rules which govern the Food Stamp Program; however, in any given year over 2,000 stores are found violating the Food Stamp Program. As a result of the violations uncovered, many of these stores are assessed monetary penalties. For example, in Fiscal Year 1997, monetary penalties totaling \$3.7 million were assessed. A significant number of the monetary penalties imposed on retailers become delinquent.

◆ *Action Items*

- Before the Food Nutrition Service (FNS) can fully participate in the administrative offset program several things must occur. A revision to the Departmental rule entitled, Debt Collection, must be published in the Federal Register and a Privacy Act Notice needs to be done. Both revisions simply notify retailers and the public that FNS will begin referring delinquent retailer debt to Treasury's administrative offset program. The revisions to the Departmental rule and Privacy Act Notice are currently going through clearance.
- The current FNS application for authorization which is completed by store owners who are interested in participating in the Food Stamp Program must be revised to give notice to the applicants that their Taxpayer Identification Numbers (i.e., Social Security Numbers and Employer Identification Numbers) will be shared with other Federal agencies (e.g., Treasury) for debt collection purposes. In addition to this item being added, a number of other revisions are being made to the application. In the meantime, FNS plans to develop an insert which will accompany the application that provides such notice to each new applicant. In addition, a notice will be issued to all

participating retailers advising them that any delinquent debt they may incur in the future will be referred to Treasury for administrative offset.

- As soon as the above items are completed, FNS will begin referring all currently eligible delinquent retailer debt to Treasury for administrative offset and continue to refer subsequent appropriate debts as they become delinquent. As of May 1998, 1,382 retailer debts, totaling \$25,632,858 appear on FNS' books. It is estimated that of this total debt, up to \$5 million of it will be eligible for referral to Treasury for administrative offset.

MEMORANDUM FOR THE HEADS OF USDA, SSA, AND HHS

SUBJECT: Identification of cost-effective interstate matching systems to prevent duplicate participation in the Food Stamp Program

The State welfare agencies that administer the Food Stamp Program are required by law to have systems in place that prevent duplicate participation in the Food Stamp Program within their borders. This requirement is usually met through a State-wide registry of recipients.

Duplicate participation across State lines can occur because of ongoing deliberate fraud or during a transitional period when recipients move from one location to another. Both situations are illegal and should be prevented.

Many States also match with adjacent States or with noncontiguous States where there is a known pattern of movement (e.g. New York and Florida). However, all States are not participating in such matches and existing matches are often sporadic rather than regular and systematic.

Although the goal of interstate matching has been recognized for some time, it is only recently that technology advances would permit the matching of such large data bases as implied by the Food Stamp Program in which more than 20 million Americans participate each month.

State welfare agencies that administer the Food Stamp program usually are also responsible for the management of other public assistance or human service programs. In most cases, States manage all or most of their public assistance and many of their human service programs with the aid of integrated automated systems for determining eligibility. Several of the larger Federal programs administered by the States are the responsibility of the Department of Health and Human Services (HHS). HHS has recently reported to Congress on the ability of these systems to effectively match data on their assistance cases. Through its sponsorship of the Public Assistance Reporting Information System (PARIS), HHS has also promoted and supported efforts to expand States' ability to match data with each other. As a result of these efforts, HHS is in a unique position to effectively contribute to the development of an inter-State matching system. Similarly, the development of such an inter-State matching system will be greatly facilitated by the participation in the project of the Social Security Administration (SSA). As the custodian of the Nation's major depositories of automated records on recipients of Federal benefits, and as an active partner in such ongoing matching projects as PARIS, SSA has already taken a leading role in facilitating the exchange of data among the States.

Therefore, to provide for a coordinated effort to prevent duplicate participation in the Food Stamp Program across State lines, I hereby direct the United States Department of Agriculture to consult with the Department of Health and Human Services and the Social Security Administration and take the appropriate steps necessary to identify the most feasible and cost effective method to prevent interstate duplicate participation in the Food Stamp Program.

By March 30, 1999, the executives of these three agencies shall provide a report on the results of their deliberations, including their recommendation on the most feasible and cost-effective method for preventing duplicate participation in the food stamp program.

Talking Points for the Announcement of the Executive Memorandum on interstate matching to prevent duplicate participation in the Food Stamp Program

- *Key Points About the Food Stamp Program*

Approximately 8 million households with 19.5 million individuals participate in the Food Stamp Program each month. The program is the cornerstone of the Federal government's food assistance programs. The Food Stamp Program provided \$19.6 billion in benefits to low income Americans during FY 1997.

- *This is one more example of the way the FSP is using technology to improve program administration.*

EBT: As technology has improved so has it been used to improve the administration of the Food Stamp Program. You are already aware of electronic benefits transfer (EBT) where benefits are issued electronically through a kind of debit card rather than by coupons. EBT is now used for forty percent of issuance with the portion expected to reach 50 percent by the end of the year. Thirty five States currently operate EBT; 20 are State wide. All States must be operational by FY 2002.

Benefit Accuracy: The interstate matching anticipated by the Presidential memorandum is addressed to payment accuracy in the Food Stamp Program. It adds one more application to many automated data matching applications that already support accurate benefit determination.

Duplicate Participation: Tools to prevent duplicate participation include central State recipient registries that use identifiers such as name, date of birth and social security numbers and the increasing use of finger imaging.

Imposition of Fraud Penalties: To ensure implementation of the fraud disqualification provisions of the Food Stamp Act, the Food and Nutrition Service operates a central registry of recipients disqualified for fraud. The Disqualified Recipient System holds about 650,000 names including about 260 entries a year involving fraud in one State by someone who had already committed fraud in another State. FNS is currently working with the Social Security Administration to make the prison data they collect to ensure the integrity of their own programs also available to State welfare agencies.

Earnings, Benefits and Assets Data: The federal government has for years encouraged and, in many cases assisted, State use of automated data to get accurate information on earnings, benefits from other programs, and information on assets. State welfare agencies receive benefits and earned income information from the Social Security Administration, data on unearned income from the Internal Revenue Service, and earnings information from State wage reporting agencies. States verify the status of aliens through the SAVE system

(Systematic Alien Verification for Entitlements) operated by the Immigration and Naturalization Service. States also use a variety of other in-state matches such as department of motor vehicles and tax records.

Recent improvements include access to State "new hire" data systems that speed the detection of unreported income.

- *Why did the President issue this order? Is there a great deal of interstate fraud in the Food Stamp Program?*

We have no reason to believe that there is a great deal of interstate fraud in the Food Stamp Program. Most studies of the issue show it to be a fairly small problem. Enough instances exist, however, to concern us. For example, a 1997 match among 16 States conducted by HHS found 35,900 possible duplicates out of the 10 million participants in those States.

Similarly at the request of Senator Lugar, GAO conducted a match of 1996 Food Stamp Program recipients in Florida, New York, California and Texas. (NOTE: CONFIDENTIAL INFORMATION FOLLOWS; RELEASE IS IMMINENT. EXPECTED AUGUST 7.) The GAO found 20,000 raw matches, which if proved to be duplicate participation (GAO was not able to follow up on the cases to determine whether benefits were actually used), suggested 1996 losses of about \$4 million due to duplicate participation among these four States, which had issued \$8 billion in benefits during this period.

Relatively small problems, however, can become significant in a large program, and we fix them to assure the public of our good stewardship of their tax dollars. In the past, State systems varied, and matching large data bases was cumbersome and expensive. With advances in technology, it now appears feasible to develop an economical national matching system for the Food Stamp Program.

Such a system could also support the tracking of individuals subject to the new Food Stamp Program time limits (i.e., individuals aged 18-50 without dependents and not working or in a work program).

- *Why is a national system needed? Can't States do this on their own?*

It is true that many States are conducting matches. A recent FNS survey showed that nearly half are doing at least some interstate matching. However, all States are not matching. Furthermore, those conducting matches are not able to match efficiently with many States. Most matching is done with a couple of neighboring States, but the GAO results show that duplicate participation can occur between nonadjacent States. A national system has the potential for more efficient and comprehensive matching.

- *How do you know it will work? How much will this cost?*

To implement this requirement FNS will conduct the necessary planning, including cost estimates for the new system. The analysis conducted by HHS indicates the technical feasibility of such a system. Costs should be less than those developed by HHS for a more complex system. (HHS estimated costs for alternatives ranged from \$3.2 million to \$10.7 million to develop a family assistance case tracking system.)

- *HHS recently submitted a report to Congress on automation in welfare that was required by the Personal Responsibility and Work Opportunity Reconciliation Act (i.e., "welfare reform"). How does this initiative fit with Secretary Shalala's report?*

PRWORA required the Secretary of HHS to report to Congress on the requirements necessary to establish a system capable of tracking recipients over time and across States. HHS analyzed the requirements and provided sketches of alternate system architectures that could meet various levels of matching. The report discussed the advantages of each approach and suggested that implementation might best be accomplished by an incremental approach, which would allow for development of a system over time with progressively more sophistication.

The President's directive is consistent with the recommendation for an incremental approach. We are not being asked to put in place all the possible interstate matching opportunities that might serve welfare administration, many of which were included in the HHS study. However, this initiative is undertaken with full awareness of the expressed concern of Congress to insure that States fulfill the matching requirements of the TANF program. As the States' Food Stamp case loads represent a significant fraction of their TANF populations, the development of an effective interstate Food Stamp matching system will contribute substantially to the goal of an interstate TANF matching system.



Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP, Cynthia A. Rice/OPD/EOP, Andrea Kane/OPD/EOP
cc: Laura Emmett/WHO/EOP
Subject: Legal immigrant food stamps

OMB floated to Greenstein that nice option OMB developed on giving states the option to offer legal immigrants food stamps, with a 50% federal match. Greenstein dislikes it. He argues it's a bad precedent to make it optional and have the federal share be less than 100%. They say hunger groups will boo it down. So Chow is talking to Lew about whether they should return to earlier options of covering just families with children and maybe refugees. It's too bad because it was a neat option with possible political appeal, and it would cover 2/3 of the population by leveraging state money (\$1.2b federal, \$1.2b state). Maybe groups could be persuaded.... but if not I don't think we want to offer something they will denounce.

Fallback options are: Covering all families with children at \$1.9 billion; covering all families with children under 7 costs \$0.7 billion; covering only the kids but not parents in all families at \$0.6 billion.

Cynthia/Diana/Andrea

THE PRESIDENT HAS SEEN
12-9-97

WR-Prod stamp cutoff

1. Let's try to find out
some facts and give him
a good appraisal for the
weekly.

Reed
How big a
problem is this?
PX

copied
Reed
COS

2. I also think we're going
to have to give him a
summary of -- and reports
to -- The report ~~is~~ being
issued today.

Thanks.

Reed

Denied Food Stamps, Many Legal Immigrants Scrape for Meals

By RACHEL L. SWARNS

In Manhattan, a 53-year-old welfare participant from the Dominican Republic sweeps the city streets, searching for a glimmer of silver amid the trash. And he pockets the dirty nickels and dimes for food with a desperation that leaves his cheeks burning with shame.

In Brooklyn, a 42-year-old mother of four from Trinidad spends her rent money on food, buying grape Kool-Aid instead of orange juice and canned tuna instead of fresh beef, and edging ever closer to eviction.

And in the Bronx, a 40-year-old woman from Peru rides the subway from food pantry to food pantry, pleading for groceries to fill her refrigerator. One turns her away because she lacks a referral. Another runs out of rice, spaghetti and green apples while she waits in line.

"I'll keep looking," the woman, Rosa Doloné, said wearily as she walked out of the crowded church into the cold winter morning. "My children have to eat."

In the first wave of welfare cuts to hit New York City under the Federal welfare law, more than 50,000 able-bodied legal immigrants between the ages of 18 and 59 have been denied food stamps since September. The law, which was intended to move foreigners off public assistance and into jobs, has pushed an estimated 770,000 immigrants off the food stamp rolls across the nation, Federal officials say.

And as the months pass and kitchen cupboards grow barer, immigrants who earn on average about \$10,000 a year find themselves giving up fresh meat, spending rent money on groceries, lining up at food pantries and hunting for work in a city where the unemployment rate stands at 9.1 percent, nearly double the national average.

Calling the situation a crisis, Peter F. Vallone, the Speaker of the City Council, proposed on Nov. 26 spend-

ing an extra \$2 million to restock food pantries running short of supplies. Mayor Rudolph W. Giuliani agreed, and promised to have his aides survey the city's food programs to determine their needs.

But while advocates for the poor worry that hunger is on the rise in New York City, few of the more than a dozen immigrants interviewed recently said they were actually going hungry. Instead, they appeared to be sliding deeper into poverty.

State officials have agreed to finance food stamps for the elderly, the disabled and children, with the city contributing \$26 million, but able-bodied adults no longer receive those benefits. And Houth Leng of Cambodia now gets \$127 a month in food stamps instead of \$354 for himself and his six children.

In a shabby brick tenement in the Fordham section of the Bronx, Mr. Leng can still afford to make chicken soup for his children, but he has eliminated snacks and has fallen a month behind in the rent.

In Flatbush, Brooklyn, Nicole Joseph of Trinidad crawls into bed some nights with a cup of Maxwell House coffee and a growling stomach while her two boys dine on leftover chicken stew. "It makes the food last a couple more days," she said.

And in Washington Heights, Elisa Osorio of the Dominican Republic waited an hour last Wednesday in a line that began in a church basement on Broadway and spilled into the street, hoping for a bag of groceries, including powdered milk, a can of no-name tomato juice, an 18-ounce box of Kellogg's cornflakes, white rice and some sweet potatoes.

But while the jostling crowd peered anxiously at the white plastic bags filled with groceries, the Washington Heights Ecumenical Food Pantry ran out of tomato juice and cornflakes.

"We'll just have to give them more rice," sighed Oswaldina Carrillo, the



Suzanne DeChillo/The New York Times
Bags of groceries being distributed at the Washington Heights Ecumenical Food Pantry. On a day last week, the pantry ran short of items.

pantry's coordinator.

Some local merchants say they also feel the sting of food stamp cuts, which has resulted in fewer customers. Ramon Hernandez, manager of Los Prados Meat Market in Inwood, often stands in an empty shop these days, his white apron bloodied by the meat his customers can no longer afford. He used to take in \$600 a week in food stamps. Now, it is only \$200.

"It's hard on them and it's hard on us," said Mr. Hernandez, who was forced to lay off one of three employees, but still gives his customers orange juice and exact sausages on credit. "Everyone is suffering."

But the impact of the cuts seems to vary neighborhood by neighborhood. In a random survey of 42 food pantries conducted by the city several weeks ago, none reported having to

turn away anyone, said Anthony P. Coles, a senior adviser to Mayor Rudolph W. Giuliani. The city is currently conducting a broader survey of hundreds of emergency food providers to better assess the need.

In March, the city filed a lawsuit against the Federal Government to prevent the cuts in food stamps and other benefits to immigrants, saying the loss of Federal food dollars would cause "extreme hardship, hunger and malnutrition."

The city lost that legal battle, but advocates for immigrants and city officials say the situation is less dire now that state officials have agreed to cover the most vulnerable immigrants, about 67,000 people across the state. "That has not solved the problem, but it has certainly ameliorated it," Mr. Coles said.

But advocates for the poor say it is not enough. The New York City Coalition Against Hunger, an association of food programs, has reported a growing crisis, with 73,000 families and individuals turned away from emergency providers when food runs out each month.

But Mr. Coles, who noted that city spending on food programs has increased steadily over the last four years, said the city's preliminary surveys did not yet support that.

But no one denies that thousands of immigrant families are now struggling. Janice Arrieta, the 42-year-old Trinidadian mother of four who buys Kool-Aid instead of juice, lies sleepless most nights as she frantically calculates her shrinking budget.

She used to receive \$248 each month in food stamps. Now she receives \$179. She has fallen behind on her rent and her electric bill. A widow and a welfare recipient for several years, she is now looking for work.

That is exactly what the Republican Congressional authors of the Federal welfare law hoped would happen: that the new law would force immigrants on public assistance to move into the work force. And Ms. Arrieta, who used to be a cook in a restaurant, says she would welcome the opportunity to work.

But she has yet to find a permanent job. So she continues to scrimp and scrape, baking her own bread, going without meat and telling her children she can no longer afford fancy cereals like Froot Loops.

"Sometimes you feel like giving up," Ms. Arrieta said wearily. "The kids want this, the kids want that, and you just get depressed thinking about how life is."

But with four children to feed, she has little time for depression. So she whispers a prayer and gets back to the business of getting by. "I cook rice," she said. "Rice will always fill you up."

12-9-97

Legal Immigrants and Food Stamps 8/21/97

Background

About 935,000 legal immigrants will lose food stamps this month. The welfare law required states to drop legal immigrants from the rolls within a year after the law's enactment. Most states, with USDA's approval, decided to make the cuts at the last possible moment. The Balanced Budget Act restored health and disability benefits for legal immigrants in the country as of August 22nd, 1996, but did not restore food stamps. However, Congress, at our urging, recently enacted legislation to allow USDA to sell food stamps to states for distribution to legal immigrants and other individuals made ineligible by the welfare law. To date, Washington State, Massachusetts, and New York plan to use state dollars to provide food stamps for legal immigrants, and an additional six states (CO, FL, MD, MN, NE, RI) are using state funds to provide nutritional assistance to legal immigrants in other ways.

Today, five advocacy groups held a press conference on Capitol Hill to urge the Congress and the Administration to restore food stamps to legal immigrants.

Talking Points

- In the Balanced Budget negotiations, the President fought hard and succeeded in doing what no one thought possible -- restoring nearly \$12 billion in health and disability benefits for legal immigrants. This was a major victory for fairness.
- All the advocates agreed that disability and health benefits were the most important benefits to restore, which is why the President's budget proposal and the final budget act focused on restoring them.
- The Department of Agriculture is working to ensure that legal immigrants and their families who will no longer receive food stamps have access to the 14 other nutrition assistance programs for which they are still eligible.

O&A

Question: How many legal immigrants are losing their food stamps this month?

Answer: August is the last month that legal immigrants will be eligible for food stamps, but some of the 935,000 affected immigrants have already been taken off the food stamp rolls. States began benefit redeterminations in April, although 41 states extended their certifications through August.

Question: What is the Administration doing to ensure families don't go hungry?

Answer: The Department of Agriculture is making sure that affected communities have the information they need about the 14 other nutrition programs for which legal immigrants are still eligible. They are distributing fact sheets widely through community organizations and the media.

Question: Does the Administration support the restoration of food stamps to legal immigrants?

Answer: This Administration fought hard to restore health and disability benefits to legal immigrants as part of the Balanced Budget Act, but the Administration has not proposed to restore food stamps.

Question: What are the other 14 nutritional programs for which legal immigrants are still eligible?

Supplemental Nutrition Program for Women, Infants, and Children (WIC)
National School Lunch Program
School Breakfast Program
Summer Food Service Program
Nutrition Program for the Elderly
Homeless Children Nutrition Program
The Emergency Food Assistance Program (TEFAP)
Commodity Distribution to Charitable Institutions, Soup Kitchens, & Food Banks
Child and Adult Care Food Program
The WIC Farmers Market Nutrition Program
Commodity Supplemental Food Program (CSFP)
Special Milk Program
Food Distribution Program on Indian Reservations and Territories
Nutritional Assistance Program for Puerto Rico and the Northern Marianas

Question: What benefits did the Balanced Budget restore for legal immigrants?

Answer: The Balanced Budget Act signed by the President on August 5th restores health and disability benefits to legal immigrants who entered the United States before August 23, 1996, protecting both those who become disabled in the future and those who are currently receiving assistance. The law also extends the SSI and Medicaid eligibility period for refugees and people granted asylum from five to seven years after entry and preserves benefits for Cuban and Haitian entrants and Amerasian immigrants by treating them as refugees.



Nutrition Security HOTLINE

August 18, 1997

Welfare Reform Implementation for Legal Immigrants

The 1996 welfare reform law prohibits most legal immigrants from receiving food stamps after August 22, 1997.

There are exceptions for veterans and active-duty military personnel and their families; for people who have 10 years of qualifying work history in the U.S.; and for people with refugee, asylee, or deportee status. These individuals can continue to receive food stamp benefits if they qualify under the regular program eligibility guidelines.

USDA estimates about 935,000 legal immigrants will lose their benefits under the welfare reform provisions.

The newly enacted budget law extended food stamp eligibility only for certain qualified Cuban and Haitian entrants, Vietnamese Amerasians, and Filipino veterans of World War II. The law did not restore food stamp benefits for most legal immigrants.

Some states are making plans to institute their own benefits programs for legal immigrants who will lose federal food stamp benefits. A provision of this summer's disaster relief bill allows state agencies to purchase food stamps from the federal government to provide

state-funded food assistance to legal immigrants who are ineligible to receive federal food stamps, and to reimburse USDA for the food stamps' cost. USDA's Food and Consumer Service has approved such a plan for Washington, and several other states have expressed interest or are expected to submit similar plans. USDA is working with states that choose to offer a state-funded benefit program for legal immigrants.

Other USDA Programs Available to Legal Immigrants

Legal immigrants who lose their food stamp benefits as a result of the welfare reform law may still be eligible for one of the following assistance programs USDA offers to provide nutrition assistance to low-income families and individuals:

Supplemental Nutrition Program for Women, Infants and Children (WIC)

WIC provides supplemental foods, nutrition education, and access to health services to improve the health of low-income pregnant and postpartum women, infants and children up to 5 years old. Participants receive vouchers

Food and Consumer Service
Office of Governmental Affairs and Public Information

TEL: (703) 305-2286
FAX: (703) 305-1117

redeemable at retail food stores for specific foods that are rich sources of the nutrients frequently lacking in the diet of low-income mothers and children. **Contact:** Local and state health departments.

National School Lunch Program

The school lunch program provides cash reimbursements and food to help support non-profit food services in elementary and secondary schools, and in residential child care institutions. Every school day, more than 25 million children in 94,000 schools eat a lunch provided through the National School Lunch Program. More than half of these children receive the meal free or at a reduced price. **Contact:** Local school systems.

School Breakfast Program

Some 6.6 million children participated in the school breakfast program every day in FY 1996. As in the school lunch program, low-income children may qualify to receive school breakfast free or at a reduced price, and States are reimbursed according to the number of meals served in each category. **Contact:** Local school systems.

Summer Food Service Program

In 1995, more than 2 million low-income children received meals during school vacation periods through the summer food service program. These meals are served free, and the Federal government reimburses local sponsoring organizations for meals served. **Contact:** Local sponsoring agencies, usually school administrations or local governments.

The Emergency Food Assistance Program (TEFAP)

First initiated in 1981 as the Temporary Emergency Food Assistance Program, TEFAP was designed to reduce inventories of surplus commodities through distribution to needy households. While some surplus food is still distributed through TEFAP, since 1989 Congress has appropriated funds to permit USDA to purchase additional commodities for households. Distribution of TEFAP foods is handled by various public and private local agencies. **Contact:** Local governments, welfare departments, and public and private food distribution organizations.

Child and Adult Care Food Program

This program provides cash reimbursements and commodity foods for meals served in child and adult day care centers, and family and group day care homes for children. **Contact:** Day care providers.

The WIC Farmers Market Nutrition Program

The farmers market nutrition program was established in 1992 to provide WIC participants with increased access to fresh produce. WIC participants are given coupons to purchase fresh fruits and vegetables at authorized local farmers markets. **Contact:** Local and state health agencies.

Commodity Supplemental Food Program (CSFP)

A direct food distribution program with a target population similar to WIC, CSFP also serves the elderly. As in WIC, food packages are tailored to the nutritional needs of participants. CSFP operates in areas where WIC is not available. **Contact:** State and local health departments or welfare agencies.

Special Milk Program

Children in schools, summer camps and child care institutions that have no Federally supported meal program receive milk through the Special Milk Program. **Contact:** Local school systems.

Food Distribution Program on Indian Reservations and the Trust Territories

This program provides commodity foods to Native American families who live on or near Indian reservations, and to Pacific Islanders. Also known as the Needy Family Program, this is the oldest FCS program. It dates back to the Great Depression of the 1930's, when it was the primary source of Federal food assistance to needy people. **Contact:** Local tribal organizations.

Nutrition Assistance Program, Puerto Rico and the Northern Marianas

The Food Stamp Program in Puerto Rico and the Northern Marianas was replaced in 1982 by a block grant program. The two territories now provide cash and coupons to participants rather than food stamps or food distribution. The welfare reform law did not affect eligibility for these programs. **Contact:** Local welfare agencies.

Homeless Children Nutrition Program

The Homeless Children Nutrition Program reimburses providers for nutritious meals served to homeless preschool-age children in emergency shelters. **Contact:** Shelter's sponsoring organization.

Nutrition Program for the Elderly

Provides cash and commodity foods to States for meals for senior citizens. The food is served in senior citizen centers or delivered by meals-on-wheels programs. **Contact:** Senior centers or local senior citizen organizations.

Commodity Distribution to Charitable Institutions, Soup Kitchens, and Food Banks

Commodities from USDA surplus stocks are provided to non-profit charitable institutions that serve meals to needy persons regularly. The variety and dollar value of the foods donated vary according to market conditions. Commodities are made available through local food distribution agencies and soup kitchens. **Contact:** Local food assistance organizations.

Yvette -

Q&A's regarding aliens

- Q1. Are all the 935,000 legal immigrants coming off the program in August?
A1. State agencies are required to redetermine the eligibility of all immigrants between April and August 22, 1997. Waivers were granted to 41 State agencies to extend certifications through August. We do not know how many already have had their benefits terminated. The remainder will be ineligible for benefits starting in September.
- Q2. You've told us that other nutrition programs are available to legal immigrants. Do they need food stamps?
A2. Other nutrition programs target special populations, such as children or the elderly and often provide assistance directly to institutions such as schools or day care centers. The Food Stamp Program is not targeted to a particular group. It is aimed at families and individuals who may not have enough money to buy food for home consumption.
- Q3. Why don't the other nutrition programs restrict immigrant participation?
A3. The welfare reform law specifically exempted certain programs, such as school lunch and other programs under the National School Lunch Act and Child Nutrition Act, but did not exempt the Food Stamp Program.
- Q4. What is the Administration doing to restore food stamp benefits to immigrants?
A4. The Administration did achieve the restoration of SSI and Medicaid benefits to disabled legal immigrants in the Balanced Budget Act. Restoration of SSI was considered the highest priority by advocacy groups for legal immigrants. We are not expecting further Congressional action on food stamps.
- Q5. What is the Administration planning to do if we find after 6 months that affected immigrants are going hungry?
A5. We are committed to doing everything possible to ensure that no one goes hungry because of the new law. We are making sure that affected communities have the information they need about the 14 other nutrition assistance programs (for example WIC and the School Lunch Program) run by USDA where eligibility is not determined by citizenship. We are making sure that fact sheets on these program are distributed as widely as possible, particularly in those areas where the largest impacts are likely to be felt. We are reaching out to the organizations that work closely with these communities to make sure they also have information on alternative sources of nutrition assistance. We are looking for ways to monitor the impact that welfare reform is having on people in this county.
- Q6. How are children being affected by the legal immigrant restrictions in the Food Stamp Program?
A6. Fifty-five percent of all households with permanent resident aliens contain children that are U.S. citizens. While many immigrant parents will no longer be

eligible, their children will continue to receive food stamps if they are citizens. Seventeen percent of all permanent resident aliens are under 18, one percent are younger than five. Children who are permanent residents must meet the same eligibility criteria as adult permanent residents. Most children who are permanent residents will be ineligible unless they have a military connection or 40 qualified quarters (their parents' quarters count).

8/19/97

Food Stamp Deadline

Shirley Watkins
Under Secretary for Food, Nutrition and Consumer Services
USDA

August is the month that the last extensions for most legal immigrants still receiving food stamps come to an end. We estimate that as many as 935,000 legal immigrants could be affected by this change, which was included in last year's welfare law. Despite this change, we at USDA are committed to doing everything possible to ensure that people in need have access to nutrition assistance.

First, we are making sure that affected communities have the information they need about the many other nutrition assistance programs we offer where eligibility is not determined by citizenship.

For example, the Women, Infants and Children's program -- known as WIC -- that provides benefits to more than seven million women and children each month. There's our school lunch program, that helped feed 25 million children a day last year. Our school breakfast program served more than 6 and one-half million children last year. There is the emergency food assistance program, TEFAP, that buys and distributes surplus commodities to needy households. We also have the Nutrition Program for the Elderly, providing cash and commodities to States for meals in senior centers and meals-on-wheels programs. These are just some of the 14 nutrition assistance programs run by USDA that may still be available to families losing food stamps this month.

We are making sure that fact sheets on these programs are distributed as widely as possible, particularly in those areas where the largest impacts are likely to be felt. We are reaching out to the organizations that work closely with these communities to make sure they also have information on alternative sources of nutrition assistance.

Second, we are monitoring the impact that changes in the food stamp program are having on people in this country. We want to make sure that our nutrition security net remains in place for the millions of people who depend on it to provide for themselves and their families. Working closely with anti-hunger organizations and food banks, we plan to pay careful attention to the changing needs of our population, assessing the performance of our programs in meeting those needs.

USDA's food assistance programs serve one in 6 Americans, and they represent our nation's commitment to nutrition security. We are determined to uphold that commitment, and will continue to search for ways to accomplish that very basic goal.

Wp - food stamp cutoffs

▶ **Diana Fortuna**
08/13/97 03:52:19 PM
.....

Record Type: Record

To: Barry J. Toiv/WHO/EOP
cc: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP, Cynthia A. Rice/OPD/EOP
Subject: Food stamp cutoff and USDA press

This month, as many as 950,000 legal immigrants will lose food stamps. USDA is trying to be proactive in publicizing the fact that there are still food programs open to legal immigrant children, seniors, WIC, etc. In addition to notices they will send through their usual food stamp channels, they have 2 more questionable ideas, so we're seeking your advice.

First, they have an op ed that they want to place in specialty (largely hispanic) press in NY, Cal, Texas. It basically says "this is happening, but we're doing what we can at USDA on hunger, and here's a list of these other programs." This is a bit awkward, since the Administration has never proposed restoring this cut. Pat Lewis (who is now over there) says she thinks it is a good idea, but we are skeptical.

Second, USDA plans to have their top food stamp officials (new Undersecretary Watkins, Dep. Yvette Jackson) do interviews with the Post, Times, etc., on this. Pear will probably do a story on this, but should we be proactive on this? What do you think? In any case, we need them to do Q&A.

WR- Food stamp cutoffs

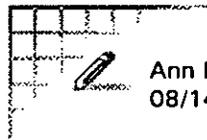
▶ **Diana Fortuna**
08/14/97 07:05:12 PM
.....

Record Type: Record

To: Elena Kagan/OPD/EOP
cc:
Subject: Re: Food stamp cutoff stories next week

FYI, Ann Lewis is into USDA doing regional op eds on the food stamp cutoffs.

----- Forwarded by Diana Fortuna/OPD/EOP on 08/14/97 07:07 PM -----

 Ann F. Lewis
08/14/97 06:39:04 PM

Record Type: Record

To: Diana Fortuna/OPD/EOP
cc: Joseph P. Lockhart/WHO/EOP, Cynthia A. Rice/OPD/EOP, Barry J. Toiv/WHO/EOP
Subject: Re: Food stamp cutoff stories next week 

I did talk to Pat about USDA's plans and thought they were definitely on the right track because:
if we have information that can prevent children going hungry, we should do what we can to make that information available;
we should not avoid talking about the issue because we did not try to change legislation; -- it is appropriate for the administration to address issues and get out useful information on a wide variety of issues, and we cannot possibly be active legislatively on all of them.;
if we do not use a variety of means to get the word out, the result could be not getting information to families who can use it. (I guess this is the same as the first point but I mean that they should not be penalized further -)

WR-
Food
stamp
~~generally~~
cut-off

From: Kenneth S. Apfel on 03/11/97 02:08:01 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP, Diana Fortuna/OPD/EOP, Cynthia A. Rice/OPD/EOP

cc:

Subject: Voluntary Workfare

MEMORANDUM TO: Bruce Reed
Elena Kagan
Diana Fortuna
Cynthia Rice

FROM: Ken Apfel

RE: Allowable Work Programs for Individuals Subject to the Food Stamp
Time Limit

USDA has contacted my staff regarding three policy issues regarding the current law provision to limit food stamps for three months for childless able bodied adults between the ages of 18-50. This memo describes each issue briefly and provides my recommendations. I would like your input and assistance in providing feedback to the Department. We'll need to resolve these issues quickly. Secretary Glickman is giving a speech to Public Voice on Thursday where he may announce several of these issues contrary to my recommendations.

Should USDA increase the level of "public fanfare" associated with the waivers it provides to States? States can seek waivers from the time limit for areas within the State which have high unemployment or insufficient jobs. About half the States have sought waivers and USDA has generally been approving them or working with the States to make the waivers permissible. The Office of the Secretary is very interested in starting big press events for each new waiver it approves -- in particular they would like to do one for D.C. I understand they may even be holding waiver approvals until this issue is resolved.

I have advised strongly against such a decision since the welfare implementation group has wanted to keep a low profile on the waivers. States and advocates know the Administration is working hard to assist them with waivers. Large press events probably will only earn the Administration and USDA attacks from opponents of the waiver policy -- who to date have been very quiet. I would recommend Diana call Greg Fraiser, USDA's Chief of Staff, and provide him with guidance on how to handle approval of the waivers and urge on-going press coordinate with the welfare reform implementation group.

Yes-
or we
(Already
done?)

Should food stamp recipients subject to the 3 month time limit (18-50's) be able to stay on

the program if they are participating in a voluntary workfare program? Under the current restriction, childless adults between the ages of 18-50 cannot receive food stamps for more than 3 months in any 36 month period unless s/he is:

- working 20 hours per week or more
- participating in a work or training program 20 hours per week or more
- participating in workfare (no hour restriction), or
- otherwise exempt from the regular employment and training program

Workfare is defined as any program authorized under Section 20 of the Food Stamp Act or a comparable State program. According to the implementing regulations, there are two types of workfare programs: voluntary and mandatory. There are a couple of differences between mandatory and voluntary workfare:

	<u>Mandatory</u>	<u>Voluntary</u>
Sanctions for non-compliance	Yes	No
Required Hours	Generally, benefits divided by the min. wage. Can't exceed 30 per. wk.	negotiated between the individual and the organization providing the workfare slot. Can't exceed 30 hr. per wk.
FLSA Applies	Yes	Yes
Who Runs It?	A State or a political subdivision	Same.

Let me first describe how I had thought the time limit would interact with workfare under current law. Some States would make an effort to provide workfare slots to individuals who hit the time limit. If an individual hit their 3 month mark, the State might offer them the opportunity to sweep the floors of a local church. The number of hours the individual would have to work at the church each month would equal their benefits/the min. wage or some standardized amount close to but not in excess of that amount. That is about 5 to 7 hours per week if just the food stamp benefit for a single individual is being worked off -- significantly less than the 20 hour requirement for other activities. As long as the individual keeps showing up to sweep, she keeps getting benefits.

If the individual doesn't show up for workfare, the church would report her non-compliance to the State. The State would terminate her benefits for the next month and put her in sanction. So even if the individual went out and got a job for 20 hours per week, she could not regain eligibility until the sanction period was over. This period could range from 3 months to a lifetime period depending on the number of previous sanctions and the State's choice. The sanction may seem like adding insult to injury but there is a certain logic. Compare this woman with a man who was not offered a workfare slot and who loses his benefits after the 3

month period expired. He would not receive a sanction. In fact, if he were able to find a job right away, he could regain eligibility immediately. Since he played by the rules, his change in work behavior would be rewarded while the individual who did not comply with the work requirements is punished.

The States and advocates have suggested that since voluntary workfare is authorized under Section 20, it would be an allowable activity at the end of the three month period. The main differences between voluntary and mandatory workfare is the number of hours required and the sanction policy. An individual can work 1 hour a week and still be in voluntary workfare. Also, if they fail to comply they are not subject to sanction. USDA thinks that since voluntary workfare is described in their own regulations as allowable under Section 20, they have to allow it as an acceptable activity for the 18-50 group. I agree that they have a compelling argument, but disagree that voluntary workfare is a must under current authorities.

USDA could interpret the new statute as only permitting mandatory workfare. They could make an administrative declaration that only mandatory workfare is allowed and follow up with regulations. In addition, USDA has the authority to turn down the voluntary workfare programs now. The current regulations say that if the Secretary can show that the benefits of the voluntary workfare program do not exceed the costs, they don't have to approve it. Given that the voluntary workfare option would only cost money, the Department could turn them down, although it would be a rather touchy approach to the problem.

Even if we agree with the Department's position, USDA can clamp down on voluntary workfare. They could require that voluntary workfare use the same hours requirement as mandatory workfare -- the benefit divided by the minimum wage. They could also require that States require that the voluntary agency provide some proof that the individual actually came by to set up a placement before continuing the fourth month of benefits.

My staff has informed USDA that my position is the current policy and regulations should be changed. States should no longer able to provide voluntary workfare to the 18-50 group. This Administration has a solid tradition of supporting tough work requirements. While the structure of the food stamp time limit is unnecessarily harsh, I do not believe that we can allow something as unstructured and loose as voluntary workfare. I suspect USDA will want to discuss this issue further and may involve outside advocacy groups.

Finally, USDA also wants to publicly announce their proposed policy on voluntary workfare. Consistent with my first recommendation, I would strongly recommend against this strategy. The Administration should continue its quiet and very effective method of working with States and advocates.

Please contact me quickly so that we can discuss these issues.

w/r -
for stamp
cubofb

Diana Fortuna 03/12/97 11:42:40 AM

Record Type: Record

To: Elena Kagan/OPD/EOP
cc: Cynthia A. Rice/OPD/EOP, Kenneth S. Apfel/OMB/EOP, Stacy L. Dean/OMB/EOP, Jeffrey A. Farkas/OMB/EOP
bcc:
Subject: USDA's 2 ideas 

Talked to Greg Frasier of USDA. He said they weren't looking to make a big splash with waiver press releases, and that this is a misunderstanding; they just thought it was news, and that USDA hasn't always taken advantage of news possibilities. I said it made us nervous since things were going pretty well on the waivers so far, and we didn't want to gum it up. I did leave it with him that they could send us a draft press release for us to chew on if they felt they could write it in a very boring straightforward way that didn't raise any red flags. He wasn't clear on whether he would do that, or just drop the whole idea.

I mentioned voluntary workfare to him; he had never heard of it, and didn't believe there was anything slated for a speech tomorrow by Glickman, but that he would check.

Diana Fortuna 03/04/97 02:48:29 PM

Record Type: Record

To: Elena Kagan/OPD/EOP
cc:
Subject: Food stamp fix legislation

Haven't heard from Bruce on this yet; I assume I'll start to get pressure from OMB. I am just trying to clarify that he would want us to oppose this.

----- Forwarded by Diana Fortuna/OPD/EOP on 03/04/97 02:48 PM -----

Diana Fortuna 03/03/97 12:10:37 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP
cc:
Subject: Food stamp fix legislation

OMB and USDA have drafted legislation to implement the President's proposed "fix" to the food stamp 18-50 work requirement. I was surprised to discover that the current draft includes 2 changes to the welfare law that seem unrelated to the basic goal (which is changing the ban from "3 months in 36" to "6 months in 12," and setting up a real work program for these folks). These 2 changes are:

- changing the criteria for getting waivers from the fs work requirement. Now the law allows 2 ways to get waivers: (1) areas with an unemployment rate over 10%, or (2) areas with insufficient numbers of jobs. This draft changes the 10% to 8%. It turns out that most of the areas that would be helped by such a change are areas that would already qualify under method 2. So why should we create a target for criticism when it doesn't even make much difference?
- allowing job search to count for 10 of the 20 hours of work activities. Under current law, you can avoid the cutoffs if you are engaged in work activities for at least 20 hours a week, but none of this can be job search. We fought against this during the debate. But, now that the law is passed, it's not clear to me we would want to reopen this. I don't know how different this area is from TANF, where we clearly wouldn't allow this. But this was not part of what we advertised on this "fix", so I don't see why we should reopen old wounds. It will be tough enough to get Congress to look at this in the first place!

The "rush" here is that Raines is very anxious to get the Administration bill up to the Hill by the end of the week. I have told OMB to hold this because we may have problems. Should I tell them we want these changes deleted?

Record Type: Record

To: Elena Kagan/OPD/EOP, Cynthia A. Rice/OPD/EOP

cc:

Subject: 2 food stamp work issues

On the 2 issues:

1. on allowing 10 hours of job search: Ken says he feels very strongly on this, and keeps asserting that we already may have made this public. I haven't been able to confirm this, but his staff told Hill staff we want to do this.

2. on changing the waiver trigger from 10% to 8%: he doesn't feel so strongly about this, and is open to discussion.

In any case, he says they need to know right away.

Diana Fortuna 03/03/97 12:57:56 PM

Record Type: Record

To: Elena Kagan/OPD/EOP

cc:

Subject: Re: food stamp work req. draft legislation

Stacy Dean says Bruce may have signed off on the 10 hours of job search issue back in December fyi.

----- Forwarded by Diana Fortuna/OPD/EOP on 03/03/97 12:57 PM -----

Stacy L. Dean 03/03/97 12:51:43 PM

Record Type: Record

To: Diana Fortuna/OPD/EOP

cc:

Subject: Re: food stamp work req. draft legislation 

Just one thing. In thinking about it, I remember that the 50% job search part was explicitly raised back in December. I did a one pager for Ken, Bruce and Gene Sperling which lists the 50%. At the time my understanding from Ken was that they both signed off.

I forgot about it until after I saw your note. Thanks for cc'ing me. I'll make sure Ken understands the issues so he's prepared if Bruce calls, etc.



Cynthia A. Rice

03/06/97 08:34:09 PM

Record Type: Record

To: Diana Fortuna/OPD/EOP
cc: Elena Kagan/OPD/EOP
bcc:
Subject: Re: 2 food stamp work issues 

I think this is a tough one. Maybe we should talk about this at Friday's staff meeting? Here are a few thoughts:

Re: Allowing 10 hours of Job Search

A two page description Ken gave me of the President's food stamp proposal (titled "The Administration's Proposal to Change the Food Stamp Time Limit into a Real Work Requirement") says that under the Administration's proposal, "States have the flexibility to place these individuals in job search or any other work program designed by the State" during an individual's first six months on food stamps. After the first six months, only work, not job search, will count for the 20 hour requirement.

I don't know how widely this paper has been distributed or whether DPC had a chance to review it before it went out.

Should we adopt this policy?

Arguments against: If we do so, we are in danger of being called weak on work (why can't people do job search AFTER 20 hours of real work?).

Arguments for: The President's plan tries to move people off food stamps as quickly as possible while punishing those who don't play by the rules. Thus, during the first six months on welfare a state can allow an individual to spend some time searching for a real private sector job while he performs community service work. But after six months on food stamps, states must require 20 hours of work and only work. We think this will result in more people in private sector jobs and fewer in make-work jobs or arbitrarily cut off of food stamps. (This is the best pro-work argument I can make, but it's not easy.)

If we have zero tolerance for appearing weak on work we should make him change it. If we are a little more flexible we should leave it. It may not get any attention and will be perceived as our opening bid.

Diana Fortuna

 03/06/97 03:28:39 PM

Record Type: Record

To: Elena Kagan/OPD/EOP, Cynthia A. Rice/OPD/EOP

cc:

Subject: 2 food stamp work issues

On the 2 issues:

1. on allowing 10 hours of job search: Ken says he feels very strongly on this, and keeps asserting that we already may have made this public. I haven't been able to confirm this, but his staff told Hill staff we want to do this.

2. on changing the waiver trigger from 10% to 8%: he doesn't feel so strongly about this, and is open to discussion.

In any case, he says they need to know right away.

Food Stamp Cut-offs due to Work Requirement

Talking Points

- As of March 1, states will begin to cut off food stamp benefits for people who have not met the new work requirement in the welfare law.
- Under the law, able-bodied childless adults between the ages of 18-50 are not permitted to get food stamps for more than 3 months in a 3-year period, unless they are working at least 20 hours a week.
- In his budget, the President proposed an alternative: a real and tough work requirement without arbitrary cut-offs for this population.
- The welfare bill's harsh and unreasonable time limit of 3 months in 36 cuts off people who want to work but can't find jobs.
- Under the President's proposal, those who refused to work or refused to take advantage of a work opportunity would face tough new penalties. This policy would encourage work while giving those out of work the transitory help they need to get back on their feet.
- The President proposes new funding and a wage supplementation option to expand the number of work slots available to this group by 380,000 over five years.
- The Administration looks forward to working with Congress to enact the President's proposal.
- In the meantime, USDA can waive the work requirement in cities or counties with high unemployment. To date, USDA has granted waivers to 23 states that exempt specified counties or cities with high unemployment.

Background

- USDA is unable to estimate at this time how many people face cutoffs in the coming weeks.
- Not everyone loses benefits immediately. USDA has told states that they can enforce this requirement whenever individuals come in for their regular recertification interviews, which occur every 3 to 12 months depending on the state. USDA is not requiring states to seek out all affected individuals immediately. Doing so would have been a major administrative burden on the states.

- Although reporters are saying the cutoff is February 22, because that is 6 months after the bill was signed, the cutoff is not really until March 1. That is because states certify people for food stamps on a monthly basis.

Stacy L. Dean

02/21/97

03:24:48 PM

Record Type: Record

To: Diana Fortuna/OPD/EOP

cc: Kathleen M. McKiernan/WHO/EOP, Elena Kagan/OPD/EOP, Kenneth S. Apfel/OMB/EOP, Keith J. Fontenot/OMB/EOP

Subject: Re: food stamp talking points 

I've faxed you and USDA the final talking points. These were jointly developed by USDA and OMB. There were meant to be more of a handout, but should work to speak from. I'd like to round the numbers before distributing, but use your judgement. Ken is fine with sharing the information.

Record Type: Record

To: Kathleen M. McKiernan/WHO/EOP

cc: Elena Kagan/OPD/EOP, Kenneth S. Apfel/OMB/EOP, Keith J. Fontenot/OMB/EOP, Stacy L. Dean/OMB/EOP

Subject: food stamp talking points

Attached is something on the food stamps. OMB is working on a piece that may be better, but use this if you need something immediately.

I talked to USDA and I THINK they're on the right track now. Their press secretary did not seem to know the first thing about the President's proposal in this area, and they weren't touting it at first, but now they should be.



food.wpd

Diana Fortuna 02/21/97 03:10:48 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP, Kenneth S. Apfel/OMB/EOP, Emily Bromberg/WHO/EOP

cc:

Subject: Food stamp cutoff due to work requirement

FYI, apparently USDA is getting a lot of major press calls about the upcoming food stamp cutoff due to the work requirement. I am working with them on message; left to their own devices, they weren't touting the President's budget proposal in this area.

April 13, 1997

FOOD STAMP FALLBACK ISSUES ON 18-50 YEAR-OLDS

This memo discusses three types of issues, all of which need to be addressed in a fallback: 1) money for work slots; 2) the structure of the requirement (i.e., how many months of eligibility an individual has, whether job search should count as work, etc); and 3) a small change that should not be controversial and would be helpful, albeit to a very minor degree.

Two points should be made up front. First, the Administration should reject any Republican proposal that might be offered to weaken or narrow the current waiver authority within this provision. It is unlikely that any compromise would be offered that would make the provision as a whole less rather than more draconian if the compromise weakens the waiver provision.

Second, if the Administration yields on the principle that recipients who cannot find a job or a work slot should not be terminated, well over half of the cost of the Administration's proposal in this area will disappear under CBO scoring. The Administration can and should argue that if it yields on this principle, it will have met the Republicans much more than half way on this provision and the Republicans should, in return, move in the Administration's direction on money for work slots, a job search provision that (as described below) is consistent with the treatment of job search in relation to TANF work requirements, and changes in the number of months of recipient eligibility (i.e., in the "three-months-out-of-36-months" rule).

I. Money for Work Slots

The least difficult part of a compromise to secure should be the provision of additional money for work slots. A caveat, however, should be sounded. Unless structured properly, the additional money probably won't do much good. States could: 1) substitute it for state money they were already spending on the food stamp employment and training (E&T) program; 2) substitute it for other federal food stamp E&T money being spent on the 18-50 population; 3) change their accounting practices to allocate more of their caseworkers' time to food stamp E&T, thereby "using" the additional federal money without creating new work slots (some state food stamp directors have confided in us that this could occur in their state under the Administration's proposal); or 4) take some combination of these approaches.

To prevent states from using changes in cost allocations to soak up the new money without creating work slots, this money should be provided on a *performance basis*, with states receiving a specified amount of the money for each participant beyond the time limit who is enrolled in a work slot, up to a maximum dollar amount for each state. There should be reallocation procedures to move money from states that do not earn it in this manner to those that do.

Some additional safeguards also would be useful. The Administration's proposal requires that an increasing percentage of the *existing* federal food stamp E&T dollars granted to states to be dedicated to the 18-50's. We would combine that approach with the performance funding idea by taking an increasing portion of the existing federal food stamp E&T money and adding it to the performance funding pool that would be distributed to states in accordance with the number of these 18-50 year-olds a state has placed in work slots. (It should be noted that until enactment of the welfare law, one-fifth of federal food stamp E&T grants to states were allocated according to performance measures, so this would reinstate such an approach and make the measure of performance used the number of individuals at the time limit who have been placed in work slots.)

Another useful feature would be a state maintenance-of-effort requirement, under which each state could spend no fewer state dollars on the food stamp employment and training program than the state spent in a base year. The maintenance-of-effort level might have to be set at 75 percent or 80 percent of state base-year funding. It would be applicable only to those states that have been providing state money for this purpose. These additional features regarding money for work slots would be *in addition* to the performance funding approach; they would not be instead of it.

How Much Money Should Be Provided for Work Slots?

This depends to some degree on whether the performance bonus approach is adopted. Without it, the money for work slots is less likely to produce the additional work slots desired.

The question of how much money to provide for work slots also depends on whether there is a fixed amount of money for an 18-50 fix and, as a result, the work slot money reduces the money available to fix the basic structural problems with the 18-50 provision. If the work slot money reduces the money to fix the structural problems on a dollar-for-dollar basis, one might want to stick close to the Administration's budget request for an additional \$280 million for work slots. On the other hand, if the additional work slot money does *not* crowd out other money, then much more should be sought for work slots. If anything close to the present "3-months-out-of-36 months" structure remains, the level of funding needed to provide work slots for most of those who otherwise will be terminated will be many times the \$280 million figure. The

Administration's \$280 million figure was set to provide the number of work slots needed under a six-months-out-of-12 structure, not a three-months-out-of-36 structure. A USDA study indicates that a substantial share of the unemployed able-bodied childless persons between the ages 18 and 60 who come onto the program leave between their third and sixth months. Furthermore, a number of these individuals who leave the program cycle back on at some point between the 12-month mark and the 36-month mark. Thus, the number of persons needing work slots under the three-months-out-of-36 structure would be substantially greater than the number the Administration estimated to need work slots under its proposal.

II. Structural Questions

The key structural questions involve whether job search counts as meeting the work requirement and how many months of food stamp eligibility these individuals have. In examining these issues, one approach to designing fallbacks and presenting them to the Republicans is to pattern the fallbacks to a substantial degree on the food stamp provisions for 18-50 year olds included in versions of the welfare bill that the Senate and House passed in 1995 or 1996.

a) *Job Search*

Granting states the option to count job search as work that enables a recipient to continue receiving benefits is one of the most important issues in the 18-50 area. Most food stamp employment and training programs are job search programs; states have operated and should be willing to continue operating job search programs for these recipients. Job search programs are not very costly on a per-participant basis. States also find job search programs an appealing approach for single adults on food stamps because these programs aim at pushing these individuals into private employment quickly.

Most states will not, however, run work programs (as distinguished from job search programs) for these individuals. Work slots cost more to develop and administer than a job search program does. Work slots also require more staff to run, a serious problem for state welfare departments constrained by personnel ceilings. Finally, many states want to use whatever work slots they are able to develop for TANF recipients, not for single individuals on food stamps.

In the past few months, CBO conducted a phone survey of states to determine how many work slots they are creating for the 18-50 year-olds subject to the three-month limit. The survey results show few states are creating many slots. In its March 1997 food stamp baseline, CBO significantly reduced its estimate of the number of work slots that states will provide for these individuals.

The original welfare bill the House passed in the spring of 1995 counted participation for at least 20 hours a week in an approved job search program as work that enabled an 18-50 year-old recipient to continue receiving food stamps. That bill placed no limit on the number of months that job search could count in this manner. The welfare bill the Senate passed in July 1996 also allowed job search, but on a limited basis — it gave states the option of counting job search as work for a recipient for up to two months out of each 12-month period.

The new Administration budget takes a somewhat different approach to limiting use of job search. It allows job search to count as work for up to 10 hours a week for an unlimited number of months. Unfortunately, this is not the best way to allow use of job search on a limited basis; to use job search under the Administration's proposal, a state would have to structure *two different work components for the same recipients in the same month* — 10 hours of job search and 10 hours of participation in a work or training program. Providing two components at the same time for these recipients is likely to be both costly and very difficult administratively for most states. Few if any states would likely make use of the job search option in these circumstances.

The recommendation here is to allow states the option of counting participation in a job search program of at least 20 hours a week as work for *two months out of each year*. This would parallel the job search provision in the 18-50 provision of the welfare bill the Senate passed last July. It also would be similar to the job search provision in the TANF part of the welfare law, under which states can count job search as work in the TANF block grant program for six weeks out of each year in areas without high unemployment and for 12 weeks in areas with high unemployment rates.

b) *Months of Eligibility*

The best approach here would be six months out of 12. This is the same time frame as in the Administration's proposal and the welfare bill the Senate passed in September 1995.

It should be noted that this fallback departs from the Administration's approach in that it assumes that recipients who can not find a job or a work slot after six months are terminated. (The assumption here is that this issue will not be won in the negotiations.) As noted at the beginning of this memo, once the Administration gives on this principle, the substantial majority of the cost of the Administration's 18-50 proposal disappears. The Administration should argue that if it yields on this principle, it will have gone well over half of the way to the Republicans, and the Republicans should, in return, move in its direction on the other issues raised here, including the number of months of eligibility.

Suppose, despite this, that the six-months-out-of-12 option cannot be secured. To what does one then fall back?

Lengthening the three-month time limit in the current "three-month-out-of-36" rule appears to be the most important change to secure. Many of these individuals use the food stamp program only periodically but remain on the program more than three months when they use it. In addition, some individuals who hit the time limit and are terminated probably will not understand that they can reapply at the end of a disqualification period of some length. Hence, lengthening the up-front period of food stamp use is probably the most important step to take.

Thus, if six months out of 12 is not achievable, six months out of 18 could be tried or even six months out of 24.

There is another approach that also could be tried — to adopt the approach in the reconciliation conference report and the welfare conference report, both of which Congress passed in late 1995 and the President then vetoed. (These bills had identical food stamp provisions regarding the 18-50 year olds.) These bills would have limited eligibility for the 18-50 year-olds to four months out of 12. These bills also allowed an individual who exhausted his or her initial four months of eligibility to gain a second four-months of eligibility during the same 12-month period if the individual was employed at least half-time for at least one month after using up his or her initial four months of eligibility and then was laid off.

The same provision was in the welfare bill the governors' endorsed in early 1996. This provision was harsh — it cut people off after four months if they could not find a job or a work slot. It was this provision that President Clinton castigated as inequitable in budget negotiations with Senator Dole and Rep. Gingrich in December 1995, with Dole and Gingrich acknowledging there were fairness problems with terminating people who were willing to work simply because they couldn't find a job or a work slot.

The principal Republican who wanted to make the provision of the final welfare law even more severe than the provision in the vetoed bills was John Kasich. The two agriculture committees never had any interest in making the provision more draconian. Thus, one possible Administration approach would be *to offer to take the 18-50 provision of the vetoed bill, with additional funding for work slots and a state option to count two months of job search a year toward the work requirement, as states can essentially do under the TANF block grant.*

If you do not get the three-months-out-of-36 changed much, one other modest approach could be tried. It would be to give states the option of allowing an additional three months of benefits after the initial three months were exhausted for those recipi-

ents whom the state documents have diligently searched for work but been unable to find it.

3. A Small Change That Should Be Non-Controversial

Under the law as it now stands, an individual who has used up his or her initial three months of benefits can qualify for a second three months of benefits if he or she has worked half-time for at least one month after the initial three months of benefits are exhausted and the individual is subsequently laid off. An individual can qualify for this second three-months of benefits only once in the 36-month period.

There is a significant problem with how the second three-months of benefits works — the second three months of benefits can be used only in consecutive months. If an individual uses the first month of his second three-months of benefits and then gets a job and returns to work, he or she forfeits the remaining two months of the second three months of benefits. If the individual had secured seasonal work and is later laid off again after a few months, he or she is ineligible for any further benefits while out of work until the end of the 36-month period. This individual thus would have been limited to four months of benefits out of 36, rather than the six months of benefits supposedly available to people who go back to work but are then laid off again. This aspect of the law is particularly problematic for poor migrant farm workers, who typically experience both months of backbreaking work and months of unemployment.

The *first* three months of benefits that a recipient gets need not be consecutive. There is no reason for a requirement that the second three months be consecutive either. Republican staff tell us they wrote the rule for the second three months to be consecutive into the conference report at a time when they thought the conference agreement was going to include a three-months-out-of-12 rule, rather than a three-months-out-of-36 rule. Staff forgot to drop the requirement for these months to be consecutive when the conference agreement ended up at three-months-out-of-36.

If the three-months-out-of-36 rule remains or is changed only modestly, it ought to be possible to secure agreement to fix the "consecutive months" problem. Doing so, however, would represent only a very modest change and would not do much, by itself, to ease the draconian nature of this provision. CEO might well find that such a change has no scorable cost.