



WR -
Food Stamp
Cashout

FAX TRANSMITTAL SHEET

DATE 7/7/94

OF PAGES 2
(including cover page)

FAX # _____
PHONE # _____

TO: Bruce Reed

FROM: Lyn Hogan

COMMENTS: _____

Following is an "alert" I typed up regarding
the food stamp cash-out situation
you and Will discussed yesterday.

If you need further info, please give
me a ring. Lyn H.

**IF THERE IS A PROBLEM WITH THIS TRANSMISSION
PLEASE CONTACT:**

A L E R T

On June 9, the House Appropriations Committee reported H.R. 4554, the Appropriations bill for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies. In this bill on page 61, lines 9-13, after discussion of the Food Stamp Act and a provision that transfers \$12,472,000 to the Animal Plant Health Inspection Service for the Cattle Tick Eradication Project, the bill adds, *"That no funds provided herein shall be available to provide food assistance in cash in any county not covered by a demonstration project that received final approval from the Secretary on or before July 1, 1994."*

This provision in italics will effectively prohibit approval of waivers for further welfare and food stamp reform demonstration projects to cash out food stamps, including food stamp cash-outs used for short-term wage subsidies.

The bill, including this provision, passed the House in late June. The same bill passed through the Senate Appropriations Committee and will be brought to the Senate floor for a vote Tuesday, July 7.

As you may know, the ability to cash out food stamps, at least temporarily, is critical to Oregon's waiver for its JOBS Plus program, a welfare reform initiative that cashes out AFDC and food stamp benefits to subsidize 6-month private sector job placements. The subsidized jobs are designed to simulate real minimum wage employment and encourage private sector employers to permanently hire those recipients who have worked with them previously in subsidized jobs. A number of other states have pending waiver applications for similar welfare reform initiatives. These important initiatives will not be allowed to proceed if the above language remains in the Senate Appropriations bill.

Possibilities you might consider to address this issue: strike the language from the bill; amend the language to read, "except for wage subsidy programs"; or offer an amendment that effectively eliminates the provision from the Senate bill.



FAX TRANSMITTAL SHEET

DATE 7/11

OF PAGES 6
(including cover page)

FAX # 456-7028
PHONE # _____

TO: Bruce Reed

FROM: Lyn Hogan / LK

COMMENTS:
Will asked me to update you on the food stamp cash-out issue. Following is a memo from me and supporting documents.

**IF THERE IS A PROBLEM WITH THIS TRANSMISSION
PLEASE CONTACT:**

To: Bruce Reed
From: Lyn Hogan
Date: July 11, 1994
Re: Food Stamp Cash-Out Update

Will asked me to update you on the food stamp cash-out issue you discussed with him last week.

As it stands, both Senator Lieberman and Senator Leahy (Chairman of the Agriculture Committee) are considering introducing an amendment to strike the language in the Senate agriculture appropriations bill, H.R. 4554 that prohibits the cash-out of food stamps. Both would do so by arguing that the food stamp cash out language is an authorization, not an appropriation and therefore does not belong in an appropriations bill. Furthermore, they would argue that the food stamp cash out issue should be part of the welfare reform debate and the reauthorization of food stamps. However, we are not certain that either Senator will definitely proceed in this manner. According to Senator Lieberman's L.A. Elizabeth Drye, Senator Lieberman would most likely proceed with some affirmation from the White House.

Even if the food stamp cash out language is removed from the appropriations bill, Representative Neil Smith (who introduced the language into the House appropriations bill) will probably make this an issue during conference committee. As Senators Leahy and Lieberman would argue, this debate belongs within the purvey of welfare reform and/or the upcoming food stamp reauthorization.

For your information, I've attached a copy of the final memo Will and I sent to Rep. McCurdy and Senators Breaux and Lieberman; a copy of a letter Representatives McCurdy, Andrews and Weldon and Senators Breaux and Lieberman will be sending the President; and a copy of a letter Massachusetts State Senator Therese Murray sent to Dale Bumpers.

If you would like further information please let me know.

MEMORANDUM

To: DLC Chairman Dave McCurdy
Senator John Breaux
Senator Joseph Lieberman

From: Will Marshall and Lyn Hogan

Date: July 7, 1994

We would like to bring to your attention a situation that threatens to derail ongoing welfare reform efforts to cash out food stamps as a way of subsidizing private sector jobs. This is of particular interest to members of the DLC and the Mainstream Forum as it cuts to the heart of the work first/private sector involvement approach that both groups take to welfare reform.

On June 9, the House Appropriations Committee reported H.R. 4554, the Appropriations bill for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies. In this bill on page 61, lines 9-13, after discussion of the Food Stamp Act and a provision that transfers \$12,472,000 to the Animal Plant Health Inspection Service for the Cattle Tick Eradication Project, the bill adds, *"That no funds provided herein shall be available to provide food assistance in cash in any county not covered by a demonstration project that received final approval from the Secretary on or before July 1, 1994."*

This provision in italics will effectively prohibit approval of waivers for further welfare and food stamp reform demonstration projects to cash out food stamps, including food stamp cash-outs used for short-term wage subsidies, and may void waivers already approved.

The bill, including this provision introduced by Representative Neil Smith, passed the House in late June. The same bill passed through the Senate Appropriations Committee and will be brought to the Senate floor for a vote Tuesday, July 12.

As you may know, the ability to cash out food stamps, at least temporarily, is critical to Oregon's waiver for its JOBS Plus program, a welfare reform initiative that cashes out AFDC and food stamp benefits to subsidize 6-month private sector job placements. The subsidized jobs are designed to simulate real minimum wage employment and encourage private sector employers to permanently hire those recipients who have worked with them previously in subsidized jobs. A number of other states have pending waiver applications for similar welfare reform initiatives. These important initiatives will not be allowed to proceed if the above language remains in the Senate Appropriations bill. Furthermore, this provision should be part of the welfare debate, not an obscure provision that slips through in an Appropriations bill.

To permit states to move forward with their welfare reform experimentation, the provision that bans the cash out of food stamps needs to be removed, or at least amended to allow a temporary cash-out of food stamps to subsidize jobs.

JUL 11 '94 10:01AM
JUL 8 '84 7:48

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PAGE. 002

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Dave will sign.

Dear Mr. President:

As the principal sponsors of several major welfare reform bills in the House of Representatives, we would like to call your attention to a piece of legislation that could substantially inhibit our mutual interest in welfare reform.

This year's Agriculture Appropriations Bill, H.R. 4884, contains an obscure provision that would prohibit the U.S. Department of Agriculture from approving any further demonstration projects in which Food Stamps are provided in the form of cash. The undersigned are united in opposition to this measure and respectfully request that you to oppose it as well.

We believe the issue of "cashing out" Food Stamps would be more appropriately addressed in the open discussions over welfare reform expected to take place later this year. The cash-out concept has too much support - and offers too much potential for welfare recipients - to be wiped clean from the slate of reform options without proper debate and discussion. Several states already have implemented Food Stamp cash-out demonstrations and found that individual choice and personal responsibility are enhanced without placing the nutritional needs of families and children at risk. In addition, the flexibility to turn food stamp benefits into wages has given states a mechanism for creating real jobs for welfare recipients. By making work pay, these jobs promote self-sufficiency and restore dignity to those struggling to find a way out of the poverty trap.

Seven states currently have Food Stamp waiver requests pending, and at least nine more states are developing anti-poverty programs which will make use of this progressive option for delivering welfare benefits. These states, and others, deserve the opportunity to demonstrate the effectiveness of Food Stamps cash-outs as part of their efforts to move individuals and families from public assistance to economic independence.

The full Senate is scheduled to consider the Agriculture Appropriations Bill shortly after the July recess. The proposed ban on Food Stamp cash-outs, which passed unnoticed through the House, remains intact in the Senate bill. We urge your active support for removing this provision when the bill is presented for floor debate.

Thank you for your time and attention to this matter. We look forward to working closely with you and your staff to pass significant welfare reform legislation during this session of Congress.

Rob Andrews

Breaux

Lieberman

Weldon

maybe some others they need to know today if Dave will sign.



COMMONWEALTH OF MASSACHUSETTE
MASSACHUSETTS SENATE
 STATE HOUSE, BOSTON 02133-1083

SENATOR THERESA MURRAY
 PLYMOUTH AND BARNSTABLE
 DISTRICT
 ROOM 307
 TEL. (617) 722-1930

COMMITTEES
 HUMAN SERVICES AND ELDERLY AFFAIRS
 CHAIR
 TRANSPORTATION
 HEALTH CARE
 PUBLIC SAFETY

June 30, 1994

The Honorable Dale Bumpers, Chairman
 Agricultural Appropriations Committee
 Attention: Dan Daggers
 Room 229 Senate Dirksen Building
 Washington, D.C. 20510

Dear Senator Bumpers:

Today the Massachusetts legislature approved a comprehensive welfare reform bill.

Our bill addresses issues of teenage pregnancy, intense case management, as well as work, training, education and community service requirements.

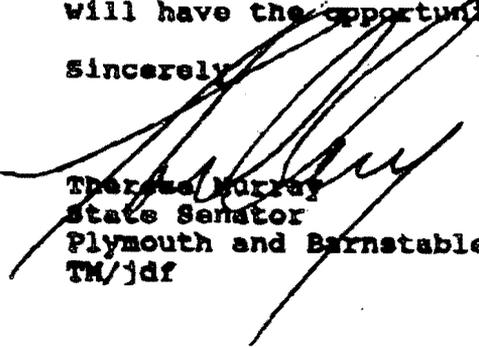
Waiver requests to Secretary Shalala will include a waiver to cash out food stamps, which is a vital component of the Full Employment Program.

It has come to our attention that the Senate agricultural appropriation bill for 1995, H.R. 4554 contains language that would prevent this Commonwealth and seven states presently waiting for waiver requests from implementing this very necessary program.

H.R. 4554, page 64, lines 2-6 will prevent Massachusetts from moving forward on this issue. I would appreciate any assistance you can give in removing these offending lines.

Thank you in advance for your effort on our behalf. Hopefully, we will have the opportunity to work together in the future.

Sincerely,


 Theresa Murray
 State Senator
 Plymouth and Barnstable District
 TM/jdf

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QUANTUM FINANCIAL

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cc: Senator Edward Kennedy
Senator John Kerry
Chuck Hobbs
Sam Black

lyH / will

Sam