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THE WHITE HOUSE
WASHINGTON
April 8, 1999

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Food Stamps

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: SAMUEL BERGER (K) FM

SUBJECT: Information on Issues Raised By Military Family Members in Norfolk, Virginia

On April 2, 1999, you met with wives of deployed military members who asked some heartfelt questions about pay, benefits and operations. Below is background information on their most significant issues.

QUESTION: Several women commented that some military families must endure long separations while also suffering the indignity of qualifying for Food Stamps and the WIC (Women, Infant, Children) public assistance programs because of inadequate pay.

ANSWER: 1996 Department of Defense report to Congress estimated the number of military members receiving food stamp benefits at 11,900. Of these, approximately 59 percent live on military bases and were eligible because the USDA excludes the value of their in-kind housing from their gross income in determining eligibility. Most of the remainder have larger than average families. Based on a mandate in the 1999 Defense Authorization Act, DOD initiated a new study of food stamp recipients that will be completed next year. Calculated on USDA eligibility guidelines, about 214,148 military-dependent women and children are potentially eligible for WIC in the U.S. An additional 46,658 would be eligible if the WIC program was extended overseas. Your proposed military pay raise will decrease the number of military families eligible for public assistance.

QUESTION: One wife asked if there were any plans to eliminate or reduce commissary benefits.

ANSWER: Commissaries provide an important non-pay compensation and there are no Administration plans to eliminate or reduce them. Congress has, in the past, looked at the commissary benefit for elimination but always opted to protect it.

cc: Vice President
Chief of Staff

QUESTION: Tuition assistance was also a topic of concern for the wives. They wanted to know if less money was available to assist active duty members in furthering their education.

ANSWER: Total funding for the DOD tuition assistance program actually increased in FY99 with over \$135 million available. On October 1, 1998, DOD instituted a uniform tuition assistance policy for all services which leveled the playing field for eligibility and amount of payment. A provision in DOD's legislative program for FY2000 would further expand this program to pay 100 percent of tuition assistance for deployed troops rather than the 75-90 percent now allowed.

QUESTION: Navy wives wanted to know why their husbands stationed on ships in the Balkans theater did not receive hostile fire or hazardous duty pay.

ANSWER: Title 37, Section 310, requires an individual or unit be exposed to hostile fire or explosion of enemy mines to qualify for hostile fire pay. The same law allows for payment of Imminent Danger Pay (IDP) for duty in foreign areas subject to threat of physical harm or imminent danger. DOD is currently assessing the threat danger to Navy units in the Adriatic Sea to determine eligibility for IDP.

QUESTION: A question important to all the wives was on the demanding OPSTEMPO and what the Services are doing to lessen the strain on military personnel and their families?

ANSWER: SECDEF and the Joint Chiefs recognize this as one of their greatest challenges. Their efforts to address the problem have focused on two areas: lowering the tempo and building schedule predictability.

- Lowering the Tempo. Longer and more frequent deployments pose challenges for our forces, especially among "high demand/low density" units such as AWACS, Patriot missile batteries and Combat Search and Rescue. The Global Military Force Policy (GMFP) systematically manages force needs by prioritizing demands and finding alternative means to meet requirements for these forces. Each Service has set metrics with acceptable thresholds to carefully manage these units. Reserve components are being called on to mitigate some of the burden on the most stressed units. As a longer-term solution, the Army and Air Force are reorganizing a portion of their forces

to be tailored for rotational deployments, similar to the approach taken by the Navy and Marine Corps. These Service efforts are complemented by direction from General Shelton in 1998 to reduce joint training exercises 25% over four years. Additionally, DOD is implementing a worldwide theater engagement planning process that will improve its ability to allocate military forces to priority engagement requirements while maintaining an operational tempo that is sustainable over the long term.

- Building Predictability. The Services try to build in family time for personnel returning from deployment. They are also cutting back on routine inspections, setting stern limits on the number of days personnel are deployed, and cutting back on weekend training.

The goal of these initiatives is to ultimately improve morale, quality of life and retention.

Tab II

DoD

Answers to White House Tasker

FOOD STAMPS / WIC: How many military people qualify? How many are on these programs? What are the programs' criteria? What is the military doing about people on these programs (nothing except encouraging/educating them on their eligibility).

ANSWER: A 1995 Department of Defense study estimated the number of military members receiving food stamp benefits at 11,900. Approximately 59 percent of those receiving food stamps live on base and the U.S. Department of Agriculture excludes the value of their in-kind housing from their gross income. The remaining families have a large number of dependents.

The Administration budget for FY00 has a major package of military pay and retirement enhancements. Pay raises will range from 4.4% to up to 9.9%. The number of members whose income qualifies them for food stamp assistance will be reduced if these pay raises are enacted.

The Women, Infants and Children (WIC) Special Supplemental Food Program is a U.S. Department of Agriculture program. Because it is considered a nutrition and educational program the Department of Defense encourages our servicemembers to participate. About 243,148 military-dependent women and children are potentially eligible for WIC in the U.S. An additional 46,658 women and children overseas would be eligible should the Departments of Defense and Agriculture decide to extend the program.

COMMISSARIES: Are there movements within Congress or the military to eliminate the commissary benefit? What is the Pentagon doing to counter such moves?

ANSWER: There is no movement within the Administration to eliminate the commissary benefit. Commissaries provide important non-pay compensation. By stretching the paychecks of our military personnel, the commissary benefit is critical to retaining a quality force. The Administration stands firmly behind this benefit.

There have been suggestions in some sectors of Congress in the past to eliminate or alter the level of commissary benefits. Generally, however, Congress has been an important partner in protecting this benefit.

TUITION ASSISTANCE: Are we lowering the amount of money offered for this program? Why? Why does the amount fluctuate?

ANSWER: Total DoD funding for tuition assistance is not lower, but actually higher this year than previously. Over \$135 million in tuition assistance will be paid to support servicemembers' participation in off-duty, voluntary education programs. In fact, this fiscal year for the first time ever, all servicemembers regardless of branch of Service are eligible for the same level of support under a uniform tuition assistance policy.

OPTIONAL FORM 98 (7-90)

FAX TRANSMITTAL

of pages = 4

To: CAPT BEYAN PETERMAN from: COL DICK BRIDGES

Dept./Agency: NSC Phone #: 703 695-9082

Fax #: 202 456-9190 Fax #

Servicemembers may have experienced fluctuation in tuition assistance support prior to the Department's implementation of the uniform support policy on October 1, 1998. The new uniform tuition assistance policy brings fairness, equity, and stability to the program.

COMBAT PAY: Why don't sailors aboard TLAM shooters get hostile fire pay?

ANSWER: Hostile fire pay, according to law (Title 37, sec 310) requires an individual or unit be exposed to hostile fire or explosion of enemy mines. However, the same section of law also allows for payment of Imminent Danger Pay (IDP) for service members on duty in foreign areas subject to the threat of physical harm or imminent danger. The Department is currently assessing the threat of danger to the naval units in the Adriatic Sea to determine eligibility for IDP.

OPTEMPO/PERSTEMPO: What are the Services doing to lessen the strain on the force?

ANSWER:

LESSENING THE STRAIN

At the direction of the Secretary of Defense and the Chairman of the Joint Chiefs of Staff, all of the services have been working to reduce the OPTEMPO strain in the force that is the result of increased operations and personnel deployments. For example, we're reducing overlapping training requirements so that soldiers coming back from deployments like Bosnia don't get sent right back out into the field for some kind of other training exercise. We have also tried to build in family time at the end of deployments, so that military personnel can come home and have some down-time.

It's not easy to do, but over time commanders are finding ways to make deployments more predictable and to make time at home more predictable. Even though people know they have to be away from home for long periods of time, they also know that they'll be back at home for a predictable period of time. This way Service members can plan family events and professional education and their leaves and other things around these times they'll be at home.

LOWERING THE TEMPO

- Longer and more frequent deployments pose challenges to our military force. This problem has been particularly acute among "high demand/low density" units, such as AWACS, Patriot missile units, and Search and Rescue. High tempo is a major Department concern, and we are working hard to lower tempo by establishing tighter standards and better management procedures.
- Each Service has developed a set of metrics to establish acceptable thresholds for tempo, and these standards allow careful management of impacted units, assets, and skills.

- Furthermore, the Department has increased its utilization of Reserve components to mitigate some of the burden placed on highly stressed units and to spread deployments more equitably.
- In addition, we have been regulating the tempo of certain high demand/low density assets such as U-2s and AWACS through the Chairman's Global Military Force Policy (GMFP). GMFP systematically manages theater-based commander in chief requirements by identifying when assets are exceeding their sustainable level, and establishes a process for prioritizing and examining alternative means to meet requirements.

SCHEDULE PREDICTABILITY

- Building more predictability into deployments is essential to reducing the stress of tempo. Schedule predictability enables service members to plan around deployments and separations from families.
- The Navy and Marine Corps have long-standing experience deploying to sea for considerable lengths of time. However, even in these Services, there are signs of strain from high tempo.
 - In the Navy, there have also been a number of changes. Chief of Naval Operations Admiral Jay Johnson, announced some changes several months ago to try to reduce the demands for inspections on sailors after they come back from deployment, so they don't immediately have to gear up again.
- The Air Force has been working to increase deployment predictability for its units by transitioning to an Expeditionary Aerospace Force (EAF) structure and operational concept.
 - In the Air Force, these changes reflect a major shift in Air Force operational concepts and have made some progress. The EAF concept will add significant predictability and stability by fully incorporating active, reserve component and civilian workforces, as well as giving deploying units more notice before potential deployments. The Air Force is also looking at ways to reduce the time that people in so-called high-demand/low-density professions such as AWACS pilots, U-2 pilots and others have to be deployed in the course of a year. There are stern limits on how many days personnel are deployed. In some cases their deployments have been reduced by several months, a year, because of these limits.
- The Army is also ensuring additional initiatives to better manage more frequent overseas deployments.

- In the Army an example that comes to mind is at Fort Hood, Texas. Some of the commanders have taken very specific steps to cut back on weekday training and to eliminate things like weekend training. For instance, when Lt. Gen. Schwartz was the commander at Fort Hood, he made it very difficult for soldiers to train on weekends, so they could have some time off and spend time with their families when they were back in Texas.
- The Army is using "Global Sourcing" for deployments in order to spread the load of overseas operations and reduce tempo for some of the Army's highly tasked units.
- These initiatives to achieve greater predictability will ultimately improve morale, quality of life, and retention.

IN SUMMARY

The whole idea of these administrative changes is to try to balance the need to deploy with the need to reduce the pressure of deployments. The military Services have been taking a number of administrative actions to try to reduce the strain of the high operating tempo on soldiers, sailors, airmen and Marines.

To: Brian Peterman
FAX # 69190

From: Tom Lewis x53796

OMB

FOOD STAMPS/WIC

A 1996 Department of Defense report to Congress estimated the number of military members receiving food stamp benefits at 11,900. Approximately 59 percent (less than eight-tenths of one percent) live on military bases and were eligible only because the U.S. Department of Agriculture (USDA) excludes the value of their in-kind housing from their gross income in determining their eligibility. Most of the remaining members have larger than average families. Based on a mandate in the 1999 Defense Authorization Act, DoD initiated a new study of military food stamp recipients, which will be completed next year.

The Women, Infants and Children (WIC) Special Supplemental Food Program is a U.S. Department of Agriculture program. Because it is considered a nutrition and educational program, the Department of Defense encourages our service members to participate. DoD does not have any data on the actual number of military families participating in the WIC program. However, based on USDA eligibility guidelines, about 243,148 military-dependent women and children are potentially eligible for WIC in the U.S. An additional 46,658 women and children would be eligible should the Departments of Defense and Agriculture decide to extend the program overseas.

COMMISSARIES:

Delete the last two sentences in the first paragraph which reads "By stretching the paychecks of our military personnel, the commissary benefit is critical to retaining a quality force. The Administration stands firmly behind this benefit."

TUITION ASSISTANCE

Add the following sentence to the answer in the first paragraph:

A provision included in DoD's legislative program for FY 2000 would further expand the tuition assistance program to permit the services to pay 100% of tuition assistance for deployed troops compared with 75% to 90% now

Food Stamps

Food Stamps Announcement

Today you will take a series of executive actions to help ensure working families access to food stamps. Along with the Earned Income Tax Credit, Medicaid coverage, and childcare, food stamps are an important support for working families. Families with earnings up to 130 percent of poverty (\$8.50 an hour for a family of three) can be eligible for food stamps to supplement their income and help buy food for their families, but only two of five working families eligible for food stamps actually apply for and receive them. Today you will take three new executive actions to help working families:

* Issue Guidance Making it Easier for Families to Own a Reliable Car and Receive Food Stamps: If we want people to leave welfare and go to work, we need to make sure they can get to work. Because lack of reliable transportation is a major barrier to families finding and keeping a job, the welfare reform law of 1996 allowed states to make it easier for families to own a car and still be eligible for the Temporary Assistance for Needy Families (TANF) program. But until now, states have only been able to use that flexibility to help those receiving cash welfare benefits – while working families receiving in-kind benefits through TANF, such as child care, continued to lose eligibility for food stamps if the value of their car exceeded the food stamp program asset limit of \$4,650. This policy forced many working families to choose between nutritional assistance or a reliable car. Today, the Administration will release new policy guidance to allow states to use their more generous TANF asset test, rather than the Food Stamp Program asset limit, in determining food stamp eligibility for all families eligible for TANF. This will enable working families eligible for in-kind TANF benefits (e.g., childcare, job retention services, on-the-job training) to have a reliable car and still get food stamps. More and more states are using TANF funds to provide non-cash supports for working families to help people who have left welfare stay off the rolls and help families from going on welfare in the first place. You encouraged states to provide non-cash supports in the final TANF regulation you announced on April 10.

* Unveil New Rules Making it Easier for States to Serve Working Families: Current food stamp procedure requires administering agencies to adhere to complex rules on reporting and projecting income, and penalizes states for small errors in projected earnings. But low-income working families often have fluctuating incomes, because their hours of work per week vary or they change jobs frequently. The old rules discourage recipients from going to work and give agencies an enormous burden of paperwork. Now, the Administration will allow states new options to simplify these rules, making it easier for working families to report income and easier for the food stamp program to serve working families. For example, families will now be able to report earnings every quarter instead of every month.

* Announce Public Education Campaign and Hotline, and New USDA Food Stamp Toolkit: You will announce that U.S. Department of Agriculture Secretary Dan Glickman will lead a nationwide food stamp public education campaign to educate working families about food stamps through new informational materials and an enhanced toll-free information line. The Administration will also release a new USDA Food Stamp Toolkit that will provide state, local, and community leaders information about best practices to assist working families and will clearly explain the food stamp law's access requirements.

President Clinton Takes Executive Actions to Help Working Families **July 14, 1999**

Today President Clinton will take a series of executive actions to help ensure working families access to food stamps. In a speech to the Democratic Leadership Council, the President will announce three actions to promote work over welfare, by: (1) allowing states to make it easier for working families to own a car and still be eligible for food stamps; (2) simplifying food stamp reporting rules to reduce bureaucracy and encourage work; and (3) launching a nationwide public education campaign and a toll-free hotline to help working families know whether they're eligible for food stamps.

For the past 6 ½ years, the President has carried out a new approach to help lift people out of poverty, by forging a new social contract that rewards work, family, and responsibility. Along with the Earned Income Tax Credit, Medicaid coverage, and child care, food stamps are an important support for working families. Families with earnings up to 130 percent of poverty (\$8.50 an hour for a family of three) can be eligible for food stamps to supplement their income and help buy food for their families, but only two of five working families eligible for food stamps actually apply for and receive them. Today the President will take three new executive actions to help working families:

- Issue Guidance Making it Easier for Families to Own a Reliable Car and Receive Food Stamps: If we want people to leave welfare and go to work, we need to make sure they can get to work. Because lack of reliable transportation is a major barrier to families finding and keeping a job, the welfare reform law of 1996 allowed states to make it easier for families to own a car and still be eligible for the Temporary Assistance for Needy Families (TANF) program. But until now, states have only been able to use that flexibility to help those receiving cash welfare benefits – while working families receiving in-kind benefits through TANF, such as child care, continued to lose eligibility for food stamps if the value of their car exceeded the food stamp program asset limit of \$4,650. This policy forced many working families to choose between nutritional assistance or a reliable car. Today, the Administration will release new policy guidance to allow states to use their more generous TANF asset test, rather than the Food Stamp Program asset limit, in determining food stamp eligibility for all families eligible for TANF. This will enable working families eligible for in-kind TANF benefits (c.g., child care, job retention services, on-the-job training) to have a reliable car and still get food stamps. More and more states are using TANF funds to provide non-cash supports for working families to help people who have left welfare stay off the rolls and help families from going on welfare in the first place. The President encouraged states to provide non-cash supports in the final TANF regulation he announced on April 10.
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Clinton Plan to Seek Out Those Eligible for Food Stamps

By ROBERT PEAR

WASHINGTON, July 13 — Alarmed at a precipitous drop in the food stamp rolls, President Clinton on Wednesday will announce a major national effort to sign up people who are eligible for such aid.

The number of people receiving food stamps has dropped more than 35 percent in five years, to 18.1 million this spring, from a peak of nearly 28 million in March 1994.

Millions of people leaving the welfare rolls have also lost food stamps. Even though they are still eligible for the coupons, stringent rules limiting eligibility for cash assistance appear to have discouraged many people from seeking food stamps, Federal officials said.

An Agriculture Department official said Mr. Clinton would announce a "national education and information campaign to reach out to potential food stamp recipients" and help them apply for benefits.

A 1996 law gave states vast discretion to design and operate their cash welfare programs with lump sums of Federal money. State and local offi-

cial, including New York City's welfare commissioner, Jason A. Turner, have complained bitterly that they do not have similar flexibility and freedom to run their food stamp programs.

On Wednesday, Administration officials said, Mr. Clinton will announce several steps intended to increase access to food stamps for the

cases, they have a financial incentive to reject food stamp applications or terminate benefits for people already receiving aid.

Administration officials said they would offer several options to states, including these:

States could relax existing requirements for food stamp recipients to report an increase in the number of hours they work, provided they are still working part-time for the same employer at the same hourly wage.

Households would not have to inform the authorities of a change in income unless the change exceeded \$100 a month. (The threshold is now \$25.) Under this option, a household with earnings of \$500 a month would not have to notify state officials unless its monthly income rose above \$600 or fell below \$400.

People receiving food stamps could file regular reports on their income every three months. Under current rules, they are supposed to report any significant change in income, but the requirements are so complex that many people fail to comply.

Every member of a household is receiving cash assistance or other benefits financed by the new Federal program of Temporary Assistance for Needy Families, the household would be automatically eligible for food stamps. The household would be able to get such food aid even if it had an automobile worth more than the current limit of \$4,700.

Mr. Clinton's new initiative will reduce the risk of states suffering financial penalties when they provide food stamps to the working poor. Administration officials said.

States could, for example, liberalize requirements for food stamp recipients to report changes in household income. This would simplify life for state officials and for the working poor, whose household income, on which food stamp allotments are based, often fluctuates.

A parent who leaves welfare and finds a job typically works 34 hours a week and earns about \$6.50 an hour. A family of three with such earnings would be eligible for food stamps worth almost \$150 a month, or nearly \$1,800 a year, assuming it had moderate housing costs.

TALK w BC:
1) Budget
2) Gore limits
3) PBR - not too much

The New York Times

WEDNESDAY, JULY 14, 1999

Other cities have turned down plans to widen highways and are rejecting designs for new ones.

Like Utah, Maryland is expected to grow by a million people over the next generation. But that state will no longer finance roads, sewers and other developments that help to expand urban areas into open land.

These limits on growth have their own critics. Some people are denied the American dream of owning their home, these critics say, when restrictions are placed on new highways to the edge of suburbia, where land and housing are cheaper.

"You have some very well-meaning people whose idea of future homes are a bunch of apartment complexes stacked up next to light rail depots," Governor Leavitt said.

The Highway

Solution or Problem For Congestion?

Among mayors, traffic engineers and other people who are passionate about urban design's influence on people, there is a vigorous debate over whether building highways causes people to drive more, adding to congestion rather than reducing it.

The arguments boil down to this: When a new road is built, people take trips that they might otherwise not have taken. New homes, businesses and stores brought on by the highway will appear, and it will soon be clogged. But if the crowded highway is removed, or not widened, people will find other ways to get around, taking public transit, side roads, walking or biking — anything to save time.

Recent studies in England and California support the theory that new roads add to overall driving time, concluding that every 10 percent increase in highway capacity produces at least a 5 percent net increase in driving time.

Supporters of this theory point to San Francisco, where the Embarcadero Freeway along the waterfront, damaged in the 1989 earthquake, was removed; or Portland, Ore., where a six-lane highway was torn down and replaced with a downtown park, or New York, where the West Side Highway was closed after a collapse. In all three cases, traffic in the area of the highway fell when it was taken out of use.

"We have all this experience over the last 20 years, from Los Angeles to Atlanta to Phoenix, that shows that building and widening freeways do not solve our traffic problems," said Keith Bartholomew, a professor at the Wallace Stegner Center for Land, Resources and the Environment at the University of Utah, "and yet here we are in Utah saying somehow this time it has to work."

If the new highway will not reduce traffic, why build it? Governor Leavitt says he has no choice: the millions of new people in Utah will have to get around somehow, and the overwhelming majority of people — as much as 97 percent, according to some surveys — will not use mass transit.

Even cities that have embraced rail transit have not noticeably reduced traffic congestion. Americans prefer their cars.

Still, others wonder whether there is a way to accommodate people's preference for the automobile without encouraging a runaway

metropolis. A city left to true market forces, not shaped by Government subsidies for either highways or railways, might take an entirely different shape.

Mr. Tully, the Salt Lake developer, says current trends indicate that 70 percent of new housing in the region is likely to be outside the Salt Lake City limits. If the Legacy Highway were not built, he said, it would be closer to 50 percent, because many developers would look at building housing in underused sections of the city. But perhaps the biggest factor driving the housing market is the new freeway, most of which will be underwritten by the Federal Government.

"I would love to have lunch in Paris every day," said Roy Kienitz, executive director of the Surface Transportation Policy Project, a nonprofit study group in Washington. "But I'm not asking the Government to buy me a ticket on the Concorde."

Milwaukee's Response

Rejecting Subsidies, Saving Neighborhoods

In Milwaukee, Mayor Norquist has spent more than a decade trying to keep the Federal Government from influencing the place known as Brew City U.S.A. Unlike most Democrats, Mr. Norquist opposes Federal money for housing, highways, education and welfare. The money is virtually free, so cities take it. But they do so at their peril, he argues in his book, "The Wealth of Cities," published last year by Addison-Wesley.

Cities like Detroit, St. Louis and Cleveland lost people and neighborhoods to interstate highways, Mr. Norquist says. In Milwaukee, which is surrounded by highways going every direction, the black section of the city and the old Italian neighborhoods were wiped out by highway construction in the 1960's, he says. Shopping centers and a sizable part of the metropolitan area's people followed the highways west, north and south.

"All this sprawl was subsidized," said Mr. Norquist, sitting in his office in the 105-year-old City Hall, a Flemish Renaissance building topped by a clock tower 400 feet above the sidewalk. "Sprawl is the direct result of accommodating the automobile."

Other urban experts say suburban development is the price for creating the world's first mass middle class. The highway follows public sentiment, they argue.

"You're saying people can go out and have a quarter-acre, half-acre, an acre, build their own house, maybe put a little swimming pool in it, all the things they want, and we call it bad, nasty sprawl," Ben Wattenberg, a senior fellow at the American Enterprise Institute, has written. "Why don't we call it great?"

Mr. Norquist says he is not against all highways, just those that slice up cities. He points to Canada, where its central Government does not pay for urban highways, and cities like Vancouver and Toronto have responded with a mix of transportation systems that preserve their neighborhoods.

Nor is he against the suburbs, where nearly half of Americans now live. But as a big-city mayor, trying to enliven parts of central Milwaukee that once pulsed with commerce and housing, Mr. Norquist has a natural bias.

A final link in the long-term highway plan for Milwaukee called for the Park East Freeway to cut across the northern edge of downtown, across the Milwaukee River to Lake Michigan. While the part that was built is still in use, neighborhood opposition killed construction of the second half, and now the Mayor has obtained money to tear down the part that was built.

The Mayor views what has happened since the highway was halted as a sort of laboratory for his theory that cities will develop naturally without Federal highway subsidies. At the point where the highway was brought to a standstill, a cluster of new housing has arisen, in a neighborhood that includes John Ernst Cafe, Milwaukee's oldest German restaurant. Children ride bikes with cards pinned to the wheels for motorized effect, the elderly play chess in a new pocket park and people carry groceries home from a supermarket at the center of East Pointe Commons housing development.

It is the kind of neighborhood favored by the so-called New Urbanists, a group of architects, planners and others who advocate more compact development. The neighborhood is not for everybody, says Mayor Norquist, but by stopping the highway the city has allowed people to make a choice. There is no subsidy either way.

As the highways carried people away from the city, the new suburbs have tended to zone out the kind of things that make a neighborhood interesting, Mr. Norquist said, echoing the sentiments of Mr. Tully in Utah. Mr. Norquist points to cozy old streets in Milwaukee, where people live in apartments that are directly above storefronts, and walk to schools and businesses.

"This used to be Main Street, U.S.A.," he said. "It's now a code violation all over America."

2/2

The New York Times

WEDNESDAY, JULY 14, 1989



Cynthia A. Rice

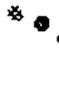
07/13/99 02:15:17 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP@EOP
cc: J. Eric Gould/OPD/EOP@EOP
Subject: FYI: estimate of # of people who would be helped by FS auto policy

It's difficult to estimate how many states will take up these options, but our best guess is that 22,000 people will benefit. I didn't include this in the Q&A but wanted you to know it in case you need it.

----- Forwarded by Cynthia A. Rice/OPD/EOP on 07/13/99 02:14 PM -----



J. Eric Gould 07/13/99 02:01:17 PM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP@EOP
cc:
Subject: Final Q&A on # of people cat. el. assists

OMB and USDA has reviewed:

Q: How many people are these new policies going to help?

A: USDA's clarification of its categorical eligibility rules for food stamps will help working families own a reliable car and still receive food stamps. USDA's preliminary estimates are that this policy will enable roughly 22,000 individuals to still be eligible for food stamps. This is significant since we know that transportation is key for people finding and keeping a job.

Allowing states to use the more generous TANF asset test, rather than the Food Stamp Program asset limit, for cars owned by any recipient of TANF benefits is significant. There are currently 28 states that exclude the value of at least one car for purposes of TANF eligibility as opposed to the Food Stamp Program that counts any vehicle's fair market value exceeding \$4650.

Food Stamps Q&A
July 14, 1998
DRAFT 7/13/99 – 9:30 am

*Updated
For Review*

Today's Announcement

Q: What did the President announce today?

A: In the latest of his actions to reward work over welfare and support working families, today President Clinton took a series of actions to help ensure working families who need them have access to food stamps. Like child care, the Earned Income Tax Credit, and Medicaid, food stamps are an important support for working families. Families with earnings up to \$8.50 an hour for a family of three can be eligible for food stamps to supplement their income and help buy food for their families, but only 2 out of 5 eligible working families actually get food stamps. Today, in a speech to the Democratic Leadership Council which has long fought along side the President to require work while making work pay, the President took three executive actions to help working families:

- New policy guidance making it easier for working families to own a car and still receive food stamps;
- New regulations making it easier for states to serve working families by simplifying rules so that families don't have to report income as often and states won't be penalized for small errors in projecting families' future earnings; and
- A new public education campaign to educate working families about food stamps, including a toolkit released today to assist local, state, and community leaders in understanding food stamp program requirements as well as model strategies to improve participation and future efforts by Secretary Glickman to include new informational materials and an enhance toll-free information line.

Q: Why is the President taking these actions?

A: Promoting work over welfare has always been a high priority for the President. These actions are the latest in the President's on-going efforts to make work pay, which include: expanding the Earned Income Tax Credit to lower taxes for 15 million working families; raising the minimum wage to \$5.15 an hour and fighting for an additional \$1 per hour increase; adding \$4 billion more in child care and fighting to provide even more; and enacting the \$24 billion Children's Health Insurance Program to extend health care coverage to millions of uninsured children.

Like child care, EITC, and Medicaid, food stamps are an important support for working families. Families with incomes up to 130 percent of the poverty line or \$17,748 for a family of three can be eligible for food stamps, and a typical family of three with a full-time worker earning the minimum wage can get \$220 a month in food stamps. However, food stamp participation among working families has always been low -- only 39 percent of individuals with earnings who are eligible for food stamp benefits receive them, compared to 98 percent among those on cash assistance. With more and more families leaving welfare for work, this low participation rate among working families becomes more important. Increasing access to food stamps for working families will promote work, good nutrition, and health, and will help families stay in the work force and off welfare.

Q: How do you explain the dramatic decline in the food stamp rolls in recent years and will these actions help reverse these trends?

A: There are a number of factors contributing to the decline in food stamp participation, such as:

- The strength of the nation's economy allowed participants to find work, reducing their need for food stamps. Food stamps is a highly cyclical program that is very sensitive to economic changes.
- The success of the Temporary Assistance for Needy Families (TANF) has moved participants from welfare to work, with an increase in income sufficient to eliminate the need for food stamps.
- Working families don't realize they are eligible for food stamps and have difficulty obtaining them leading some participants to leave the program unnecessarily and discouraging others from applying for benefits.
- Changes in program rules under welfare reform restricted the participation of immigrants and unemployed childless adults (these changes explain less than 10 percent of the decline).

Today's actions will go a long way to ensuring working families have access to the food stamp program. In addition, two of the President's budget proposals – funding a \$7 million food stamp public education effort at USDA, and restoring food stamp eligibility for legal immigrants in the United States on August 22, 1996 who later become elderly – will also help.

Q: How much do these new initiatives cost and how is the Administration paying for them?

A: Food stamp annual spending in FY 1999 is now projected to be more than \$3.5 billion below the Administration's baseline estimate in the FY 2000 Budget. The number of people receiving food stamps has fallen by 8.7 million since January 1993 and recent food stamp caseload declines have led to significant reductions in food stamp spending.

Some working families are not participating in the Food Stamp Program for reasons in addition to the strength of the economy and the success of welfare reform in moving people from welfare to work. These new initiatives are aimed at addressing this issue and are estimated to result in roughly \$250 million in expenditures over five years that are not included in the food stamp baseline. In the context of significant food stamp caseload declines that go beyond changes in law or in economic assumptions, OMB has determined that, on a one-time basis, these initiatives will not need to include offsets that are generally required for administrative actions in order to ensure cost neutrality.

Q: Aren't the new income reporting policies just a way to allow more fraud and payment errors?

A: Absolutely not. Current rules that focus on reporting small and frequent fluctuations in earned income are burdensome to working families as well as to caseworkers. The actions being taken by the President today simply put in place common sense rules providing states a way to regularly track changes in household circumstances without requiring low income workers to miss time on the job to come into the office for interviews. States will be able to certify working families for longer periods of time while still keeping tabs on major changes in household circumstances. These changes will allow states to better manage the program and improve payment accuracy.

Welfare Reform Update

Q: How is welfare reform going?

A: As a recent General Accounting Office report confirmed, the President's strategy of requiring work and responsibility and rewarding families who have gone to work is paying off. A variety of state research studies summarized by the GAO show that between 61 and 87 percent of adults leaving the welfare rolls are working. At the same time, Census Bureau and HHS data show the percentage of welfare recipients working has tripled since 1992, an estimated 1.5 million people who were on welfare in 1997 were working in 1998, and all states met the first overall work participation rates required under the welfare reform law. Since the President took office in 1993, welfare caseloads have fallen by nearly half, to their lowest level in thirty years, and there has been a dramatic increase in the number of people working. The welfare rolls have fallen by 46 percent since January 1993 (from 14.1 million to 7.6 million) and have fallen by 38 percent since the President signed the welfare reform law in August 1996.

The President started reforming welfare early in his first term, granting waivers to 43 states to require work and encourage personal responsibility, expanding the Earned Income Tax Credit and the minimum wage to make work pay, and pushing the Congress for nationwide welfare reform legislation which he signed into law in August 1996. Since 1996, he has launched the Welfare-to-Work Partnership which now includes over 10,000 businesses that have hired over 410,000 welfare recipients; issued an executive order to ensure the federal government hired its share of welfare recipients -- over 12,000 hired to date; encouraged the launching of the Vice President's Coalition to Sustain Success, a coalition of national civic, service, and faith-based groups are working to help these new workers with the transition to self sufficiency; fought for and won additional funds for welfare to work efforts for long term recipients in high poverty areas (\$3 billion in Department of Labor Welfare-to-Work funds enacted in the Balanced Budget Act), a new tax credit to encourage the hiring of long term recipients, and funding for welfare to work transportation (\$75 million in FY 1999) and welfare to work housing vouchers (50,000 enacted to date); and putting in place new welfare rules (announced April 10th) that make it easier for states to use TANF funds to provide supports for working families such as child care, transportation, and job retention services.

Q: What more does the Administration think should be done to reform welfare?

A: The President's FY 2000 budget includes key initiatives that build on the Administration's continuing efforts to help families move from welfare to work and succeed in the workforce.

First, the FY 2000 budget requests \$1 billion to extend the Welfare-to-Work program to help 200,000 long-term welfare recipients and low-income fathers move into lasting unsubsidized employment. Welfare-to-Work funds are targeted to those individuals who need the most help -- they are focused on hard-to-employ individuals (including long-term welfare recipients with low basic skills, substance abuse or poor work history) and are distributed to states and communities based on concentrations of poverty, welfare dependency, and unemployment.

Second, the budget requests \$430 million for 75,000 welfare-to-work housing vouchers, including \$144 million in new funds for 25,000 additional vouchers, and doubles Access to Jobs transportation funding from \$75 million to \$150 million. The welfare-to-work housing vouchers will help families move closer to a job, reduce a long commute, or secure more stable housing that will help them get or keep a job. The Job Access grants will provide funds for communities to provide innovative transportation solutions so welfare recipients and other low income workers can get to work.

Third, the President is proposing to extend both the Welfare-to-Work Tax Credit and the Work Opportunity Tax Credit to encourage the hiring and retention of long-term welfare recipients and other groups of job seekers. The budget also proposes to double last year's commitment to Individual Development Accounts, requesting \$20 million to empower low-income families to save for a first home, post-secondary education, or to start a new business.

In addition, the President is proposing significant new funding for child care to help working families meet the cost of child care. Central to his child care initiative is an expansion of the Child Care Block Grant by \$7.5 billion over five years. The President's child care initiative also includes: (1) \$5 billion over five years in greater child care tax relief, (2) \$3 billion over five years in child care quality improvements, (3) a new tax credit for businesses that provide child care services for their workers, and (4) new tax relief for parents who chose to stay at home with their young children. The President hopes that this is the year that Congress addresses the pressing child care needs of America's working families.

Food Stamp Background

Q: Weren't families in New York City being turned away when they applied for food stamps? What has USDA done in New York and elsewhere to ensure families get the food stamps to which they are entitled?

A: The law requires state and local welfare offices to allow families to apply for food stamps during their first visit to the office. USDA has repeatedly notified states of their legal obligations and vigorously investigated complaints about these matters and will pursue administrative and legal action as required. For example, USDA's investigation of Food

Stamp Program access problems in New York City resulted in a final report dated February 5, 1999, citing practices and procedures that violated federal law. This report became part of the official record in a related district court case and was the basis for the Department's notice to the State of New York of potential fiscal sanctions that USDA would apply if the State did not correct the deficiencies. After the State failed to implement the necessary changes, USDA issued a formal warning, on April 6, 1999, that Food Stamp administrative costs (\$5,000,000 per quarter) were to be suspended and, if appropriate, disallowed if corrective action was not ensured within thirty days. As a result, New York City has changed its policy to be in compliance. USDA will continue to be vigilant in reviewing practices in New York and other states to ensure that they are in full compliance with the law.

Q: What do data show about hunger in America?

A: New data released today by USDA show that despite a strong economy, hunger still exists in the United States while the level of "food security" among American households has changed little since 1995. The data show that:

- There was virtually no change in the prevalence of food insecurity between 1995 and 1998. Food insecure households were 10.3 percent of all households in 1995 and 10.2 percent in 1998.
- More severe food insecurity has declined somewhat. Food insecure households with evidence of hunger were 3.9 percent of all households in 1995 and 3.6 percent in 1998.
- Some households are at much greater risk than others. The prevalence of hunger was higher than average among households with children, especially those headed by single women and minorities, and among households with income below the poverty line.
- The prevalence of food-insecurity in central cities (14.2%) and rural areas (10.6%) substantially exceeded the suburbs and other metropolitan areas outside central cities (7.6%).

These numbers show that we still have work to do. While most households report that they have enough food, there are still those who do not. Today's announcement is an important step in addressing this problem and ensuring eligible families obtain food stamps.

Q: What is the Administration doing to fight Food Stamp Program fraud and maintain program integrity?

A: USDA is taking a number of steps to improve program integrity and ensuring only those individuals that should receive benefits are receiving benefits.

USDA funds on-going investigations to locate fraud and misuse of funds. Recipients who commit fraud are disqualified from the Food Stamp Program. Disqualification periods range from one year to permanent depending on the number and severity of the offense. Disqualified individuals are tracked through a central registry known as the Disqualified Recipient Subsystem (DRS). As of December 31, 1998, DRS contained data

on 720,077 disqualified individuals. In addition, USDA facilitates a variety of computer matches states can use to verify household income.

USDA's aggressive implementation of the Electronic Benefit Transfer (EBT) will also improve program integrity. Currently, over 60 percent of Food Stamp Program benefits in 39 states are being delivered each month by EBT systems. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 mandates that all States must convert from paper coupon systems to an EBT system before October 1, 2002.

Moreover, USDA has taken strong efforts to ensure retailers allow food stamps to be used only as intended, eliminating violators from the program. As a result of these efforts, the number of stores participating in the Food Stamp Program in FY 1998 has declined by more than 9,000 or 5 percent since 1997 to the current level of 177,000.

Q: How many people receive food stamps and how much does the program cost?

A: In fiscal year (FY) 1998, State agencies issued over \$16.9 billion in food stamp benefits to a monthly average 8.2 million households or 19.8 million people. By April 1999, participation had declined to just over 18 million. Half of all food stamp recipients are children and 86 percent of households contain either a child, an elderly person, or a person with a disability. About 35 percent of food stamp households with children have earned income. The average monthly benefit is \$71.81 per person or \$170.81 per household.

Q: The press has reported that welfare reform has resulted in a certain "chilling effect" among certain parts of our population, especially immigrants who are eligible for benefits, as a reason for the decline in program utilization. Is that the case with the Food Stamp Program?

A: Some non-citizens and their families may have denied themselves food stamps for fear of facing adverse immigration consequences, such as deportation, for becoming a "public charge". The Administration has taken new steps to address this problem, issuing a regulation on May 25th making clear that food stamps and certain other benefits will not be considered by the Immigration and Naturalization Service or the State Department in determining whether an immigrant is a public charge for purposes of immigration status or entry into the U.S.



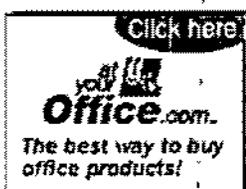
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Wider Food Stamp Eligibility Sought

By Terence Hunt
AP White House Correspondent
Wednesday, July 14, 1999; 7:38 a.m. EDT

WASHINGTON (AP) -- Seeking to encourage the fast-moving shift of Americans from welfare to work, President Clinton is taking steps to help low-income families with jobs receive food stamps.

Only two of five working families eligible for food stamps actually apply for assistance and receive it, the White House said. Clinton, in a speech today in Baltimore, was announcing a series of executive steps intended to increase food stamp enrollment.

The president was speaking to the Democratic Leadership Council, the centrist political organization that he helped establish.

Fueled by the strongest economy in a generation and strict new work requirements and time limits, welfare rolls have dropped from more than 5 million families in 1994 to just 2.7 million by the end of last year. However, studies show that many of the families still have trouble paying for food and other household bills.

Many people are not getting assistance such as Medicaid, food stamps and child care subsidies that are available even after a family stops receiving case assistance.

The White House said Clinton would announce steps allowing states to make it easier for working families to own a better car and still receive food stamps. Currently, working families receiving federal help such as child care lose food stamp eligibility if the value of their car exceeds \$4,650. Clinton's order will allow states to use more generous asset tests, the White House said.

In addition, the president was to simplify food stamp reporting rules which, the administration said, discourage recipients from going to work, and give agencies a huge paperwork burden. For example, working families would be able now to report expected earnings every quarter instead of every month.

Furthermore, Agriculture Secretary Dan Glickman was to undertake a nationwide public education campaign to inform working families about food stamps.

Clinton's visit to Baltimore came on the heels of a daylong visit to the Miami area, where he raised up to \$1 million for the state's Democratic Party and criticized Republican tax cutting plans.

He also harshly condemned the Coast Guard's tactics in trying to

prevent six Cuban refugees from swimming to shore in Miami on June 29. They were blasted with high-pressure water aimed at their rowboat and one was doused with pepper spray.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

April 8, 1997
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 1000 - To Require States to Establish a System to Prevent Prisoners from
Being Considered Part of Any Household under the Food Stamp Act
(Goodlatte (R) VA and two others)

The Administration supports the goal of H.R. 1000 -- identifying ineligible Food Stamp recipients and terminating their benefits -- and has no objection to House passage of the bill. The Administration will work in the Senate to amend H.R. 1000 to ensure that the bill achieves its goal in the most efficient and cost-effective manner possible.

Pay-As-You-Go Scoring

H.R. 1000 would affect direct spending; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget and Reconciliation Act of 1990. OMB's scoring estimate of the bill is under development.



FORTUNA_D @ A1
01/15/97 11:55:00 AM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: Washington food stamps question

On the Washington state purchase of food stamps issue: I just advised USDA that we think the best course for today is to tell the state that we are continuing to look at it, but we can't give a definitive answer today.

They are sending me some paper that I'll send around.

Message Sent To:

Bruce N. Reed
Elena Kagan
Kenneth S. Apfel
Keith J. Fontenot
Emily Bromberg
WARNATH_S @ A1@CD@LNGTWY

Bruce -
I told Diana to
do this, after hearing
that Ken was
leaning the other
way. However, we
came out - and
my gut is still
not to do it -
we shouldn't be
rushed into a
decision.
Elena

THE WHITE HOUSE
OFFICE OF DOMESTIC POLICY

CAROL H. RASCO
Assistant to the President for Domestic Policy

To: _____ BECD _____

Draft response for POTUS
and forward to CHR by: _____ FORTUNA _____

Draft response for CHR by: _____

Please reply directly to the writer
(copy to CHR) by: _____

Please advise by: _____ 9/16 - CHR _____

Let's discuss: _____

For your information: _____

Reply using form code: _____

File: _____

Send copy to (original to CHR): _____

Schedule ? : Accept Pending Regret

Designee to attend: _____

Remarks: _____



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250

AUG 14 1935

Ms. Carol Rasco
Assistant to the President
for Domestic Policy
The White House
Washington, D.C. 20501

Dear Ms. Rasco:

I am following up on your request for examples of changes in Food Stamp Program regulations that can be made without legislation. Enclosed is a summary of regulations we are drafting or clearing that will increase State flexibility and reduce overly prescriptive requirements.

Please let me know if there is anything else you need.

Sincerely,

A handwritten signature in cursive script that reads "Ellen Haas".

Ellen Haas
Under Secretary for
Food, Nutrition, and Consumer Services

Enclosure

Food Stamp Program Regulatory Reform

In response to the President's request for regulatory reform, we have reviewed all 460 pages of the Food Stamp Program regulations. Our legislative proposal will allow us to greatly increase State agency flexibility; however, we can accomplish some significant streamlining through the regulatory process.

We are currently drafting regulations that will:

- ◆ increase State flexibility
- ◆ emphasize outcome rather than process
- ◆ promote recipient responsibility
- ◆ reduce administrative burden
- ◆ eliminate obsolete and redundant requirements

Regulations in clearance, being drafted, or already published that will meet these goals are:

- ◆ A proposed rule to make it easier for State agencies to acquire some automated data processing equipment and services without prior Federal approval. The proposed higher thresholds will also reduce reporting requirements and decrease the possibility of increased costs caused by a delay in action on State purchase requests.
- ◆ A proposed rule to prohibit an increase in a household's food stamp benefits when benefits from another assistance program are reduced because of an intentional violation of that program's rules. This rule will make it possible for State agencies to better enforce work requirements and will increase personal responsibility.
- ◆ A final rule providing requirements for treatment of educational assistance. This rule will greatly simplify requirements for determining the amount of student loans, grants, or work study that should be counted in determining food stamp benefits. It provides greater State agency flexibility and reduces the burden on students and State agencies.
- ◆ A proposed rule to eliminate overly prescriptive requirements for processing applications. Household rights, such as receiving benefits from the date of application, will be protected, but households will be given more responsibility for completing the application process. In addition, State agencies will be empowered to set their own procedures for case management and customer service. The proposed changes will facilitate processing of combined AFDC/food stamp applications by eliminating the requirements to reschedule missed interviews and hold applications pending for 30 days when households have failed to take required actions.

THE ADMINISTRATION'S PROPOSAL TO CHANGE THE FOOD STAMP TIME LIMIT INTO A REAL WORK REQUIREMENT

Work Requirements should be tough but fair. Anyone not willing to work should not receive food stamps. But overly harsh, arbitrary and unadministerable time limits don't make sense if they punish people who are looking for but cannot find work. People who can should be required to work for their food stamps, and those that refuse should be cut from the rolls. States should be given sufficient resources to create the necessary work slots, but States should not be forced to remove people from the program if that person simply cannot find a job.

The President's budget transforms the unrealistic time limit in the welfare reform law into a meaningful work requirement. The President's Budget reconfigures the "3 months in 36" time limit in the PRWORA in four key ways: (1) changes the time limit to 6 months in 12; (2) provides \$ 280 million over FY97 to FY02 in additional funding to enable States to create work for people willing to work; (3) imposes tough sanctions on those people who refuse to work while protecting those who are willing to work but have been unable to find jobs; and (4) provides States with more authority to provide Food Stamps as wages. This combination of tough but fair sanctions, new funding of work slots and new authority to provide Food Stamps as wages will mean that virtually all those who can, and should, work, will either be working or lose benefits.

The first 6 months -- Under this proposal, non-disabled individuals aged 18-49 without dependents will be subject to the requirements of the food stamp employment and training program during their first 6 months of participation. During this period of time, States have the flexibility to place these individuals in job search or any other work program designed by the State. Many men and women in this group use food stamps as temporary assistance while they are out of work -- nearly 60% of all new participants leave within six months.

After the first 6 months -- For those who need assistance longer, more activity should be expected and the consequences of noncompliance should be more severe. After 6 months, States will be expected to place these individuals in more rigorous and time-consuming work components (workfare or 20 hour per week work programs) with tougher sanctions for non-compliance. Persons who refuse to work will be subject to a minimum disqualification of 6 months.

No one will be denied food assistance unless they refuse to work or fail to comply with the requirements of a work opportunity. Individuals who are playing by the rules should not get caught in the cross fire of an arbitrary time limit designed solely for budgetary savings. This President's proposal is intended to target and penalize only those individuals who are abusing the Food Stamp program.

New funding will be provided to create more work slots -- giving the time limit real consequences. The budget would add a total of \$280 million in new federal monies over the FY97-02 period. These new monies would be dedicated to creating work opportunities for those individuals subject to the time limit. USDA estimates that this new funding stream would create an additional 380,000 work slots over the FY98-02 period. In addition to the new funds, States would be required to use a portion of the current federal work program funding to serve this population. With these new funds by FY02,

virtually all of those unable to find a job by their sixth month of participation will be offered a work opportunity. Others will be asked to work in the next or succeeding months.

States will be granted greater flexibility to create work opportunities. Another way of creating new work opportunities for food stamp recipients is to use the cash value of a household's food stamps as a subsidy to encourage the hiring and employment of food stamp recipients. Currently, States are unable to expand their wage supplementation programs to this population. The President's budget would provide States with this flexibility thereby creating a wider variety of employment opportunities.

Comparison of Provisions Affecting Unemployed Adults Without Children (figures in thousands)					
	1998	1999	2000	2001	2002
Persons at risk					
Current Law	864	843	798	763	747
Administration's Proposal	546	545	539	538	536
Persons Who leave the Program before the Time Limit					
Current Law	90	90	90	90	90
Administration's Proposal	210	210	210	210	210
Persons leaving Food Stamps for Work					
Current Law	55	55	55	55	55
Administration's Proposal	130	130	130	130	130
Available Work Slots					
Current Law	231	296	360	423	486
Administration's Proposal	318	386	451	490	529
Persons Still Without Slots					
Current Law	633	547	438	340	261
Administration's Proposal	228	159	88	48	7
Percent Offered Slots					
Current Law	27%	35%	45%	55%	65%
Administration's Proposal	58%	71%	84%	91%	99%

720-7711 ✓

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

19-Apr-1995 10:57am

TO: Bruce N. Reed
FROM: Jeremy D. Benami
 Domestic Policy Council
CC: Cathy R. Mays
SUBJECT: food stamp meeting

Cathy and I were just talking about the food stamp meeting. I told her that when we spoke, the possibility came up that this could be handled in a phone call with you and Ellen Haas.

I just don't get what the issue is from Ellen's perspective. If USDA and FNS have ideas on legislative modifications to their program, why not propose them in the Farm Bill, which is the reauthorization vehicle for the program??

Let me (and Cathy) know what you want to do. But I really recommend that a phone call should be able to settle this - and if they end up having farm bill recommendations they have to work through their internal USDA process.



U.S. Department of Agriculture
Food, Nutrition and Consumer Services
14th & Independence Avenue, SW - Rm 240-E
Washington, D.C. 20250
Phone: 202-720-7711
Fax: 202-690-3100



Date 4/17/95 No. of Pages (incl. cover): 15
TO: CATHY MAYS
FROM: MARY BETH SCHULTHEIS

Comments:

SHORT PAPER IS 4 PAGES
LONG PAPER IS 10 PAGES

DRAFT**FOOD STAMP PROGRAM REFORM LEGISLATION****April 6, 1995****INTRODUCTION**

The Food Stamp Program has been the cornerstone of the national commitment to protect the nutrition, health, and well-being of America's low-income families for over 20 years. The program has succeeded in getting food to the people who need nutrition assistance. There is still room, however, for improvement. We need basic, common sense reforms that build on the program's success.

Over the last two years, the U.S. Department of Agriculture reviewed all aspects of the Food Stamp Program, guided by six key reform principles: provide for nutrition security, improve program integrity, modernize benefit delivery, expand State flexibility, ensure economic responsiveness, and promote personal responsibility. The reforms described here will transform the Food Stamp Program into a flexible, national nutrition security program that meets the nutrition needs of families into the next century.

In taking these steps, we preserve the ability of the Food Stamp Program to respond to changing economic conditions. Historically, the Food Stamp Program has automatically expanded to meet increased need when the economy is in recession and contracted when the economy is growing. Food stamp benefits automatically flow to individuals and communities that face rising unemployment or poverty, cushioning the harsher effects of economic recession and stimulating weakening economies. Our reforms recognize that the Food Stamp Program is a necessary safety net to assure low-income American families the assistance they need to obtain a healthy, nutritious diet in tough times.

NUTRITION SECURITY

We propose an integrated, comprehensive approach to transform the Food Stamp Program into a national Nutrition Security Program. From its earliest beginnings, the program's authorizing legislation has recognized improved nutrition as an important goal. Our comprehensive reform proposals are designed to help alleviate hunger and promote good nutrition and health among low-income families.

First, we propose to update the Food Stamp Act's declaration of policy, which constitutes the Food Stamp Program's mission statement, to reflect current knowledge of the significance of a nutritious diet to improved health. This update will help to ensure that the Program provides low-income families both the resources and the awareness, motivation, and knowledge needed to obtain nutritious diets and better health into the future.

Second, we propose to replace the obsolete Thrifty Food Plan with an improved Nutrition Security Plan. The Thrifty Food Plan now serves as the basis for setting food stamp benefits, but it is badly out of date. The plan does not reflect the current Dietary Guidelines for Americans and ignores changes over the last two decades in the composition of the

DRAFT

American food supply and characteristics of the American population. The new Nutrition Security Plan -- based on the most current nutrition standards, dietary guidance, population demographics, eating patterns, and available foods -- will replace the Thrifty Food Plan as the basis for setting food stamp benefits and provide a realistic and practical foundation for nutrition promotion and education.

Third, we propose to use existing authority to encourage science-based, consumer-driven, effective nutrition promotions to improve program participants' diet and health. USDA will lead the development and promotion of coordinated and effective nutrition messages to improve diet and health. USDA will support collaborative State- and community-based partnerships to promote healthy food choices among program participants through channels they see, in languages they speak. This comprehensive nutrition program will provide the skills, information, and motivation necessary to encourage healthy eating.

PROGRAM INTEGRITY

We believe that a cornerstone of reform is a renewed, strengthened commitment to fighting fraud and abuse. On March 1, 1995, USDA unveiled a major proposal to improve the integrity of the Food Stamp Program by ensuring that only legitimate stores participate, improving the Department's ability to monitor authorized retailers, and strengthening penalties against retailers and recipients who violate program rules.

It is also critical to renew and strengthen our commitment to reduce errors and improve payment accuracy. In the spirit of a new federalism, we must couple efforts to expand State flexibility with a workable, performance-based monitoring system that holds States accountable for payment accuracy. We propose, therefore, to replace the current Quality Control System with a new Payment Accuracy System.

The new Payment Accuracy System will give States a larger stake in making accurate determinations of eligibility and benefits and strike a better balance between rewards and sanctions for performance. As error rates fall, we propose to use a portion of the savings to reward States for improved accuracy. Reinvesting these savings will allow States to continue program improvements. States with high error rates will continue to be sanctioned. We expect this combination -- rewards for improved payment accuracy and sanctions for high error rates coupled with investment in program improvement -- will augment existing incentives for States to reduce errors, reducing Federal costs and saving taxpayer dollars.

We also propose to make it easier and more attractive for States to establish and collect claims for overissuances.

MODERNIZE BENEFIT DELIVERY

The time has come to create a benefit delivery system that works better and costs less. We are already moving to make Electronic Benefit Transfer (EBT) nationwide in the fullest sense -- one card, user friendly, with unified delivery of government-funded benefits. We

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propose to accelerate EBT by eliminating two statutory barriers to speedy implementation: the unnecessary requirement of cost-neutrality and the prohibition against sharing the cost of acquiring EBT equipment with retailers who share in the benefits of its use.

We also propose to permit States to use paperless application systems using currently available technology.

EXPAND STATE FLEXIBILITY

We need a fundamental shift in Federal management philosophy. For too long, Congress and the Executive Branch have told States what to do and how to do it. Because basic nutrition needs are the same no matter where one lives, broad, uniform Federal guidelines are appropriate to ensure that the nutrition security safety net is intact across the country. Within these broad guidelines, however, there should be room for States to design administrative systems that work for them. It is time, in other words, for Federal management to focus on results, not process.

Expanding State flexibility can enable better integration with other programs, improve operational efficiency, and reduce administrative costs. We propose to increase States' administrative flexibility by:

- o allowing States to design their own administrative procedures for certification and issuance of benefits;
- o simplifying expedited application processing;
- o permitting States to develop customer service guidelines appropriate for their clientele; and
- o broadening States' authority to streamline and standardize income and benefit calculations.

USDA is also engaged in a comprehensive review of all Food Stamp Program regulations, with the explicit goal of eliminating overly prescriptive requirements. This regulatory review initiative will complement the legislative proposals.

PERSONAL RESPONSIBILITY

The Food Stamp Program must promote responsible behavior. In particular, we believe that all those who can work should, and that both parents are responsible for the support of their children. Our proposal, therefore, would:

- o strengthen work requirements by streamlining and strengthening sanctions for noncompliance and restricting exemptions; and

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- o permit States to require cooperation with the Child Support Enforcement Program.

CONCLUSION

America needs a national system of Federal nutrition assistance that establishes and meets nutrition standards, responds to economic changes, and protects the health and nutritional well-being of families and children. These common sense reform proposals will transform the Food Stamp Program into a Nutrition Security Program, consolidating what is redundant and reforming what is outdated, while preserving essential health and nutrition goals.

DRAFT**-- DRAFT --**

April 7, 1995

FOOD STAMP PROGRAM REFORM LEGISLATION**NUTRITION SECURITY**

- Transform the Food Stamp Program into a national Nutrition Security Program. From its earliest beginnings, the program's authorizing legislation has recognized improved nutrition as an important goal. This comprehensive reform proposal is designed to help alleviate hunger and promote good nutrition and health among low-income families. USDA proposes to:
 - Update the Food Stamp Act's declaration of policy -- the Food Stamp Program's mission statement -- to reflect current knowledge of the significance of a nutritious diet to improved health. This update will help ensure that the Program provides both the resources and the awareness, motivation, and information needed for low-income American families to obtain nutritious diets and better health into the future.
 - Replace the Thrifty Food Plan with an improved Nutrition Security Plan based on the most current nutrition standards, dietary guidance, population demographics, eating patterns, and available foods. This will provide a sound, nutritional basis for setting food stamp benefits and a realistic and practical foundation for nutrition promotion and education.
 - Use existing authority to encourage science-based, consumer-driven, effective nutrition promotions to improve program participants' diet and health. USDA will lead the development and promotion of coordinated and effective nutrition messages to improve diet and health. USDA will support collaborative State- and community-based partnerships to promote healthy food choices among program participants through channels they see, in languages they speak. This comprehensive nutrition program will provide the skills, information, and motivation necessary to encourage healthy eating.

PROGRAM INTEGRITY

- Increase USDA access to a wide variety of documents to be used to verify the legitimacy of retail food firms. This will strengthen the Food Stamp Program's ability to identify unscrupulous retailers during the retailer authorization process and keep them from defrauding the program. USDA seeks authority to:
 - Require retailers to provide income and sales tax filing documents at the time of application.

D R A F T

- * Require participating retailers to provide USDA with written permission to verify all tax filing documents with other agencies.
- * Require participating retailers to authorize USDA to obtain critical corroborating documentation from independent sources such as credit bureaus, collection agencies, wholesalers, and independent firms that rate the good standing and status of businesses or provide other confirmation of business operations and finances.
- Expand authority to use retailer-provided information when cooperating with law enforcement authorities. This will enable the program to confirm information received from participating retailers and obtain information relevant to retailer integrity. USDA seeks authority to share retailer taxpayer identification numbers, such as Social Security numbers (SSN) and Employer Identification numbers (EIN), with State investigative and law enforcement agencies that already maintain files of such information. This will assist USDA in verifying the integrity of retailers and identifying problem stores.
- Expand authority to screen retailers better during the application process. By identifying unscrupulous retailers before they enter the program, USDA can improve program integrity while minimizing administrative burden and costs. USDA seeks authority to:
 - * Require a 6-month waiting period before reapplication by a store that does not initially meet eligibility criteria. This reform will limit participation in the Food Stamp Program of those retailers who temporarily stock a store merely to meet minimum program requirements to engage in food stamp trafficking.
 - * Set time limits on store authorizations. For example, USDA would establish provisional authorizations for as short as 6 months for newly opened stores to provide USDA time to confirm their legitimacy.
- Expand forfeiture authority to allow the seizure of any property used in or derived from illegal food stamp transactions. Enhanced forfeiture authority would be applied against the property of individuals involved in food stamp trafficking of \$5,000 or more, and the property will revert to the government. Expanded forfeiture authority will remove much of the financial incentive for trafficking and serve as a significant deterrent to fraud.
- Enhance retailer penalties to deter food stamp fraud. Strengthening penalty provisions will increase the costs of trafficking and simultaneously improve the program's ability to end trafficking-related losses promptly. USDA seeks authority to:

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- * Immediately suspend stores violating program requirements pending any administrative review of a proposed sanction.
- * Suspend stores based on evidence derived from sources other than on-site investigations, such as transaction reports under Electronic Benefit Transfer systems, or redemptions that exceed reported food sales.
- * Establish specific time periods for the suspension and debarment of stores based on a serious history of lack of business integrity, such as convictions for embezzlement, insurance fraud, or program abuse. Currently, there are no specific time periods and there is no explicit differentiation between major offenses and less serious infractions.
- * Provide that a store disqualified for violations of Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) shall be disqualified from the Food Stamp Program for the same duration. Currently, a store that has its food stamp authorization withdrawn as a result of a WIC disqualification can delay implementation of the food stamp penalty through appeals while the clock runs on the WIC penalty, suffer a short penalty, and be reinstated in the Food Stamp Program when the WIC disqualification ends. Stores should serve a complete term of disqualification for both programs, even if it does not run concurrently.
- Permit USDA to permanently disqualify retailers who intentionally submit falsified applications that would lead to a fraudulently obtained authorization. This will deter applications from unqualified stores and assure that, once discovered, such stores would be banned from all future participation in the program.
- Expand the definition of "coupon" to encompass authorization cards, cash or checks issued in lieu of coupons, or access devices (e.g., EBT cards and personal identification numbers).
- Enhance penalties for recipient fraud. USDA seeks legislation to double penalties for recipient fraud from 6 months to 1 year for the first violation, from 1 year to 2 years for the second, with permanent disqualification for the third violation.
- Replace the current Quality Control System with a new Payment Accuracy System. It is critical to couple efforts to expand State flexibility with a workable, performance-based monitoring system that holds States accountable for payment accuracy. The new Payment Accuracy System will give States a larger stake in making accurate determinations of eligibility and benefits and strike a better balance between rewards and sanctions for performance. USDA seeks authority to:

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- * More effectively target sanctions on States with the highest error rates, focusing on those with error rates more than one percentage point above the national average. Other features of the current calculations of State liabilities should be retained.
- * Provide real incentives to States to reduce error rates by replacing the current system of enhanced funding. The initial phase (fiscal years 1996 and 1997), would reward States that reduce their error rates; the subsequent phase (starting in fiscal year 1998) would reward States that maintain low error rates. These incentives would be financed with a portion of the savings gained when food stamp error rates fall.
- * Credit effective State efforts to reduce underissuances to participants and collect claims for overissuances. This would take the form of two specific actions. First, reduce a State's combined payment error rate to the extent that its underissuance error rate is less than the national average. Second, reduce a State's liability by an amount equal to half of all claims collected and returned to the Federal government.
- * Hold States harmless for 6 months for errors made during the conversion to a new computer system.
- * Complete all arbitration requests and announce final error rates by June 30 of the following year.
- * Exclude the established and extensively reviewed statistical methodology for calculating error rates as a basis for appeals of State liabilities for high error rates.

This proposal will allow States to reinvest a portion of the savings realized as error rates fall, supporting continued program improvements. This combination -- rewards for improved payment accuracy and sanctions for high error rates coupled with investment in program improvement -- will augment existing incentives for States to reduce errors, reducing Federal costs and saving taxpayer dollars.

- Simplify and expand the tools available to States to collect claims for overissuances by eliminating the distinctions among the sources of error (State agency, inadvertent household error, and intentional program violations) for the purpose of collecting and retaining claims. USDA seeks authority to:
 - * Simplify the claims process by allowing States to use any of the existing collection methods (e.g., allotment reduction, the Federal Tax Refund Offset Program) for any outstanding claim.

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- * Require States to participate in mandatory tax and salary offsets against recipients owing outstanding claims.
- * Allow States to retain a uniform 25 percent of any claims collected, with the balance returned to the Federal government.
- * Allow States to immediately recoup outstanding claims from participating households.

These changes will make it easier and more attractive for States to establish and collect claims for errors caused by States and participants.

- Authorize States to assist law enforcement officers in locating fugitive felons. This would add an exception to the restrictions on disclosing information provided by applicants so that States can provide current addresses to law enforcement officers searching for fugitives.

MODERNIZE BENEFIT DELIVERY

- Accelerate the implementation of Electronic Benefit Transfer systems. This will speed progress towards a national benefit delivery system that works better and costs less. USDA seeks authority to:
 - * Share the cost of EBT implementation and operation equally with States, eliminating the requirement for annual, State-by-State cost-neutrality. Implementation of EBT nationwide in the fullest sense -- one card, user friendly, with unified delivery of government-funded benefits -- will save money. The Food Stamp Program's statutory restrictions are unnecessary to protect the government's fiscal interest.
 - * Remove the prohibition against sharing the cost of acquiring EBT equipment with retailers who share in the benefits of its use.
 - * Permit States to determine which stores should receive government-provided terminals to ensure adequate access for all program participants.
 - * Equip authorized drug and alcoholic treatment centers, battered women's shelters, group living arrangements, and homeless meal providers with point-of-sale (POS) terminals and allow them to deposit through financial institutions as other authorized retailers do.
- Expand the use of modern technology by allowing States to use paperless application systems. This would enable States to use optical scanning devices, electronic

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signatures, faxed applications, and other technological solutions to improving customer service while streamlining administrative operations. This change would ensure the legal sufficiency of such electronic documentation.

EXPAND STATE FLEXIBILITY

- Expand State flexibility and authority to design administrative procedures that work for them. USDA seeks authority to:
 - * Expand State flexibility to assign certification periods up to 24 months long provided there is a personal contact at least every 12 months. Under current law, normal certification periods are 3 to 12 months long. USDA has authority to approve waivers for longer periods to coincide with the certification periods of Aid to Families with Dependent Children (AFDC) or general assistance programs. This would enable States to certify households for more than 12 months without seeking a waiver from USDA.
 - * Expand State authority to determine the most useful and reliable means of verification. This would delete overly prescriptive Federal rules that require specific verification systems (including the income and eligibility verification systems (IEVS) and the immigration status verification system (SAVE)).
 - * Eliminate unnecessary requirements that States use only merit system employees for certification and provide continuing training to their employees. This will allow each State to determine the employment policies and training needs that best fit their circumstances.
- Provide administrative relief to States by simplifying the requirements for expedited application processing. Expedited service fills a critical need in ensuring that nutrition benefits quickly reach those who cannot wait for normal processing to run its course. The current requirements, however, can be improved. USDA seeks authority to:
 - * Increase the number of days which States have to provide expedited service from 5 to 7. This provides a more reasonable and workable balance between the need to provide benefits quickly and States' ability to do so.
 - * Improve the targeting of expedited service by limiting it to those with limited financial resources. This would eliminate the two categories of households most recently added: households consisting entirely of homeless people (almost all of whom also qualify for expedited service on the basis of income and resources) and households whose shelter costs exceed their combined gross income and liquid resources (a group whose financial circumstances are more similar to regularly processed applicants than to other expedited cases).

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These changes will relieve some of the administrative pressure on States without adversely affecting those who need expedited service the most.

- Expand State flexibility and authority to develop customer service guidelines appropriate for their clientele. Because basic nutrition needs are the same no matter where one lives, broad, uniform Federal guidelines are appropriate to ensure that the nutrition security safety net is intact across the country. Within these broad guidelines, however, there should be room for States to design customer service standards that meet their needs. Overly prescriptive statutory requirements would be replaced with a broader requirement that States:
 - * Evaluate and determine the best means to address the access needs of special groups (e.g., the elderly, disabled, rural poor, and people who do not speak or read English).
 - * Provide timely and accurate service to all customers, ensuring the right to file applications the first time they contact the food stamp office and receive benefits within 30 days if determined eligible.
 - * Provide necessary information to applicants and recipients, including information on their rights and responsibilities.

The following statutory requirements would be repealed:

- * Use bilingual personnel and printed material where a substantial number of low-income households do not speak English
- * Use the simplified, uniform national food stamp application or obtain a Departmental waiver
- * Permit households to file applications by providing only their names, addresses and signatures
- * Include on application households' rights and responsibilities
- * Waive office interviews for elderly or disabled applicants and households with transportation or other difficulties
- * Permit telephone or mail contacts and return of forms for households with transportation or other difficulties
- * Provide means of certifying and issuing benefits to homeless individuals

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- * Assist applicants in obtaining verification and completing the application process
 - * Provide a toll-free or local telephone number or a number where the State will accept collect calls
 - * Develop standard estimates for the shelter expenses of homeless households
 - * Provide notices of expiration before the last month of households' certification periods
 - * Display posters and provide materials in State food stamp and public assistance offices on nutrition and eligibility for other USDA nutrition programs
 - * Conduct a single interview for food stamps and AFDC
 - * Participate with social security offices in the processing of Supplemental Security Income (SSI) applicants and recipients for the Food Stamp Program
 - * Combine food stamp applications with public assistance (PA) and Statewide general assistance (GA) applications; provide food stamp applications and information at local GA offices if the same agency administers GA and PA
 - * Provide for mail issuance in rural areas or other areas where low-income households face transportation problems
 - * Provide expedited service households that apply after the 15th of a month a single allotment that represents the first two allotments
 - * Provide full allotments to households who return to the Food Stamp Program after breaks of less than 1 month
- Expand States' flexibility and authority to streamline and standardize income and benefit calculations. By allowing States to experiment with ways to improve program conformity, this will improve service to clients and simplify administrative procedures. USDA seeks authority to:
- * Simplify benefit calculations for households with AFDC by revising the tolerance (currently set by regulation at \$10) for the amount of benefits a household may lose under a standardized income plan: (1) no household loses more than \$10 or 15 percent of its allotment in any month and (2) average benefits in the State do not rise or fall by more than 2 percent.

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This will better enable States to standardize food stamp benefits for that portion of the food stamp caseload also receiving AFDC. States could, for example, simplify food stamp benefit calculations by starting with the calculations made for AFDC, and subtracting a standard, standard shelter, and appropriate earnings disregards. For this portion of the food stamp caseload, workers would only need to know one set of rules, simplifying application processing, and supporting better service to clients.

- * Provide States an option to use income collected and verified by the Social Security Administration for households in which all members receive SSI. States could use this option to reduce the number of contacts SSI recipients would have to make with government offices, thus better serving needy elderly and disabled. However, if a household wished to claim a deduction for excess medical expenses or use actual shelter expenses rather than a standard shelter amount, its case would be processed at the food stamp office.

USDA is also engaged in a comprehensive review of all Food Stamp Program regulations, with the explicit goal of eliminating overly prescriptive requirements. This regulatory review initiative will complement these proposals.

PERSONAL RESPONSIBILITY

- Strengthen work requirements for able-bodied adults by streamlining and strengthening sanctions for noncompliance and restricting exemptions. This will reinforce the expectation that all those who can work should. It will also improve program conformity with AFDC. USDA seeks authority to:
 - * Apply sanctions for noncompliance in all cases only to the noncompliant household member (rather than the entire household).
 - * Adopt the sanction periods of AFDC's Job Opportunities and Basic Skills Training Program (JOBS), including the tougher procedures for curing noncompliance.
 - * Conform the sanctions for noncompliance with Employment and Training (E&T), voluntary quit, and workfare.
 - * Exempt caretakers of children under 3-years old (instead of 6-years) and allow States an option to exempt caretakers of children under 1-year old. If child care is not available, the current exemption from participation applies
- Permit States to require cooperation with the Child Support Enforcement Program. This will reinforce the expectation that both parents have financial responsibility for their children. Forty percent of the food stamp caseload -- those receiving AFDC --

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are already subject to this requirement as a condition for receiving AFDC. This would extend the same requirement, at State option, to food stamp recipients who do not receive AFDC.

The State's option to require cooperation with child support enforcement would be limited to those who live with and exercise parental control over children under 18-years old who have parents that do not provide child support. This group would be required to provide appropriate assistance to the Child Support Enforcement Agency to establish paternity and secure and enforce a child support order. As for AFDC recipients, States would be required to provide exceptions for good cause, sanction only the noncompliant parent, and waive any application fee for services rendered.

- Allow States to deduct the charges associated with replacement EBT cards directly from food stamp allotments. Making food stamp recipients financially responsible for replacing lost EBT cards should enhance their sense of responsibility for the proper care of the cards.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503-0001

LRM NO: 427

FILE NO: 15

2/22/95

LEGISLATIVE REFERRAL MEMORANDUM

Total Page(s): _____

TO: Legislative Liaison Officer - See Distribution below.
FROM: Janet FORSGREN (for) *Janet R. Forsgren*
Assistant Director for Legislative Reference
OMB CONTACT: Chris MUSTAIN 395-3923
Legislative Assistant's line (for simple responses): 395-7362
SUBJECT: AGRICULTURE Proposed Report on Food Stamp Fraud Prevention

*FILE
FOOD STAMP
FRAUD*

DEADLINE: 10:30 am Thursday, February 23, 1995

In accordance with OMB Circular A-19, OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President.

Please advise us if this item will affect direct spending or receipts for purposes of the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.

COMMENTS:

AGENCIES:

328-HEALTH AND HUMAN SERVICES - Frances White - (202) 690-7760
217-JUSTICE - Shella F. Anthony - (202) 514-2141
420-National Economic Council - Sonyla Matthews - (202) 456-2174
228-TREASURY - Richard S. Carro - (202) 622-1148

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Ken Apfel
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Tim Fahn
Adam Hoffberg
Tom Stack
Bob Damus
Chuck Konigsberg
Bruce Reed
Jeremy Ban-Ari
Jack Redzikowsky
Clarissa Carda
Pat Griffin
Jim Murr
Janet Forsgren

URGENT

DRAFT

Honorable E (Kika) de la Garza
Ranking Democratic Member
1401 Longworth House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

The health and well-being of millions of low-income people depend upon the nutrition security the Food Stamp Program provides. The Department is committed to restoring the public's trust that their tax dollars are going to feed hungry children, the elderly, and working families and not being diverted for the personal profit of unscrupulous criminals. In this letter, I am submitting our legislative package to restore integrity to the Food Stamp Program.

In a collaborative effort between the Department's Office of Inspector General (OIG) and the Food and Consumer Service, we are presenting a comprehensive package of proposals for implementing anti-fraud strategies aimed at assuring that food stamp benefits are being used for their intended purpose--improving the nutrition and health of America's neediest families--rather than being used for illegal gain. These strategies, when implemented, will help assure that only legitimate stores participate in the program and strengthen penalties against stores and recipients that violate program rules. They represent a crucial part of the Department's commitment to overall reform of the Food Stamp Program.

**ACTIONS TO ENSURE THAT ONLY LEGITIMATE STORES PARTICIPATE
IN THE FOOD STAMP PROGRAM INCLUDE THE FOLLOWING:**

Legislative Actions:

1. The Department needs authority to require stores to provide income and sales tax filing documents at the time of application. The Department also needs authority to require stores to give written permission for the Department to verify all tax filings with other agencies. This will provide us with up-front controls for preventing the participation of unscrupulous retailers if this added documentation can be obtained. To improve the Department's ability to verify store legitimacy, we also need authority to require permission from stores to obtain corroborating

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documentation from other independent sources such as credit bureaus, collection agencies, wholesalers, and independent firms that rate the good standing status of businesses and provide other confirmation of business operations and finances.

2. The Department needs to expand its authority to use retailers' taxpayer identification numbers--Social Security Numbers (SSNs) and Employer Identification Numbers (EINs) when working with State investigative and law enforcement agencies that already maintain files of such information. This will enhance enforcement by facilitating cross-matching and information-sharing activities. The Department recently obtained legislative authority to share retailers' SSNs and EINs with Federal agencies that already have access to such information.

3. The Department needs legislation requiring a 6-month waiting period before reapplication by a store that does not initially meet the criteria for eligibility. This will reduce the participation in the Food Stamp Program of those retailers who temporarily stock a store to meet minimum requirements and then engage in food stamp trafficking as their primary business.

4. The Department needs discretionary authority to set a time limit on store authorizations. This proposal should include authority to establish provisional authorization periods as short as 6 months for newly-opened stores to provide the Department time to confirm their legitimacy.

Administrative Actions:

The Department is not simply proposing legislation and waiting for Congress to act. We will publish regulations to: (1) increase the time period the Department has to review and approve a completed application for store authorization from 30 days to up to 3 months when needed to allow time for a thorough background check on questionable stores, and (2) give the Department the discretion to require stores to submit copies of documents to verify their legitimacy, such as State and local licenses, Social Security cards, drivers license, photo-identification documents, and purchase records.

We also intend to use site visits to determine the eligibility of questionable stores and enter into information-sharing agreements with the Internal Revenue Service, the Financial Crimes Enforcement Network of the Department of the Treasury, and the Social Security Administration. We will widely publicize consequences to retailers of providing false information in order to gain illegal access to the Food Stamp Program.

ACTIONS THAT WILL STRENGTHEN PENALTIES AGAINST STORES AND RECIPIENTS THAT VIOLATE PROGRAM RULES INCLUDE THE FOLLOWING:

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Honorable Richard Lugar

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Legislative Actions:

1. Tougher retailer penalties serve as a strong deterrent and give a clear signal that the Federal Government is committed to punishing those who engage in fraud. The Department needs authority to:

(A) immediately suspend violating stores pending any administrative or judicial review of a proposed sanction;

(B) disqualify a store based on prima facie evidence, such as, highly suspicious EBT transactions or food stamp redemptions that exceed reported food sales;

(C) establish specific time periods for the removal of stores based on the severity of business integrity problems, such as, convictions for embezzlement and insurance fraud. Currently, there are no specific time periods and there is no explicit differentiation between major offenses and less serious infractions.

(D) apply food stamp disqualification penalties against stores disqualified from the Special Supplemental Food Program for Women, Infants and Children (WIC) for violations of the WIC regulations and vice versa so that penalties are enforced for both programs. Currently, a store which has its food stamp authorization withdrawn because of a WIC disqualification can be reinstated in the Food Stamp Program when the WIC disqualification ends without serving its full Food Stamp Program penalty.

2. Legislation permanently barring a retailer who intentionally submits a falsified application that would lead to a fraudulent authorization will both deter applications from unqualified stores and assure that, once discovered, such stores would not be able to participate in the future.

3. The Department wants expanded forfeiture provisions to allow seizure of any property used in or derived from illegal food stamp transactions. Forfeiture would apply to the property of individuals convicted of felony food stamp violations only and the value of the property would revert to the Treasury. Expanding forfeiture to food stamp felonies will be a powerful deterrent to serious violations because it will remove the financial incentive for such violations.

4. To deter recipient violations, we must double penalties for recipient fraud from 6 months to 1 year for the first violation, from 1 year to 2 years for the second violation, and keep permanent disqualification for the third violation.

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Honorable Richard Lugar

5. In addition, we need to establish mandatory tax offsets and salary offsets by States against recipients who owe outstanding claims arising from intentional program violations and unintentional household errors.

Administrative Actions:

The Department is moving ahead to publish regulations implementing Federal tax offset for retailers (whether or not they are currently authorized) that have not paid fines or penalties. We are working with States to increase the level of State law enforcement agency activity in investigating and prosecuting traffickers and encouraging States to pass laws that make trafficking in food stamp benefits a felony offense. We are also working closely with the Department of Justice to expand the use of the False Claims Act to increase claims collections.

One of the most promising tools for detecting and documenting fraud and trafficking is electronic benefit transfer (EBT) technology. The Administration has made nationwide EBT a top priority. Nine States are operating EBT systems. Most other States have begun their planning for implementation of EBT for delivering food stamp benefits.

EBT presents an important opportunity to identify retailer and recipient fraud. By the end of Calendar Year 1995, the Department will establish a national system for routinely processing EBT transaction data and producing exception reports of suspicious stores for investigation and follow-up. Recipient trafficking identified by the national system will be referred to States for their disqualification action.

The fraudulent receipt, use, and redemption of food stamps is a serious problem which the Department is working aggressively to bring under control within the authority of the current statute. However, in order to implement a comprehensive strategy to effectively deal with this problem, we need broader authorities as outlined in this letter. Legislation granting these authorities is essential to maintain the integrity of this vital family-feeding program that has stood on the front lines for over 20 years protecting the nutrition and health of the neediest Americans.

The Office of Management and Budget has approved the Department's sharing our legislative package with you.

Sincerely,

RICHARD E. ROMINGER
Acting Secretary

Food Stamp Cashout

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.

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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. 4584, 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 MASSACHUSETTS
MASSACHUSETTS SENATE
 STATE HOUSE, BOSTON 02122-1053

SENATOR THERESA MURRAY
 PLYMOUTH AND BARNSTABLE
 DISTRICT
 ROOM 307
 TEL.: 617/731-1330

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 330 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.

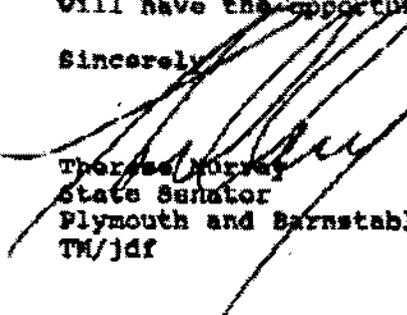
Waiver requests to Secretary Shalala will include a waiver to cash out food stamps, which is a vital component of the Full Employment Program.

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

PAGE 02

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

lyH / Will.

SAm.

Ford Stamp
Cashat

THE WHITE HOUSE
WASHINGTON

OFFICE OF LEGISLATIVE AFFAIRS

FAX COVER SHEET

NOTE: THE INFORMATION CONTAINED IN THIS FACSIMILE MESSAGE IS
CONFIDENTIAL AND INTENDED FOR THE RECIPIENT ONLY.

DATE: 7/18

TO: Bruce Reed

FROM: Melissa Banks

RE: OMB is working on response.
I will clear through you when
I get a draft

Congress of the United States
House of Representatives
Washington, DC 20515

July 13, 1994

President Bill Clinton
The White House
1600 Pennsylvania Avenue NW
Washington, D.C. 20500-0001

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. 4554, 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 within the next few days. The proposed ban on Food Stamp cash-outs, which passed unnoticed through the

President Clinton
July 13, 1994
Page Two

House, remains intact in the Senate bill. We urge your active support for removing this provision when the bill is presented for floor debate.

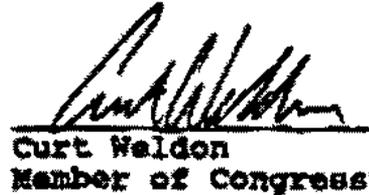
Thank you for your time and attention to this matter. We look forward to working closely with you and your staff to pass significant welfare reform legislation during this session of Congress.

Sincerely,

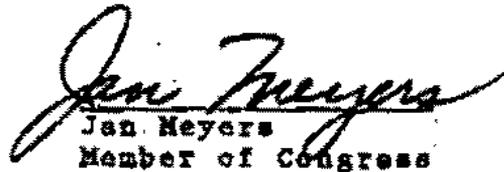

Dave McCurdy
Member of Congress


Rick Santorum
Member of Congress


Robert E. Andrews
Member of Congress


Curt Weldon
Member of Congress


Eric Fingerhut
Member of Congress


Jan Meyers
Member of Congress

CC: Sen. Dale Bumpers
Rep. Richard D. Durbin
Hon. Mike Espy
Hon. Donna E. Shalala



U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF THE ASSISTANT SECRETARY FOR LEGISLATION
WASHINGTON, D.C. 20201

PHONE: (202) 690-7627

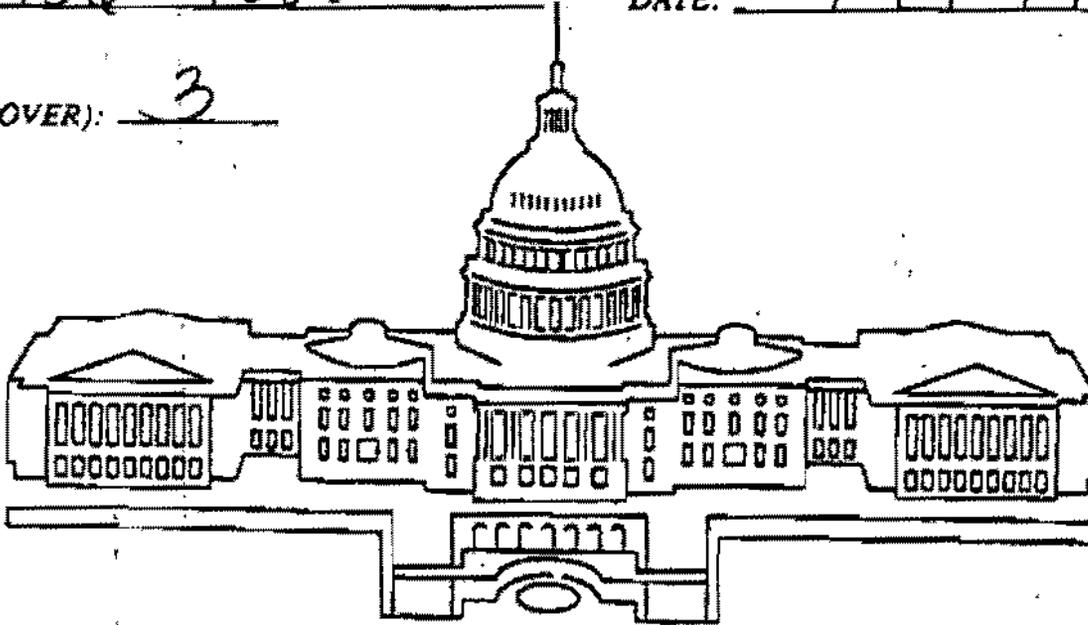
FAX: (202) 690-7380

TO: _____
NAME: Bruce Reed
OFFICE: _____
ROOM NO.: _____
PHONE NO.: _____
FAX NO.: 456-7028

FROM: _____
NAME: Rich Tarplin
OFFICE: _____
ROOM NO.: _____
PHONE NO.: _____
DATE: 7-19-94

TOTAL PAGES
(INCLUDING COVER): 3

REMARKS:





EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

F

June 16, 1994
(House Floor)

File:
Food Stamp
Cashout

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 4554 -- AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1995

(Sponsors: Obey (D), Wisconsin; Durbin (D), Illinois)

This Statement of Administration Policy provides the Administration's views on H.R. 4554, the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Bill, FY 1995, as reported by the House Appropriations Committee.

The Administration supports House passage of H.R. 4554 as reported by the Committee. The Administration appreciates the Committee's support for the President's investment priorities. In particular, the Administration is pleased with funding provided for the Women, Infants, and Children (WIC) program and would strongly oppose any amendment to reduce this program.

The Administration has some concerns with the Committee bill, which are discussed below.

Prescription Drug User Fees

The Administration is pleased that the Committee bill would allow the Food and Drug Administration (FDA) to increase its collection of prescription drug user fees to \$79 million -- up from \$54 million in FY 1994. The Administration notes that FDA could collect another \$252 million in general user fees if restrictive language were deleted from the bill. Collection of these fees would permit increased funding of Presidential investments and other key items under the Committee's jurisdiction, such as the Federal crop insurance program.

Federal Crop Insurance

The Committee has not funded \$213 million for the administrative expense reimbursements from the Department of Agriculture to private crop insurance companies. Without these reimbursements, private companies would not sell or adjust crop insurance policies.

services to farm and rural communities while reducing Federal employment. The Committee has recommended no additional funds for Infoshare and, instead, has proposed that Infoshare be funded through other appropriations of the Department and transfers from the Commodity Credit Corporation (CCC). CCC funds may legally be used only to cover the Agricultural Stabilization and Conservation Service share of Infoshare. Therefore, the balance of the funding would have to come from other appropriations.

- o Export Enhancement Program (EEP). The Committee has proposed to reduce EEP funding by \$150 million. This unilateral, up-front reduction in subsidies for U.S. farm exports, before concomitant reductions in subsidies by other countries under the Uruguay Round Agreement, would hamper U.S. exports, reduce potential savings available to pay for legislation implementing the Agreement, and cause increases in CCC outlays for deficiency payments.
- o National Research Initiative (NRI). The Committee has reduced NRI competitive grants \$27 million (21 percent) below the request (and \$3 million below the FY 1994 level). The NRI supports basic research addressing the highest priority agricultural and environmental research issues, including food safety, water quality, alternative pest control strategies, biodiversity, and ecosystem management. The grants are awarded competitively based on merit after a vigorous peer-review.
- o Food Stamp Program. The Committee has not funded the \$10 million request for Electronic Benefit Transfer (EBT) work. The Administration objects to language that would preclude the use of funds for "cash-out" demonstrations that have not received final approval from the Secretary by July 1994.
- o Modified Food Stamp Program in Samoa. The Committee has deleted funding for the modified food stamp program in Samoa because it believes the program should be funded under the food stamp program. The Administration does not believe that this program can be funded under the food stamp program without authorizing language, either in the appropriations bill or in substantive legislation.

File:
Food Stamps

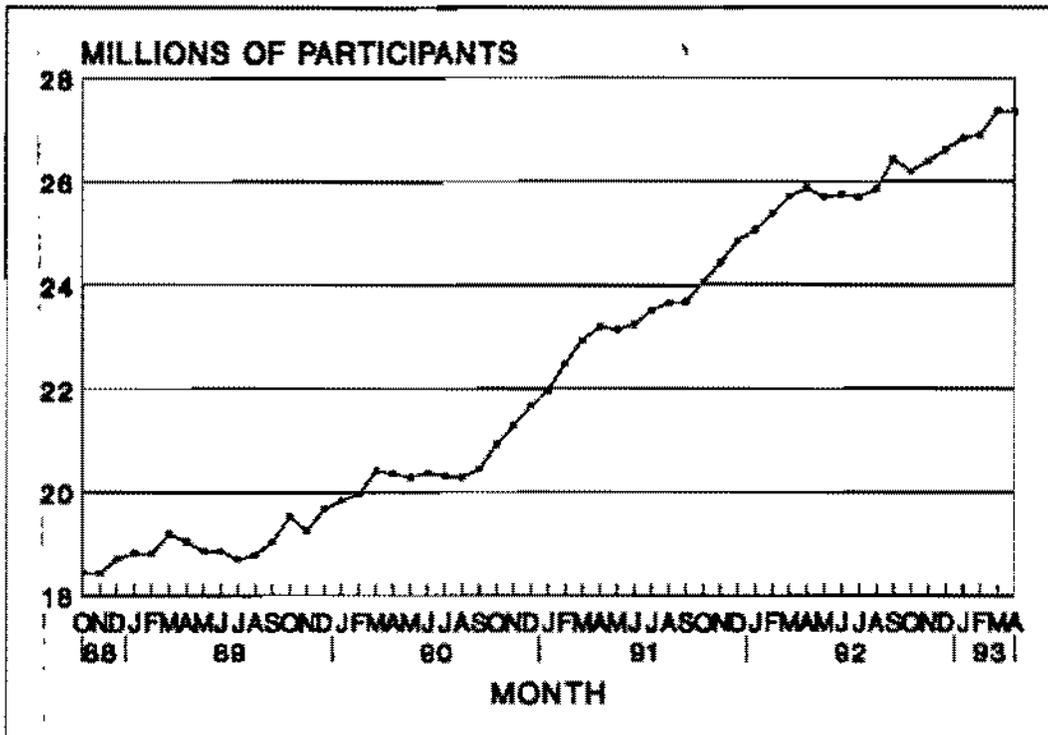
BACKGROUND BRIEFING ON THE FOOD STAMP PROGRAM

FOR

**THE WORKING GROUP ON WELFARE REFORM,
FAMILY SUPPORT AND INDEPENDENCE**

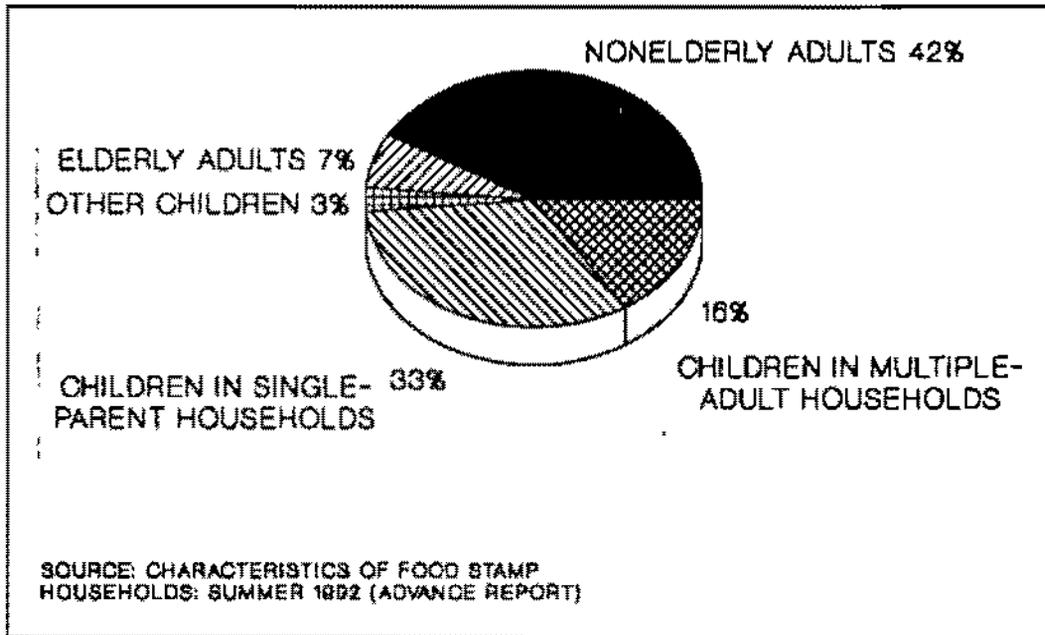
JUNE 30, 1993

PROGRAM PARTICIPATION



- NEARLY ONE IN NINE AMERICANS RECEIVES FOOD STAMPS (27.3 MILLION IN APRIL 1993).
- CASELOADS HAVE GROWN RAPIDLY IN RECENT YEARS: AVERAGE PARTICIPATION IS OVER 8 MILLION MORE THAN FOUR YEARS AGO; OVER 4 MILLION MORE THAN TWO YEARS AGO.

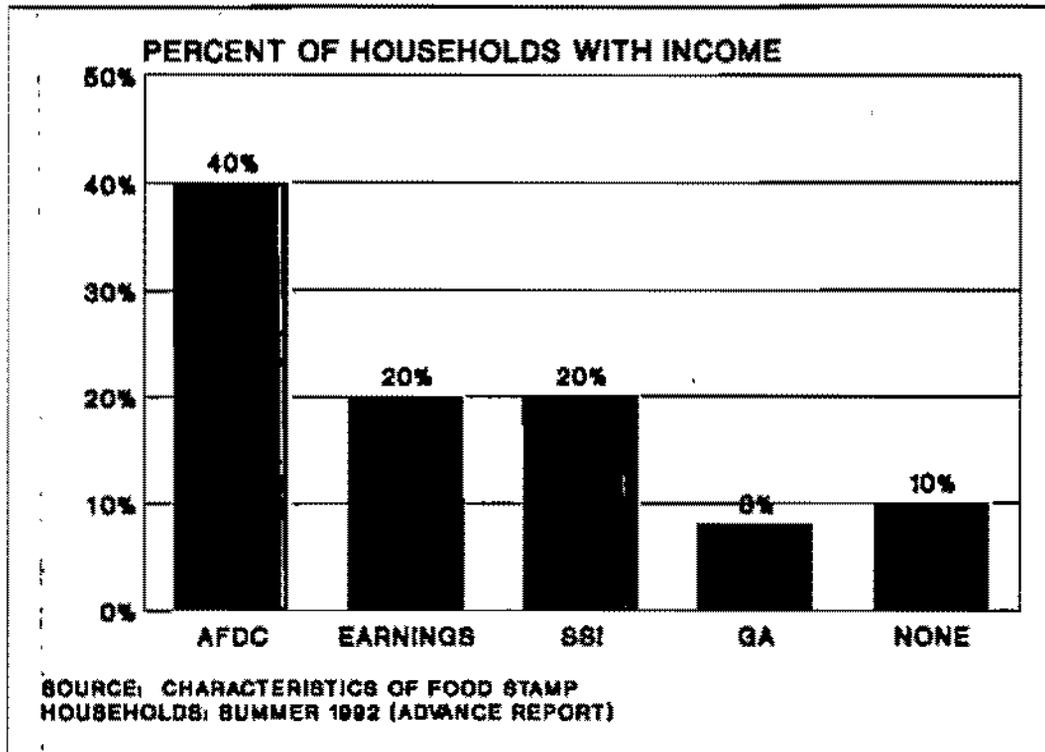
PARTICIPANT CHARACTERISTICS



OF ALL FOOD STAMP PARTICIPANTS:

- OVER HALF (52%) ARE CHILDREN; NEARLY TWO-THIRDS OF THESE CHILDREN LIVE IN SINGLE-PARENT FAMILIES
- 7% ARE ELDERLY (60 YEARS OR OLDER)
- ABOUT 10% ARE SINGLE ADULTS OR CHILDLESS COUPLES.

INCOME AND RESOURCES



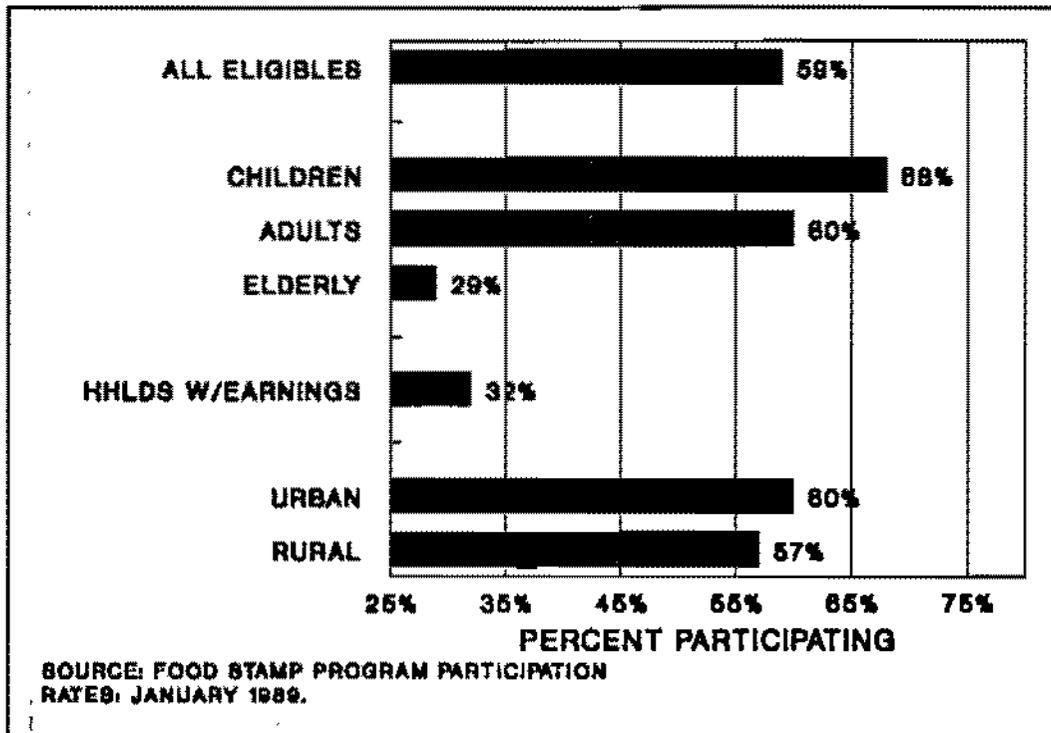
OF THE 10 MILLION PARTICIPATING HOUSEHOLDS:

- 40% RECEIVE AFDC, 20% RECEIVE SSI, AND 8% RECEIVE GA
- 20% HAVE EARNINGS
- 10% HAVE NO INCOME.

MOST FOOD STAMP HOUSEHOLDS ARE VERY POOR: 91% HAVE INCOME BELOW THE POVERTY LINE; 42% HAVE INCOME LESS THAN HALF THE POVERTY LINE.

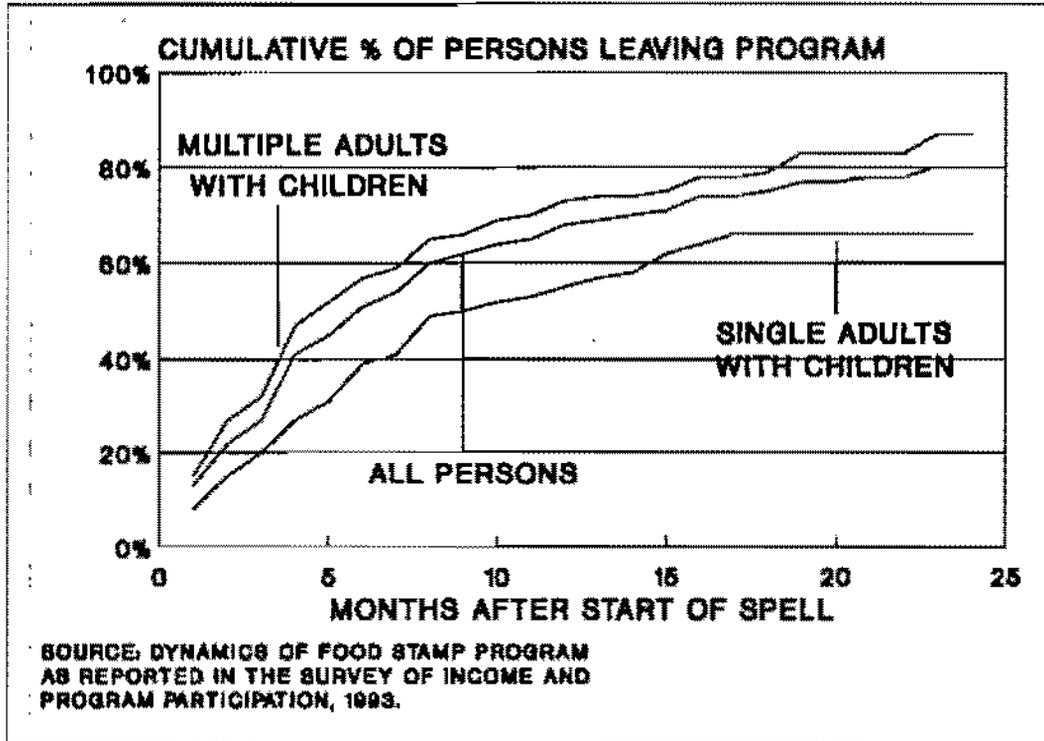
MOST FOOD STAMP HOUSEHOLDS HAVE FEW RESOURCES: NEARLY 3/4 HAVE NO ASSETS; 3 OUT OF 5 DO NOT OWN A CAR.

PARTICIPATION AMONG THE ELIGIBLE



- DESPITE RECORD LEVELS OF PARTICIPATION, MILLIONS OF ELIGIBLE AMERICANS ARE NOT SERVED.
- VIRTUALLY ALL NONPARTICIPANTS LIVE IN HOUSEHOLDS WITH AN ELDERLY OR WORKING HOUSEHOLD MEMBER.
- WHILE NEARLY 1 IN 5 FOOD STAMP HOUSEHOLDS INCLUDE SOMEONE WHO WORKS, THE PROGRAM REACHES ONLY 1 OUT OF EVERY 3 WORKING FAMILIES ELIGIBLE FOR BENEFITS.
- ABOUT ONE-THIRD OF ALL NONPARTICIPATING HOUSEHOLDS LIVE IN RURAL AREAS.

PARTICIPATION DYNAMICS



- HALF OF ALL PERSONS ENTERING THE FOOD STAMP PROGRAM LEAVE WITHIN 6 MONTHS; ONLY 1 IN 5 CONTINUE MORE THAN 2 YEARS.
- OVER HALF (53%) OF THOSE ENTERING THE PROGRAM APPLIED FOR BENEFITS AFTER EXPERIENCING A RECENT DECLINE IN EARNINGS; LESS THAN ONE-FIFTH (18%) HAD INCREASED NEED DUE TO A CHANGE IN FAMILY COMPOSITION.
- OVER HALF (57%) OF THOSE LEAVING THE PROGRAM DO SO BECAUSE OF INCREASED EARNINGS.
- OF THOSE WHO LEAVE, 2 IN 5 (38%) RETURN WITHIN 1 YEAR.
- LONG-TERM (MORE THAN 2 YEARS) AND MULTIPLE SPELL PARTICIPANTS ACCOUNT FOR NEARLY TWO-THIRDS OF ALL PARTICIPANTS WHO EVER RECEIVE BENEFITS AND ABOUT 80% OF ALL BENEFITS PAID.

House measure lauds end of Cold War, communism's fall



Rep. Dana Rohrabacher

By Dave Boyer
THE WASHINGTON TIMES

Congress took a symbolic step last night toward making sure future generations never forget events like President Ronald Reagan's defiance in the shadow of the Berlin Wall and the collapse of Soviet communism.

The House passed a resolution 381-0 calling on America's leaders to celebrate the U.S. victory over communism and the 10th anniversary of the fall of the Berlin Wall by promoting education on the Cold War and honoring U.S. veterans of the conflict.

The resolution states that 24 million members of the U.S. Armed Forces served in the Cold War and 400 million people "were freed from the bondage of communism" in Eastern and Central Eu-

rope.

"Unless you grew up in the '40s, '50s or '60s, the younger generations have tended to forget there ever was a Cold War," said Rep. Frank D. Lucas, Oklahoma Republican and a sponsor of the resolution. "They have tended to forget that there ever was a huge number of warheads pointed at us because other people envied us."

Mr. Lucas said the measure is intended in part to "raise general awareness out there in the academic community that they need to pay attention to it."

In a poll released last week, the Pew Research Center found that only 1 percent of respondents cited ending the Cold War as America's greatest achievement of the 20th Century.

"The Cold War is a fading memory," said Rep. Dana Rohrabacher,

California Republican who has proposed a privately funded memorial to the victims of communism. "Most young people have no idea that people were being shot while trying to escape communist countries."

Mr. Rohrabacher said the nation should pay homage to the veterans who enabled the United States to enjoy its current security.

"We are right now basking in the warm and healthy environment of the post-Cold War world," Mr. Rohrabacher said. "That didn't just happen. A lot of people were fighting the Cold War whose names we'll never know. They're the ones who provided this wonderful world we live in today."

The Berlin Wall, which divided communist East Berlin from the democratic western side of the city, came down on Nov. 9, 1989. It

was less than two years after Mr. Reagan stood before the most infamous symbol of communism and challenged the Soviet Union's president: "Mr. Gorbachev, tear down this wall." An international movement has declared Nov. 9 as World Freedom Day.

"This is a very significant anniversary," said James Anderson, national security analyst at the Heritage Foundation. "Enough time has passed to put the events of this titanic struggle into perspective. As we draw this century to a close, the Cold War is certainly worthy of our attention and study."

Mr. Anderson said he's heard "disturbing reports that primary school textbooks are giving short shrift" to the Cold War.

"To the extent it's being crowded out by the academic fad of the moment is unfair," he said.

If academia is neglecting the Cold War, veterans' groups are not. The Defense Department this year began taking applications from those who served during the Cold War for a "Cold War Recognition Certificate."

The Pentagon specifies the dates of the Cold War: From Sept. 2, 1945, when Japan surrendered after World War II, to Dec. 26, 1991, when Mikhail Gorbachev resigned as Soviet president and the Soviet Union was disbanded.

The certificates were created following an effort by Rep. Rick A. Lazio, New York Republican, who is also sponsoring a bill to establish a military decoration called the "Reagan-Truman Victory in the Cold War Medal." President Harry Truman was the first chief executive during the Cold War.

Welfare proposals hailed as 'positive'

Food-stamp rules would be eased

By Cheryl Wetzstein
THE WASHINGTON TIMES

President Clinton's recent call for changes in the food-stamp program will make "very positive" improvements, according to a trade group for state welfare officials.

Soon a poor, working family will no longer be denied food stamps just because it owns a \$6,000 car, said William Waldman, executive director of the American Public Human Services Association.

This change, combined with new rules on reporting income and inaccurate benefits, "are very positive steps forward," he said.

Meanwhile, a report from the U.S. Department of Agriculture (USDA) said the number of U.S. households that are "food-insecure" dipped in 1998.

Of the 103 million U.S. households in 1998, 10.2 percent did not have access to "enough food to fully meet their basic needs at all times," said the USDA's advance report on Household Food Security, released last week.

This compares with 10.3 percent "food-insecure" households in 1995.

Most of the 1998 food-insecure households — 6.8 million out of 10.5 million — did not miss meals but worried about their ability to obtain enough food.

However, 3.6 million households missed meals due to lack of food.

In light of these numbers, the Clinton administration has been dismayed by the plummeting rolls in the nation's largest nutrition-assistance program.

The food-stamp program has about 18.5 million recipients, down 33 percent from its peak enrollment of 27.9 million in 1994.

The program cost \$26.3 billion in 1997.

This 33 percent decline "is far greater than can be explained by the improved economy and welfare reform," the USDA said.

States and advocacy groups for the poor have complained about the food-stamp program's outdated rules and confusion about who can apply for benefits.

As a result, Mr. Clinton told an audience in Baltimore on Wednesday, "We are changing the rules so thousands of poor working families won't be denied food stamps, as they are today, just because they own a reliable car."

The president also said officials would "get rid of some of the old reporting rules and launch a national campaign" to make sure that poor working people and certain legal immigrants know they may still be eligible for food stamps.

Officials said:

• States may now apply for waivers to allow poor families who get non-cash welfare services, such as child care, to apply for food stamps, even if they have assets worth more than \$4,650. Under past food-stamp rules, families with a car worth more than \$4,650 couldn't get food stamps.

• The USDA is pursuing rule changes, to be in effect in 2000, to require food-stamp recipients to report changes in income quarterly, instead of monthly. (Income changes of at least \$100 a month must still be reported immediately.)

• The states' error-rate threshold will increase from \$5 to \$25. Food-stamp benefits are issued according to income, and states have had to report every instance when they overpaid a recipient by \$5 or more. States with high error rates are penalized.

Last month, the USDA paid \$1.28 billion was paid in error in 1997, and 22 states — including Maryland and Virginia — were liable for large fines.

Food Stamp
Caseloads

Columbia ready to blast off with first woman commander

CAPE CANAVERAL, Fla. (AP) — NASA fueled shuttle Columbia yesterday for a nighttime launch with the world's most powerful X-ray telescope on board and Air Force Col. Eileen Collins in charge — the first woman to command a U.S. space mission.

The U.S. women's soccer team, accompanied by Hillary Rodham Clinton, headed for Kennedy Space Center to watch the scheduled 12:36 a.m. liftoff. Also flying in were Health and Human Services Secretary Donna Shalala and America's first woman in space, Sally Ride.

The crowd screamed and shouted "Eileen!" as Col. Collins and her crew made their way to the launch pad. One female space worker held up a sign that read: "Eileen — You go girl!!!"

"This really is the last barrier to be broken," observed Miss Ride. She called Col. Collins on Sunday night to wish her good luck.

The launch was set to take place on the 30th anniversary of the first manned moon landing by Apollo 11.

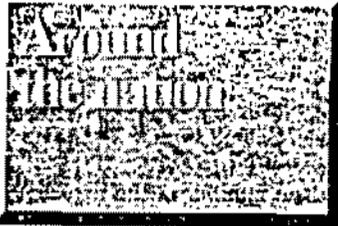
Seven hours after liftoff, Columbia's five crew members were scheduled to eject the \$1.5 billion Chandra X-ray Observatory from the shuttle. For five years, it will scrutinize stars, galaxies and quasars, search for black holes and study the so-called black matter that fills the cosmos.

Col. Collins, 42, a former test pilot, is making her third space flight. She flew before as a shuttle co-pilot.

Col. Collins has said that she is honored to be the first woman to command a mission in 38 years of U.S. human space flight.

The 45-foot Chandra is the biggest X-ray telescope ever built and the heaviest payload ever put aboard a space shuttle. With its attached rocket motor and support gear, Chandra weighs 50,000 pounds.

Columbia is the only shuttle big enough to hold it. NASA ran extra engineering studies to make sure the shuttle could sustain the weight if, because of some problem, it had to return to Earth with the telescope still on board.



Clinton to attend Balkans summit

President Clinton announced yesterday that he will attend an international summit in Sarajevo, Bosnia, to forge a stability pact for the Balkans on July 30.

"The leaders will discuss ways to strengthen peace and stability, deepen democracy and civil society and promote economic reforms throughout southeast Europe," the White House said in a statement.

The heads of state and government will come from the some 30 countries and various international organizations that on June 10 signed a "Stability Pact" on reconstruction in the region.

Brothers charged in homosexual deaths

REDDING, Calif. — Two California brothers linked to a white supremacist group have been charged with the killing and robbery of a homosexual couple.

Shasta County prosecutors say the two could face the death penalty if convicted of what authorities describe as hate crimes.

Prosecutors filed a six-count complaint against 31-year-old Benjamin Matthew Williams and 29-year-old James Tyler Williams.

Guards suspended in prison-death probe

STARKE, Fla. — A Florida death row prisoner died under "suspicious" circumstances that prompted the state to suspend nine prison guards pending an investigation, corrections officials said yesterday.

The Florida Department of Corrections released a statement saying Frank Valdez died "under suspicious circumstances" Saturday at the Florida State Prison, where executions are carried out. It did not reveal the cause of death, and a prison spokesman

Man accused in arson declared mentally ill

MADISON, Wis. — A man accused of setting fire to a city bus and severely burning five persons was declared not guilty by reason of mental illness yesterday.

Salim Amara, 22, pleaded no contest to attempted murder and other offenses. But experts for both the prosecution and defense said Mr. Amara suffers from paranoid schizophrenia and could not have understood the consequences of his actions. Circuit Judge Maryann Sumi agreed.

The judge could commit Amara to a mental institution for as much as 104 years.

Supporters raise bail for SLA fugitive

LOS ANGELES — Supporters of a former Symbionese Liberation Army fugitive raised \$1 million in cash to bail her out of jail.

"People in Minnesota love this woman," Kathleen Ann Soliah's attorney, Stuart Hanlon, said yesterday. "She was a totally committed person who helped her community."

Mrs. Soliah, wanted in a 1974 bombing attempt, may be able to post bail when she appears in court today, Mr. Hanlon said.

Earth population exceeds 6 billion

The Earth's population broke the 6 billion barrier yesterday, the Census Bureau said.

According to the bureau's world population clock, posted on the Internet, the planet counted 6,000,168,488 inhabitants at 1939 GMT.

However, some population experts maintain that the U.S. agency count is merely an estimate.

Drug fights vessel inflammation

DALLAS — A drug proven to reduce cholesterol also appears to battle another enemy: inflammation inside the arteries.

The findings were contained in a study led by Dr. Paul Ridker, a cardiologist at Brigham and Women's Hospital in Boston.

Competition eyed for prison industry

By Laura F. Vanderkam
THE WASHINGTON TIMES

Federal Prison Industries will have to compete with the private sector and pay inmates the minimum wage if new legislation before the House Judiciary Committee's subcommittee on crime is approved.

The subcommittee convened hearings on the Prison Industries Reform Act of 1999 yesterday. A provision in the Reform Act says "Federal Prison Industries (FPI) shall pay wages to all inmates who work in a prison industry... at a rate not less than the Federal minimum wage from time to time in effect."

The bill, introduced by Rep. Bill McCollum, chairman of the subcommittee and Florida Republican, enjoys widespread support among both parties. Rep. Robert C. Scott, Virginia Democrat and ranking member of the subcommittee, is a co-sponsor.

"I believe that prison industries, structured correctly, have the potential to raise millions in revenue to defray a portion of the costs of incarcerating the prisoners who work in them," Mr. McCollum said. Since FPI will have to compete with private companies under the bill, the minimum wage provision prevents "unfair competition," he said.

Federal prisoners earn wages from 19 cents to \$1.15 an hour making everything from elec-

Minimum wage touted for convicts

tronic goods to clothing. FPI is self-sufficient, Mr. McCollum said. According to the Federal Bureau of Prisons, 50 percent of inmates' wages are withheld to pay court costs and other fines. The remainder can either be sent home or used to purchase items at the prison commissary.

Under the new bill, federal prisoners would earn the federal minimum wage of \$5.15 an hour.

However, the attorney general would be authorized to deduct up to 40 percent of the prisoner's paycheck to pay for fines, child support, victim compensation, or a fund for the inmate's use after his release. The act requires that 30 percent of the paycheck go toward room and board. Supporters hope this will reduce the tax burden of incarceration costs.

Under the new legislation, FPI would be authorized to sell products on the open market. Federal prison-made goods can be purchased only by the federal government. The government, in turn, is required to give these goods priority over private-sector goods. The Reform Act removes this preference, forcing FPI to compete with other contractors.

Private businesses would also be allowed to hire inmate labor, but they too, would have to pay minimum wage. The bill prohibits American companies from laying

off non-inmate workers to hire inmate workers, and allows for a minimum wage exception if the business would otherwise go overseas.

Prison labor could help ease a growing labor shortage, Mr. McCollum said. "Some people have suggested that even more foreign workers be imported to meet the possible shortage of American workers," he said. "Well, I believe we need not look any farther than the Americans in our prisons to fill these jobs."

The minimum wage provision has been supported by the AFL-CIO for years. The current system, which requires the government to buy specified quantities of goods from the prisons, "prevents free and fair competition for government contracts," Mr. McCollum said.

Kathleen Hawk Sawyer, director of the Federal Bureau of Prisons and CEO of FPI, said the Clinton administration did not object to reforms of the current system, "provided that the reform does not jeopardize the security of the federal prison system."

Philip W. Glover, president of the Council of Prison Locals (part of the AFL-CIO) said that while he supported prison reform, he didn't think prison industries could compete directly with the private sec-

tor. "I have heard recently about competition, that FPI has an unfair competitive advantage," he said. "I have heard that we have a 'chain' of factories and that we are a growing threat. To what or whom I am not sure."

FPI helps keep prisoners busy and more disciplined, Mr. Glover said. "What must be understood is inmates need to do something productive." FPI maintains that prisoners who work have lower rates of recidivism after their eventual release.

But factors in employing prisoners mean the industry will always be at a disadvantage, compared with the private sector, Mr. Glover said.

"Inmates are not people you get to hire because of education levels, work history and on-the-job training," Mr. Glover said. "We are discussing running industries with people removed from society for various reasons." Sometimes "lock downs" are necessary for discipline problems, and during this time, the industries cannot operate.

"No production will take place and 'competition' goes out the window," he said.

The bill, with its emphasis on both greater competition and a minimum wage, has widespread support in the subcommittee, Mr. McCollum's office said he and Mr. Scott hope to bring the bill to a full House vote in September.

Food stamp falloff may have drawbacks

By Cheryl Weitzstein
THE WASHINGTON TIMES

Most of the 7 million persons who have left the food stamp rolls since 1996 did so because they were working and were no longer eligible for the coupons, a congressional hearing was told yesterday.

But this has not been cheered as good news, said Rep. Robert W. Goodlatte, Virginia Republican and chairman of the House Agriculture subcommittee on department operations, oversight, nutrition and forestry.

Why is it a victory when millions leave welfare for work but "a problem" when nearly 30 percent of food-stamp recipients leave for work? he asked.

"The number of people receiving food stamps has fallen far greater than the number of people living in poverty," explained Shirley Watkins, a top U.S. Department of Agriculture official who oversees the \$18 billion-a-year food-stamp program.

Some people are going to work but some working families don't realize they are still eligible for food stamps, and others have been "discouraged" from using the program by states, she said.

On Monday, the General Accounting Office (GAO) released a study saying employment in the strong economy was the primary reason the rolls have fallen from 25.5 million in 1996 to 18.5 million in 1999.

Families that earn more than 130 percent of the poverty line — \$21,600 a year for a family of four in 1998, for instance — aren't eligible for food stamps. The average food-stamp benefit for a family is \$170 a month.

Other factors included the exits of 440,000 legal immigrants, who can no longer get the benefits, and 274,000 single childless adults who did not or would not meet new 20-hour-a-week work requirements.

Also, some states went "farther than the law permits" in denying food stamps to families, the GAO study said.

The food-stamp program remains inflexible and unwieldy, state officials told yesterday's hearing.

State-run welfare systems are now a temporary safety net for people to become self-sufficient, said Clarence H. Carter, commissioner of the Virginia Department of Social Services.

But the food-stamp program is still an "old style" welfare program, "micromanaged by the federal government" and more concerned with "payment accuracy" than whether needy people get fed, he said.

Working families are eligible for such small amounts of food stamps, that many decide that going through all the paperwork to get the stamps is "not worth the hassle," said Douglas E. Howard, director of the Michigan Family Independence Agency.

The "perfect" family for food stamps, he added, is one that "never goes to work, never moves or gets better housing and never gets a reliable car."

Policy leaders should spend less time "trying to defend" the food-stamp program "as the last safety net and spend more time getting it to be more responsive to the goal of helping people become independent," said Lynda G. Fox, secretary of the Maryland Department of Human Resources.

Food Stamps

Unfortunately for them wasn't going anywhere fast.

Wouldn't you know, the other senators soon joined them, awaiting Mrs. Feinstein's arrival before closing the door.

"I had to check out Thad's legs," she explained.

Twin bill

It's a most unusual baseball cap, the only one of its kind in America.

One half is a Chicago Cubs cap, but when you rotate it — as fast as you can say "favorite team" — it displays allegiance to the New York Yankees.

We stumbled upon this unique, twin-billed cap at the headquarters of the Republican National Committee, minutes before RNC Chairman Jim Nicholson sent it to former Colorado Gov. Roy Romer, chairman of the Democratic National Committee.

"If Mrs. Clinton returns to her home state [of Illinois] to throw out the first pitch of a baseball game, she can wear the Cubs hat," Mr. Nicholson explained to inside the Beltway.

"And if she hops on a taxpayer-funded jet and flies off to New York to continue her listening tour she can turn it around and become a Yankees fan," he said.

Mr. Nicholson intended to hand the Hillary fashion cap to Mr. Romer in person after this week's annual softball game between the RNC and DNC — which the Republicans won 21-18.

"But after we won, he vanished, faster than the water after an Al Gore photo-op!" notes Mr. Nicholson, poking fun at Mr. Gore's recent New Hampshire campaign trip, for which millions of gallons of water had to be released from a dam so the vice president wouldn't run aground.

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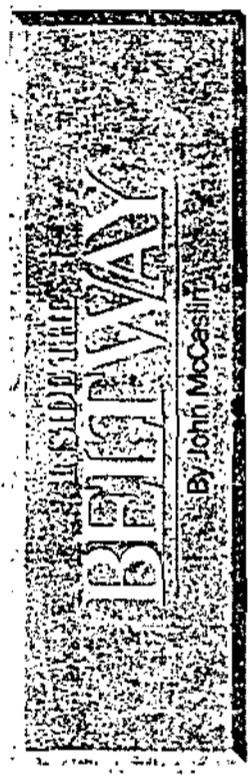


Photo by Kenneth Lamont/The Washington Post

A bathroom mirror helps illustrate the two-faced nature of the baseball cap RNC Chairman Jim Nicholson shipped off to DNC chief Roy Romer.

Domenici poked fun at the men's unusual attire, Mrs. Feinstein from the rear couldn't help but notice the bare-legged duo through the glass dividers of the train.

"Who is that, Stevens?" she asked an aide, who was not only able to identify Sen. Ted Stevens, Alaska Republican, but his tennis partner, Sen. Thad Cochran, Mississippi Republican.

"Are they going onto the floor like that?" Mrs. Feinstein exclaimed.

Pulling up to the Capitol with only a few minutes left to cast votes, the two senators sped from the subway car, tore up an escalator, and rather than waiting for an elevator "reserved" for members, ducked into a public lift, which

Co-authors?

That was recently indicted criminal defendant Linda Tripp dining with former FBI agent-turned-Clinton-whistleblower Gary Aldrich at Red Hot & Blue's flagship restaurant on Wilson Boulevard in Arlington this week.

The two sat in the front room, in a booth, and we have no idea what they discussed or what they ate.

The last time we saw the two together was during a rare public appearance Mrs. Tripp made in December, when she attended a book-signing party for Mr. Aldrich at the Hay Adams Hotel.

"The offender in this mess over at the White House is not Linda Tripp," Mr. Aldrich reminded invited guests that night, and referred to President Clinton's "disturbing behavior, which we're now hearing about daily under oath."

Mr. Aldrich went on to describe the "wall of noise" that surfaces from the White House every time somebody in Washington "attempts to tell the truth."

Polls can't talk

Sen. Paul Wellstone, Minnesota Democrat, along with Sen. Bob Kerrey, Nebraska Democrat, are two lawmakers who have endorsed former New Jersey Sen. Bill Bradley for president.

First, however, Mr. Bradley will have to outdistance Vice President Al Gore, which Mr. Wellstone says is entirely possible.

"Bill Bradley has great chemistry with people," Mr. Wellstone tells inside the Beltway. "And that matters a great deal."

"Thank God there's still some mystery to politics," he adds, "beyond all this 'scientific' stuff with polls."

Rare sighting

The subway train running between the Hart Senate Office Building and U.S. Capitol yesterday