

Understanding Food Stamp Program Caseload Decline

WR -
Food Stamps

I. Executive Summary

- Food stamp caseload have fallen by just over one-third since 1994. In July 1999, the Food Stamp Program served 17.9 million people, 10 million fewer than in 1994.
- Food stamp participation has fallen most sharply among legal immigrants and unemployed childless adults, the two groups directly affected by restrictions under the welfare law. However, because welfare recipients are the largest group of food stamp recipients, they represent the largest share of the decline in the food stamp rolls.
- Assessing the causes of these declines is difficult, but the best available information indicates that about 26 percent of the caseload decline is due to success of economic expansion and welfare reform in moving people into jobs, 29 percent is due to a decline in participation rates among otherwise eligible individuals, 15 percent of the decline in food stamp participation over this period is due to new limits on immigrants and unemployed jobless adults, and roughly 30 percent is unexplained.
- A recent national survey found about two-thirds of low-income families who left food stamps appear to have been still eligible for benefits. 84 percent of these food stamp leavers had at least one family member employed full- or part-time.
- These facts highlight the importance of increasing access of low-income working families to food stamps. Participation rates in the food stamp program among households with earnings have historically been about half that of families on cash assistance, and new actions taken by the Administration this summer are designed to increase participation among these families.

II. Trends in Food Stamp Caseload Declines

In July 1999, the Food Stamp Program served 17.9 million people, a drop of just over one-third or 10 million people since 1994. Declines among legal immigrants and childless unemployed adults, whose eligibility was limited by the 1996 law, showed the steepest declines, dropping by 72 and 59 percent respectively, according to the 1998 caseload characteristics data, the most recent available (see Table 1).

During that time period, the number of welfare recipients on food stamps dropped by 39 percent, a level about the same as the 36 percent decline in welfare rolls for the same period. Because welfare recipients are the largest single category of food stamp recipients, they represent 67 percent of the overall decline in the food stamp rolls. As a result, the share of the food stamp caseload comprised of legal immigrants, childless unemployed adults, and welfare recipients has all gone down over the last four years.

Table 1
Composition of Food Stamp Caseload: 1994-1998

	Number 1994	Share of Caseload 1994	Number 1998	Share of Caseload 1998	Change	Percent Change	Share of Decline
Legal permanent residents	1,453,000	5%	405,000	2%	-1,040,000	-72 %	13 %
Childless unemployed adults	1,309,000	5%	539,000	3%	-770,000	-59 %	10 %
AFDC/TANF participants	13,838,000	49%	8,442,000	43%	-5,396,000	-28 %	67 %
All other participants	11,409,000	41%	10,583,000	53%	-826,000	-7 %	10 %
All participants	28,009,000	100%	19,969,000	100%	-8,040,000	-29%	100 %

III. Factors Contributing to Food Stamp Caseload Decline

At least three factors contribute to the decline in food stamp participation:

- ***More people are working***, due to the availability of jobs in the growing economy and new work-focussed welfare rules.
- ***Eligible families leaving food stamps or declining to apply***, because they no longer want to receive food stamps, are unaware they are eligible, or it is too difficult to apply.
- ***Changes in program rules under welfare reform*** restricted the participation of immigrants and unemployed childless adults.

Assessing the share of these factors is difficult. In particular, it is nearly impossible to disentangle what share of the decline is due to more people working because of economic growth versus the new welfare work rules. Similarly, it is difficult to discern how many of those newly working families left food stamps because they were unaware they were still eligible versus other reasons. However, working with the agencies and outside experts, we have been able to reach conclusions based on the best available information.

As shown in Table 2, we conclude that about 26 percent of the caseload decline was due to success of economic expansion and welfare reform in moving people into jobs, 29 percent was due to a decline in participation rates among otherwise eligible individuals, 15 percent of the decline in food stamp participation over this period was due to new limits on immigrants and unemployed jobless adults, and roughly 30 percent is unexplained.

Table 2
Explaining the Drop in Food Stamp Participation: 1994-1998
 (thousands)

	Number of Participants	Relative Contribution
Net Change in Participation	9,287	100%
Employment Growth	2,448	26%
Less Participation by Eligibles	2,664	29%
Welfare Reform Limits on:		
Immigrants	1,053	11%
Childless Unemployed Adults	327	4%
All Other/Unknown	2,795	30%

- A. Employment Growth** -- A USDA model of the relationship between unemployment and participation suggests that about 26 percent of the decline in food stamp participants between 1994 and 1998 can be traced to the reduction in the number of unemployed over the same period. While it is not possible to separate the effects of a strong economy from the independent effects of welfare reform's success, the results of this model are consistent with other estimates by experts in the field that suggest that falling unemployment rates can explain 28 to 44 percent of the food stamp caseload.
- B. Falling Participation Among Eligible Individuals** -- Not all persons eligible for benefits actually participate in the program and USDA estimates that 29 percent of the decline in the rolls from 1994-1998 is due to falling participation among those eligible. Participation rates in the food stamp program among households with earnings have historically been about half that of families on cash assistance, and thus the millions of individuals who have moved from welfare to work are far likely to receive food stamps even though they are still eligible.
- C. Changes in Program Rules** -- The food stamp provisions of welfare reform restricted the participation of many legal immigrants and unemployed childless adults. This group accounts for 20 percent of the decline during this period.

IV. Characteristics of Families Leaving Food Stamps

Newly released data from a nationwide survey conducted by the Urban Institute provides interesting information about one subset of individuals leaving the food stamp caseloads, families with children. The survey, conducted in 1997, gathered data on families on welfare as well as low-income families not on welfare. Among its conclusions:

- Two-thirds of families who left food stamps between 1995 and 1997 were probably still eligible, since their incomes were below 130 percent of poverty (the food stamp income eligibility threshold), though some of those with incomes below that level may have been ineligible due to assets, such as owning a car worth more than \$4,650.
- 84 percent of families who left food stamps had at least one family member employed full- or

part-time.

- Families who had left welfare between 1995 and 1997 were more likely than non-welfare families to have also left food stamps.
- Families with children who left food stamps were more likely to be white, married, have never received welfare and have at least one full time employee in their household. They also had higher earnings and income levels.
- Approximately two thirds of families who left food stamps said they did so because of earnings or a job. In addition, about 15 percent of families said they left food stamps because of administrative problems or hassles.

V. Caseloads and Hunger

Results of a recent survey commissioned by USDA show that despite unprecedented decreases in food stamp caseloads, hunger as measured by food security has changed little since 1995. A family is food secure if they had access at all times to enough food for an active healthy life, with no need for recourse to emergency food sources or other extraordinary coping behaviors to meet their basic food needs. Food insecure households were 10.3 percent of all households in 1995 and 10.2 percent in 1998. Households with children experienced food insecurity at more than double the rate for households without children (15.2 percent versus 7.2 percent).

VI. Addressing the Situation

The new executive actions announced by the Administration in July are important first steps to make the Food Stamp Program more accessible to low-income working families. The new reporting options for states should eliminate the need to require most working families to come into the food stamp office every three months while still assuring that states will have the information they need to make accurate benefit determinations. The Administration's guidance on categorical eligibility should help prevent some families moving from welfare to work from losing eligibility for food stamps solely because of a car they need to commute to work. USDA's new access guide is already providing a useful resource to state administrators, as well as other social service agencies that seek to assist these families, and USDA's public education campaign will help reach eligible recipients through an enhanced toll-free hotline and informational materials in a number of different languages.

We are currently examining further administrative options to encourage states to help eligible working families access food assistance, as well as possible proposals we could suggest in the context of the FY 2001 budget that would be helpful in addressing the issue.

WR -
Food Stamps

To: Bruce
From: Mickey

Here's why I think I disagree. Sorry it's so long winded and contentious. This is half to help me think this through. I was jarred by your position. I don't think it's an open-and-shut thing; it's even an interesting issue. I'd love to talk, which would help avoid crippling repetitive stress injuries. But my default position as of now is I use the vast power of kausfiles.com to criticize the HHS/administration position.

1. I've always thought food stamps *are* welfare.
 - a) On the spectrum of cash benefits to non-cash benefits, they seem pretty close to cash - they're fungible in practice, you can buy what you want, you can live on them. For all practical purposes they are a cash benefit, not a non-cash benefit like Medicaid. (Day care would be somewhere in between, closer to noncash, I guess.)
 - b) You don't have to work to get this cash benefit, which is my definition of welfare. That's the "enormous moral gulf." Maybe childless adults now have to work. (For them, do we really want to push them to sign up for FS and take up scarce workfare slots and dollars? I don't think so.) But adults with kids aren't required to work for FS, as I understand it. If you go off AFDC and just take FS, you're home free, I think. In states without the full family sanction, if you refuse to work you get 2/3 of your benefit and FS and you're home free. (This is the problem Jason Turner, whom you shouldn't be snide about, has in NY, where there is only a partial sanction and families are just taking the sanction and living on the remainder. There are as many mothers taking the sanction as in workfare.) Even in states that have a full family sanction, the welfare work test seems highly imperfect and porous. Of inner cities, in only a few places like Wisconsin and New York City are 100% of welfare mothers even close to being required to work, as I understand it (which is why you shouldn't piss on Jason). Time limits? Twenty percent are exempted outright, and the time limits are easy for states to get around, as you know. So I don't think it's accurate to say "Everybody on welfare is going to have to go to work sooner or later," and it's certainly not accurate with respect to food stamps, no?
2. It's good if food stamps are stigmatized.
 - a) There seem to be at least three views of the welfare state one could take here.
 - 1) One is the *Traditional View*, which is that cash you don't have to work for is a dole, and since people should work if you take the dole you're doing a disreputable thing and not holding up your end. Part of this view is the ideal, not just of work, but of self-sufficiency. Support yourself and you can hold your head up.
 - 2) A second view is the *New Deal view*. It says work is good, non-work is bad, but modifies the ideal of self-sufficiency enough to allow accepting government benefits that are conditioned on work, like Social Security (and later the EITC). How much the ideal of self-sufficiency has to be modified to accommodate these programs isn't clear - Social Security is rationalized as getting back contributions, the EITC is rationalized as a rebate of FICA taxes. In both cases the subsidy has at times been greater than that, but the cover story persists and fudges the issue. In each case, however, *the only respectable programs have been those limited to workers*. AFDC and FS were the exceptions that proved the rule, as they say in law school, since they were hated by the public.
 - 3) The third view is the *emerging Clinton/Primus synthesis*, which values work but not necessarily self-sufficiency. It says that if you're working (how much? - big question) then it's perfectly OK to accept a subsidy ("work supports") in the form of cash. What's more, it should be respectable to accept that subsidy not just in the form of programs limited to workers (the EITC) but also in the form of programs, despised under views 1 and 2, that are available to workers and slackers alike (food stamps, TANF under the revived earnings disregards).
 - 4) There's a fourth possible view, of course, which is the straight old give-them cash, don't-worry-about-work, liberal view, but I assume that's dead.
 - b) Which of these views is better? I say the New Deal (#2). We know it works. People buy it, and live by it. It draws on the traditional belief in self-sufficiency, which is a virtue, even beyond the virtue of work. It draws a sharp distinction between programs for workers (good) and doles (bad), and discourages people from going on the dole and becoming mired in the famous culture of dependency. It's why SSI checks are a different color from Social Security checks (which you have to have worked for).
 - c) What about #3?

1) First, it requires people to overturn their previous, deeply held view that self-sufficiency is a big virtue, and also their traditional view that AFDC and food stamps are bad doles. Now, they are told, it's OK to be on food stamps (or TANF/AFDC) as long as you are working, even though there are a lot of disreputable non-workers in the same program. You throw out the tools you have (i.e. the popular beliefs) and have to construct new ones (the Clinton/Primus new man). Why make this extra work for yourself? In the past, of course, this approach has never worked. Programs that mix workers and nonworkers have always been stigmatized by the public. Programs that sharply separate out nonworkers (EITC) have been accepted. You are fighting the historical record and one of the seemingly big lessons of the failure of give-them-cash liberalism.

2)

would be too proud to even know where the welfare office is. You say promoting food stamp participation is not going to be an incentive to stay on welfare. But it could have long-term, second-bounce effects that in practice will draw a lot more people onto welfare in the first place. I'm a single mom working in a store. I hear a commercial saying it's OK to get food stamps – I really should. I go down to the food stamp office. There I also learn that I can qualify for two years of welfare and maybe after that an earned income disregard. So why not go on welfare and FS first, then later if I go to work at the Gap I'll be getting the wage plus FS plus welfare? Or, worse, I'm a young girl who has just graduated from high school. Why not go get my food stamps, have a kid, live with my mom and boyfriend and worry about going to work later? Food stamps are OK! They're good! ... Oh, I forgot, food stamps are good, but they're really only good if you're also working. ... And TANF is never good, because .. why? How is TANF different from food stamps? Because the stamps are *nutritionnal*. Oh. But my baby needs clothes too! ... Again, you are asking people to make some distinctions they are not used to. *How are food stamps destigmatized for workers but not destigmatized for non-workers who are still eligible for them? If FS are destigmatized, why not TANF too?*

Second, it brings all sorts of people into contact w

How did the welfare explosion happen in the late 1960s? When state and local welfare officials went on a campaign to encourage welfare and food stamp use, remove stigma, boost take-up rates. The result: a tripling of the rolls. With the 1996 reform, welfare was restigmatized in a big way, and the administrative push was reversed. The result: the rolls are cut in half. Now you risk reversing, at least partially, the actual, practical process that brought you the success you are crowing about today. Will you be happy when the rolls for both FS and TANF start to rise again?

3) Third, with the Clinton/Primus paradigm, you've lost a social-policing benefit. Suppose I decide to cheat a bit and stay on food stamps without working. When food stamps are stigmatized, that's harder to do, since people look at me funny when I use them at the supermarket. But in the new Clinton-Primus world, there are no funny looks – so I can enjoyably get away with staying on food stamps and not working, even though that's still supposed to be disreputable.

4) Fourth, the definition of what counts as the "work" that relieves one of the stigma of accepting subsidies contains within it a slippery slope leading to abuse. Is 40 hours a week required, or 30, or 20, or 10? We all find it very easy to rationalize that we're really working very hard when maybe we're not. (I thought I was "working" when I was writing an unpublishable novel.) The old "self-sufficiency" ideal puts a natural check on this sort of abuse, since if you are supporting yourself in the market it's a sure sign you are actually working, and if you abuse the idea of "work" too much you will have to rely on some sort of subsidy. Note that it's especially easy for single mothers (who have to do a lot of non-market work just to be parents) to tell themselves they are working and therefore "respectable" food stamp consumers when really they are dependent. And if they're respectable food stamp consumers, why not respectable TANF consumers too? Etc. Which brings up another point:

3. Every argument you make about Food Stamps being a "work support" could also be made about TANF/AFDC -- and indeed is made by the Primus/Greenberg crowd. (Pushing TANF 'support' on the working poor is their next step, after pushing food stamps on the working poor). The only difference is the size of the food stamp grant – it's small—smaller than TANF, or anyway too small to live on. Thus you argue noone will "become hooked on food stamps for life," and that it won't be possible to "remain dependent for life, totally detached from the world of work". But:

A) In the South, the food stamp check is much larger than the TANF check, no?. Coupled with Medicaid, it may also be large enough to live on – i.e. to have a really miserable poor dependent life on. Nick Lemann's *Promised Land* describes how after the food stamp program

was initiated there was a reverse migration of African Americans back down to the South, where people found they could now live on the dole, which was mainly the food stamp check.

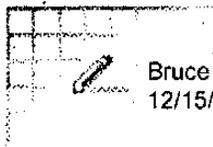
- B) Even in the North, a dependency problem remains to some degree, because it's not clear that you can't carve out a really shitty life of dependency based on food stamps, Medicaid, and various hustles and loans from friends. You wouldn't think it would be possible – I didn't think so. But Jason Turner says that's one of the things he's learned in Wisconsin and NY – that it takes a lot less for people to live on than he thought. I don't know if he's right. The point is there is a non-trivial risk that for some people the food stamp check plus other supports is enough to maintain a (smaller, more miserable) culture of dependency. The risk is presumably the greatest for the "hard core" cases that are the ones now left on the rolls. If you remove the stigma, and start pushing food stamps, you'll make sure that potential is realized.
 - C) And of course the next Primus campaign will be to raise the FS benefit level—after all, it's a "work support" now. That will raise the level for both workers and non-workers, and raise the risk of dependency. Eventually there will be enough work supports to allow people to live on the supports without the work.
4. The new Clinton/Primus synthesis risks throwing away much of the political gains Clinton had made in stripping the Democrats of their old image as the party of the dole.
- A) Whether or not the old categories of the Traditional and New Deal views make sense, they can now be the basis of an attack on the Democrats. As even a liberal friend of mine said, upon being told of the new performance-bonus regs, "It's perverse to encourage self-sufficiency by encouraging people to be less self-sufficient," by accepting food stamps. You can see the arguments: "Clinton back to pushing welfare," etc. I'm currently planning to make some of them myself. Granted, food stamps are more popular than TANF. You could probably beat back any Republican assault. But the seeds of doubt will have been sown (as they should be). Why give the Democrats more money to spend? They may spend it on a dole again, they don't seem to have really sturdy moral barriers to that, etc.
 - B) In particular, aren't you throwing out the hard-won lesson that programs for workers are popular and programs that aren't work-tested are unpopular because the non-workers taint the whole program? (Social Security is a badge of honor, welfare of dishonor.) Instead you are trying to pass off a dole as a "work support." Good luck. But why take the political risk? Are you really gaining so much that it justifies it?

5. If the new regs just rewarded states that removed barriers to FS, fine. That was the '96 deal (though Jason T. may have some legal arguments – who knows what Rector wrote into the fine print! You do, I guess.) I agree that people who want FS should be able to get them, and administrators like Jason shouldn't make it gratuitously difficult. But if many working-poor people think it's shameful to go on FS, the government should respect that and not try to convince them it's not a dole (when it is, under several commonly-accepted and legitimate definitions). Don't base the reward on how effectively the states push food stamps onto people who might resist them for legitimate ideological reasons (and also because they just don't think they need food stamps).

If you're going to further supplement the incomes of the working poor, which I support, do it through a program that is restricted to workers, like the EITC.

In this view, Clinton should be the president who turned a liberal welfare state into a work-tested state, and thereby regained the public's confidence and paved the way for dramatic expansions. He shouldn't be the president who in his final year in office fudged the issue and tried to create this weird new paradigm that would make old non-work tested programs somehow respectable again.

Back to you.



Bruce N. Reed
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To:
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Bill Clinton Wants You on Welfare!

By: Mickey Kaus
Posted Tuesday, Dec. 14, 1999, at 8:50 p.m.
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President Clinton ended the welfare program called Aid to Families with Dependent Children (AFDC) in 1996. Since then, caseloads in the main federal welfare program, now known as Temporary Assistance for Needy Families (TANF), have fallen to less than half their previous levels. Clinton reminds us of this at every opportunity, as well he should. His major political achievement has been cleansing the Democrats of their previous, not-unjustified image as the pro-dole party.

So could Clinton now really be pushing people back onto the dole? In a small but significant way, the answer is yes. The announcement was buried in the President's weekly radio address of December 4. After boasting "We've changed the culture of welfare from one that fostered dependence to one that honors and rewards work," Clinton unveiled three new "high-performance bonuses"--extra money that will be used as a carrot to induce states to do certain things. One will reward states that get more poor children into two-parent families. (No problem there.) One will reward states that enroll more poor children in Medicaid. (Good idea!) But a third will reward states that show the biggest "improvement in the percentage of low income families eligible for Food Stamps who get them."*

That one seems like a really bad idea.

Why? Clinton's Department of Health and Human Services (HHS), which proposed the regulations implementing the new food stamp bonuses, says they will promote the goal of "ending the dependence of needy parents on government benefits." But wait a minute. The proposed bonus tries to get states to go out and sign more people up for government

benefits--namely food stamps.

And food stamps are a peculiar benefit, in that, if you have children, you can get them whether or not you work. Indeed, you can make no attempt to even find a job or support your family, and you'll still qualify for \$230 a month in food stamps (for a two-person family) or \$329 (for a three-person family) or \$419 (for four). In southern states, this food stamp benefit typically exceeds the regular monthly TANF benefit. Food stamps are also fungible--although the stamps can only be used to buy food, they work just like cash. You buy food with them as if they were cash; they are traded informally as if they were cash.

There is a word for cash-like benefits you can get whether you work or not. The word is welfare. Pushing food stamps on poor people is unlikely to move people off of welfare because food stamps are welfare. As a veteran liberal welfare expert told me, upon hearing of the new bonus, it's "perverse to say we want you to move people to self-sufficiency and then say we want you to sign them up for more welfare."

Because food stamps are a form of welfare, they--like AFDC and TANF benefits--have traditionally been stigmatized, even among those who are eligible to get them. This stigma is the natural flip side of the work ethic: if you "honor and support work," in Clinton's phrase, then you are at least slightly dishonored and ashamed to get a handout that goes to people who don't work a lick. Low-income workers, especially, have been reluctant to sign up for the benefits to which they are legally entitled. As noted by HHS, "only 39 percent of individuals with earnings who are eligible for food stamps benefits participate in the Food Stamp Program, compared to a participation rate of 71 percent overall." Some of those who don't claim their benefits may be less-poor workers whose small food stamp allotment isn't worth the hassle of applying. But many are undoubtedly people who are simply proud that they don't depend on a handout. It's hard to deny that this pride is, in some sense, a good thing.

Clinton's new plan in effect dismisses the food stamp stigma as an archaic relic. This represents a small-but-telling victory for those Democrats--I call them Money Liberals--for whom getting cash to the poor, not upholding the work ethic, is the most important thing. Since the 1996 reform, their central strategy--promoted, most importantly, by Wendell Primus and Robert Greenstein of the Center on Budget and Policy Priorities--has been to destigmatize old welfare programs such as food stamps by repackaging them as "work supports" that can boost the incomes of the millions leaving welfare for low-paying jobs.

Sure enough, Clinton declared food stamps "critical supports," and vowed to "hold states accountable and make sure families

get the benefits they need." To qualify for a bonus under his new regulations, states would be required, not just to make it easy for families who leave welfare (TANF) to keep getting food stamps, but to actively "encourage food stamp applications even if the TANF application halts." In effect, states would be saying "Sign up! It's good to get food stamps." Stigma, schmigma!

Maybe I'm overreacting, but I think Clinton is courting disaster here. While food stamps might help support some welfare mothers during a transitional period between TANF and pure self-sufficiency, removing the food stamp stigma risks encouraging a far greater number to become dependent in the first place. Suppose you're a single mom working at the Gap. You're proud not to be on welfare. You don't even know where the welfare office is. Then you hear a "public service announcement" of the sort the new HHS regulations encourage. It tells you that food stamps are respectable, that you're a fool not to go down and claim what you're entitled to. So you find out where the welfare office is, and there you also learn that if you quit your job you can qualify for two years of TANF welfare. If you go on TANF, and then later go back to work at the Gap, you get to keep not only food stamps but a bit of your welfare check too. Hmmm. Sounds appealing.

Or worse, you're a young girl who's just graduated from high school. You've never had a job. Why not have a kid out of wedlock, collect your \$230 a month in stamps, live with your mom and worry about going to work later? Food stamps are OK! They're good! The government says so.

True, the Clinton administration is trying to say that food stamps are really only good if you're also working at least part-time, but that's kind of a complicated message to get across. One deterrent to food stamp use, remember is the Checkout-line Factor--people tend to look at you funny when you whip out your food stamp card to buy your groceries. If food stamps are destigmatized, though, nobody will look at you funny--even if you really aren't working at all. The sales pitch designed to "support" workers will also protect shirkers. In practice, how could the government hope to destigmatize food stamps for the former group but not for the latter group (who are, under law, also entitled to them)?

How did the welfare culture grow in the first place? It happened in the late 1960s, when state and local officials embarked on a campaign to encourage welfare and food stamp use--to remove stigma and boost "participation rates." The result? A tripling of the welfare rolls. This "welfare explosion" wasn't undone until the 1996 reform sent the opposite message. Now Clinton risks reversing, at least partially, the actual, practical process that brought him the caseload declines he's crowing about today. Will he be happy when the rolls for food stamps and TANF start to rise again?

The arguments the administration now makes about food stamps, of course, can easily be made about basic welfare--TANF--too. Can't it, too, provide a "critical support" for those who've just gone to work but don't earn enough to make it all the way out of poverty? Shouldn't we encourage those people to stay on welfare, albeit at a lower benefit level, rather than make a harsh, clean break? Don't they "need" an ongoing TANF check to "complete the transition to self-sufficiency," as HHS puts it? You say food stamps are different because they are "nutritional"? Don't babies need clothes as well as food?

In fact, these arguments are already being made by Money Liberals around the country. The next campaign, once TANF and food stamps have been redefined as respectable "work supports," will be to make those benefits more generous. But in a welfare program, the same benefit levels apply to workers and non-workers alike. If benefits are raised, it will be increasingly possible for at least some part of the population to piece together enough "work supports" to live on the supports without the work. Not to live well, of course, but the problem of dependency has never been about people living well.

Clinton seems to be ignoring one of the hard-won lessons of liberalism's collapse, which is that programs to help poor workers should actually be restricted to workers. These "work-tested" programs make society's values (i.e. the work ethic) unmistakably clear. Not coincidentally, these programs--including unemployment compensation, Social Security and the Earned Income Tax Credit (EITC), all of which you have to work to get--have been politically unassailable, while welfare programs are either unpopular or actively despised. And when a benefit is restricted to workers, Congress can make it more generous without the risk of creating a culture of dependency.

If the administration wants to get more money to the working poor--as it should--why not do it through measures restricted to the working poor, like an expanded EITC and a higher minimum wage, rather than through food stamps? Until then, if working-poor people think they need food stamps and want to claim them, fine--the states shouldn't make that difficult (as some, allegedly, have done). But if a working-poor American sees food stamps as an undignified handout, that judgment, too, deserves respect. The government shouldn't make it a goal to push benefits onto people who think food stamps are welfare by another name. They're right, after all.

* If you read the fine print, the "bonus," which amounts to \$20 million, is to go to the states that show the greatest "improvement" in the percent of low-income working families receiving food stamps. That restriction doesn't save the

plan, however. The working poor are the group of eligible recipients who are most likely to stigmatize the receipt of welfare. They are a key group we don't want to slip into dependence. And removing the stigma for them is likely to remove it for everyone, including the non-workers who remain eligible for food stamps.

To read the HHS regulations on the new food stamp bonus, [click here](#).

Join The Fray What did you think of this article?

New York welfare chief defends moves

By Liz Trotta
THE WASHINGTON TIMES

NEW YORK — Mayor Rudolph W. Giuliani's point man for the city's sweeping welfare reform put up a stout defense of the program yesterday before a largely skeptical audience of civic leaders.

Human Resources Commissioner Jason A. Turner has been repeatedly on the hot seat in the year since Mr. Giuliani appointed him to wean city residents off welfare and put them to work.

"Many people we try to help have an excess of freedom and lack of incentives and boundaries. . . . I think we need to help people mobilize their internal resources and in some disciplined way to apply them," Mr. Turner said at the Harvard Club. "This is the chief limitation which impedes success in individuals who are often dependent on welfare."

Mr. Turner, who arrived here from Wisconsin where he made a national name for his JOBS program, runs the workfare program that has taken 37,000 of the city's 1.1 million welfare recipients off the rolls. About a third of the city's welfare offices now operate as job centers with "financial planners."

"Many people we try to help have an excess of freedom and lack of incentives and boundaries. . . . I think we need to help people mobilize their internal resources and in some disciplined way to apply them."

— Jason A. Turner

In his 20-minute speech, sponsored by the Manhattan Institute, a conservative think tank, he concentrated on a recent study that concludes 39 percent of those sampled left welfare for a full-time job, 15 percent for a part-time job, and 25 percent failed to meet the program requirements.

After six months off welfare, work was the primary source for income for 58 percent of those studied. The median wage of workers was found to be \$7.50 per hour, compared with the national minimum wage of \$5.15.

"We live in an age where there is not a lot of social agreement, a multicultural society," said Mr. Turner. "But the importance of work and its necessity is so well-ingrained in our culture that even individuals dependent on welfare

for some time agree in some general sense that it is fair to require work as a condition of receiving benefits."

The commissioner did not discuss the two-pronged federal investigation of his department aimed at speeding up distribution of food stamps and medical assistance to the poor. He referred comment on the matter to his spokesman, Deborah Sproles, who said, "We are in compliance."

Last month, when the U.S. Department of Agriculture and Medicaid suggested that the city may be too slow in approving food and health benefits for the poor, Mr. Turner said he would try to speed up the process. The next day, Mr. Giuliani overruled him, saying that no change was necessary. Ac-

ording to the city, the number of food-stamp recipients in the city dropped to just over 1 million last July, compared with 1.2 million a year earlier.

Michael Meyers, executive director of the New York Civil Rights Coalition, said he thinks Mr. Turner is on a "short leash" from the Giuliani administration. "He's been in hot water ever since he came here."

Mr. Meyers challenged the commissioner's study and asked him for statistics on how many welfare recipients are considered to be welfare-dependent. Mr. Turner said he did not have those numbers at hand. Later, in an interview, Mr. Meyers said he believes that the overall majority of those on the welfare rolls are those who have lost their jobs or incomes temporarily. He said that the permanent welfare class comprises the disabled, and that the number of chronic cases, such as those who need aid for dependent children, are exaggerated.

Do Bauer -
Can you tell
me what's
happening in NY?

WR - Food Stamps

The Washington Times
SATURDAY, DECEMBER 12, 1998

Drop in Food-Stamp Rolls Is Mysterious and Worrisome

By SHAILAGH MURRAY

Staff Reporter of THE WALL STREET JOURNAL
 WASHINGTON—As President Clinton and government and business leaders meet in Chicago this week to herald three years of welfare overhaul, researchers are puzzling over a mystery.

As the unemployed poor become the working poor, why are so many disappearing from food-stamp rolls—even though many still are eligible for the federal benefit?

A new report by Congress's General Accounting Office, scheduled for release today, provides some clues. The reasons go beyond the buoyant U.S. economy, the GAO says. It cites such factors as poor public information, overzealous caseworkers and restrictive registration procedures in some states. Among the hardest hit, the study concludes, are children.

"There has been a breakdown, a misunderstanding of what moving from welfare to work was all about," says Democratic Rep. Sander Levin of Michigan, who commissioned the GAO report. "I don't understand it frankly," Rep. Levin adds. "We fought to make sure food stamps and child care and health care were a part of welfare reform. And now kids are hungry? What sense does that make?"

Lawmakers from both parties already are moving to remedy the shortcomings. To win support in the GOP Congress, the strategy is to address food stamps in the context of helping welfare overhaul. Legislation is being drafted in both the House and the Senate to revise eligibility requirements to include more low-income families, to ease state roadblocks and to open channels between food banks and social-service officials.

The U.S. Agriculture Department, which administers the \$12 billion-a-year food-stamps program, has meantime launched a public information campaign to tell low-income families they may be eligible for the food aid even if they have moved off welfare. The agency has tracked food-stamp declines for 18 months, but can't fully explain the sharp drop.

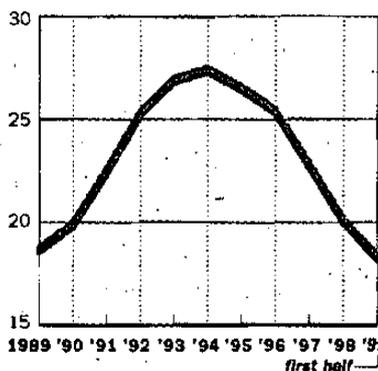
According to the new GAO report, food-stamp participation has fallen 27% during the past 3½ years to 18.5 million people. Many former welfare beneficiaries now earn too much to qualify. And food-stamp enrollment also tends to dip when the U.S. economy is strong. But as the report states, the post-1996 declines have come "faster than related economic indicators would predict."

The GAO's starkest finding is that enrollment figures for children have dropped more sharply than the number of children living in poverty. Between 1994 and 1997, 2.5 million kids fell from the rolls, and in 1997, children accounted for half of the total

An Unexplained Gap

Food Stamp Use Drops...

Enrollment, in millions



Sources: USDA; U.S. General Accounting Office; Tradeline

Even as Welfare Overhaul Creates More Working Poor

Participation in food stamp programs, in thousands

	1996	1997
Children	13,212	11,868
Adults with dependents	7,582	6,549
Able-bodied adults without dependents*	1,107	833
Permanent resident aliens*	1,463	1,023
Elderly	1,895	1,834

*Eligibility restricted under 1996 Welfare Reform Act

enrollment decline. The number of poverty-level children who receive food stamps fell by 10 percentage points to 84% in 1997 from 94% in 1994.

Before the Welfare Reform Act, the average food-stamp recipient was a young, unemployed single mother with two children, and the average benefit was \$174 a month. It has always been a struggle to get the word out to working people, who otherwise have little contact with social services, that they also can qualify for food stamps. Historically, workers tend to be eligible for smaller sums and account for just a quarter of food-stamp enrollees.

Most of those who have disappeared from food-stamp rolls belong to the vast crowd of people shifting from total welfare dependency to low-income jobs. The Agriculture Department estimates that 60% of working households that are eligible for food stamps don't sign up for them—including those that collected the benefit before welfare overhaul.

This is where the social-policy experts get worried: People are leaving the rolls, but clearly they're still in need. Catholic Charities reported that last year the demand for food assistance rose by an average of 38% in local parishes. A U.S. Conference of Mayors survey found that 1997 emergency requests for food rose by an average 14% in 21 major cities. Enrollment in the National School Lunch Program, which has similar eligibility criteria, also rose by 6% from 1994 to 1997.

A recent Urban Institute study of former welfare recipients found that a third of families have had to skip meals or cut the size of servings in the past year because of inadequate money. One reason many haven't signed up for food stamps reflects an attitude that welfare overhaul is de-

signed to instill. As researcher Sheila Zedlewski puts it: "We're seeing families who left welfare join the group of low-income families and acting very much like them—which means trying to make it on your own."

One problem, the GAO and others speculate, is people assume that because they're no longer eligible for cash assistance, they're no longer eligible for anything. This notion may also be driving down Medicaid enrollment.

"Welfare reform adds to people's ignorance as to what benefits they can draw upon," says Beth Osborne Daponte, a researcher at the University of Pittsburgh's Center for Social and Urban Research. Ms. Daponte tracks activity at the Greater Pittsburgh Community Food Bank, which alerted Democratic Pennsylvania Rep. William Coyne's office to surging demand and helped to inspire the GAO report.

In the past year, Ms. Daponte polled 200 families that were food-bank regulars to determine how much they knew about food stamps. Many seemed like ideal candidates, but turned out not to be qualified at all. Those that were eligible were more likely to apply if the benefit was more than \$50 a month. But their ignorance is what amazed Ms. Daponte: Few knew anything about food stamps, much less the eligibility requirements.

The GAO notes that in the rush to make welfare reform succeed, some states have made it unduly difficult to access continuing benefits such as food stamps. The application process is one hurdle. But federal investigations in New York City, Portland, Ore., and Milwaukee also found some welfare-to-work offices erected unreasonable barriers—for instance, requiring two visits before an application could be submitted.

"There may be some confusion around the country due to the welfare-reform laws," concedes Agriculture Secretary Dan Glickman. He adds wryly, "I think there may be some states and agencies who are not discouraging that thinking."

To Ms. Zedlewski of the Urban Institute, one way to reverse the trend is to promote food stamps as the nutrition-assistance program it was designed to be, rather than as a holdover of the shamed welfare days. That's part of what the Agriculture Department hopes to accomplish with its public-relations campaign.

"We've got so much food in this country—we've had four years now of record crop production," marvels Mr. Glickman, a former Kansas congressman who helped to write many of the current food-stamp laws. "It's just crazy that people eligible for food stamps are going hungry."

THE WALL STREET JOURNAL

MONDAY, AUGUST 2, 1999

House Rejects Version By Senate on Overhaul Of Financial Services

Don Jones News wires

WASHINGTON—The House voted against compromising with the Senate on stiff privacy provisions and community-lending requirements when negotiators begin meeting today to hammer out final legislation on a financial-services overhaul.

In a 241-132 vote Friday, House lawmakers instructed their members of the House-Senate conference committee to insist on language in the version of the bill passed by the House last month that would restrict combined banking, insurance and brokerage firms from sharing their customers' account information.

That could present a potential hurdle for final approval of the measure, which would overhaul Depression-era restrictions on the banking, insurance and securities industries, because it is opposed by Sen. Phil Gramm (R., Texas), Senate Banking Committee chairman and conference committee leader.

He has indicated that the privacy issue should be kept out of the financial-services bill. After the House vote, he said he continues to believe "privacy is such an important issue that we should take our time and not make changes that have unintended consequences."

The House also challenged Sen. Gramm by steering its banking-reform negotiators to demand a provision that ensures consumers have "nondiscriminatory access to financial services and economic opportunities in their communities."

Sen. Gramm has been a longtime opponent of the Community Reinvestment Act and, in the Senate bill, weakened its current laws that require banks to make loans to low- to moderate-income communities. The House bill not only keeps the current law intact; it extends CRA to apply to wholesale financial institutions as well.

FCC's Plan for Effort to Link Schools To Internet Is Upheld by Appeals Court

By KATHY CHEN

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON—A federal appeals court upheld the Federal Communications Commission's plan for running the federal effort to connect schools and libraries to the Internet.

The ruling could force long-distance carriers to contribute more to help subsidize the \$2.25 billion annual fund, however.

The U.S. Court of Appeals for the Fifth Circuit in New Orleans ruled Friday that the FCC has the authority to provide subsidies for internal connections needed by schools to access the Internet. The court also held that the schools could use the money to pay Internet service providers and other contractors besides telephone companies.

Closely associated with Vice President Al Gore, the so-called e-rate program was created by the 1996 Telecommunications Act to help schools and libraries around the country connect to the Internet. Some local phone companies, including GTE Corp. and Bell Atlantic Corp. challenged the program, arguing that the 1996 law stipulates funding could only be used to subsidize telecommunications services, not wiring and Internet services.

The appeals court sided with the FCC on most issues raised in the suit. But in a setback, it said that the FCC could only assess contributions to the program from telecommunications companies based on revenues they generate from providing long-distance services. Until now, the FCC has also collected fees based on revenues generated by toll calls placed within a state. As a result, both long-distance carriers and the Baby Bells have had to pay into the fund.

The FCC had required the Bells to recover their contributions by imposing access fees

on the long-distance carriers for connecting calls to their networks. In turn, the long-distance companies have passed on the charges to consumers. But the court ruled the FCC couldn't require the Bells to impose such access fees on the long-distance carriers.

Since the size of the e-rate funding won't change, the court ruling could force the FCC to increase the contributions from long-distance companies. "We can't charge the [local phone companies] against their intrastate fees so their burden will decrease," said Larry Stricking, the FCC's chief telephone official.

But he added that because the Bells had been passing much of their payments to the long-distance carriers via access charges anyway, "there shouldn't be a big impact" on the long-distance carriers' final contributions.

FCC Chairman William Kennard welcomed the court ruling as a victory for his agency. Scott Cleland of Legg Mason Precursor Group, an investment-analysis firm, agreed. "It largely supports the FCC and status quo policy," he said.

DATE: June 24, 1996

TO: John Hilley
Susan Brophy
Janet Murguia
Ken Apfel
Bruce Reed
Rahm Emanuel

WR - Food Stamps

FR: Rich Tarplin

The attached is for your information.

cc: Melissa Skolfield
Peter Edelman/Wendell Primus
Mary Jo Bane/Ann Rosewater
John Monahan

HOW THE FOOD STAMP PROGRAM WORKS: 15TH EDITION

SUMMARY

The Food Stamp program is this country's largest provider of food assistance and one of its most extensive welfare programs. In 1991, it helped more than 24 million low-income persons each month, about 1.5 million a month through a related program in Puerto Rico, and well over 30 million people over the course of the year. Most participate in other public assistance programs. Half are children, and over 15 percent are elderly or disabled. Nearly 40 percent of recipient households have monthly income below 50 percent of the Federal poverty standards, and only 20 percent have some earnings.

With fiscal year 1991 Federal costs of about \$20 billion (including Puerto Rico's nutrition assistance program), food stamps are second only to the Medicaid program in Federal needs-tested spending. When State and local expenditures are added in, the program's 1991 total cost of \$21 billion ranks third, behind the Federal/State Medicaid and Aid to Families with Dependent Children (AFDC) programs.

Unlike most other major welfare efforts, the Food Stamp program depends almost entirely on Federal funding and operates under generally uniform Federal rules. Federal appropriations pay for all benefits and over half the cost of administration. Program standards are established by the Food Stamp Act and U.S. Department of Agriculture regulations. States and localities control and share the cost of day-to-day welfare office operations, food stamp issuance, and work and training activities.

Eligibility for food stamps depends primarily on whether an applicant household has monthly cash income and liquid assets below Federal standards. However, not all financial resources are taken into account in judging eligibility, and, with some exceptions, ~~food stamps are available automatically to AFDC, Supplemental Security Income (SSI), and General Assistance (GA) recipients.~~ A limited set of nonfinancial eligibility criteria directs that most unemployed able-bodied adult recipients not caring for young children fulfill various employment-related requirements, such as searching or training for a job, and bars assistance for particular categories of the poor (e.g., some postsecondary students, strikers, illegal aliens, residents of institutions).

Monthly benefits averaged \$64 a person in 1991, but vary with cash income, nonfood expenses (e.g., shelter), and household size. When setting benefits, not all income is counted (e.g., living-expense "deductions" are allowed), and many persons living together need not necessarily apply together if they purchase food and prepare meals separately. Monthly food stamp allotments equal the inflation-adjusted estimated cost of an adequate low-cost diet (maximum benefits), less 30 percent of the recipient's counted income. The theory is that food stamps should fill the deficit between what a household can afford to spend on food (assumed to be 30 percent of its counted monthly income) and the cost of an adequate diet (maximum benefits).

OFFICE OF MANAGEMENT AND BUDGET

*Legislative Reference Division
Labor-Welfare-Personnel Branch*

Telecopier Transmittal Sheet

URGENT



URGENT

W2 -
Food Stamps

FROM: Melinda Haskins

395-3923

DATE: 6/10/96

TIME: 3 PM

Pages sent (including transmittal sheet): 7

COMMENTS: USDA wants clearance of these letters on welfare re form this afternoon.

We need a policy call on whether it is ok for USDA to send up these letters, Keith's folks are also reviewing.

TO:

Ken Apfel

Please provide
Comments by 4pm.

cc: Bruce Reed

Thanks!

URGENT

PLEASE CALL THE PERSON(S) NAMED ABOVE FOR IMMEDIATE PICK-UP.



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

Honorable Pat Roberts
Chairman
Committee on Agriculture
U.S. House of Representatives
1301 Longworth House Office Building
Washington, D.C. 20515-6001

Dear Mr. Chairman:

The House Committee on Agriculture will shortly consider the Personal Responsibility and Work Opportunity Act of 1996 (H.R. 3507). The proposed bill threatens to undermine the national nutrition safety net that has successfully promoted the nutrition and health of children and families. By cutting nutrition benefits -- especially benefits for children -- too deeply, undermining children's access to nutritious meals, and creating an optional food stamp block grant, this welfare reform bill hinders USDA's ability to get food to people who need it and jeopardizes the health of the Nation.

The national nutrition safety net protects millions of children, working families, and elderly every day. The Food Stamp Program reaches nearly 13 million children and nearly 2 million elderly -- more than half of all participants -- each month. The bill would reduce nutrition benefits to the children and families participating in the Food Stamp Program by \$26 billion over seven years. Almost 1.5 million recipients would lose all benefits; virtually all others, including millions of children and elderly, would receive less. Almost 80 percent of these cuts -- over \$20 billion -- would affect families with children. By the year 2002, the bill would reduce food stamp benefits to families with children by 15 percent -- an average of about \$50 per family each month. The proposed reductions in food stamp benefits could have profound consequences for the nutrition, health, and well-being of millions of children, working families and elderly.

We are particularly concerned that the proposed bill goes too far in four areas.

First, food stamp families who face relatively high shelter costs would receive fewer benefits. The Mickey Leland Childhood Hunger Relief Act of 1993 revised the treatment of shelter costs in the Food Stamp Program so households with children will be treated the same as those with elderly and disabled. The National Governors Association recommended retention of current law. The President's plan to achieve a balanced budget protects families with relatively high shelter costs by maintaining current law. The proposed bill, however, freezes the limit on the maximum shelter deduction. As a result, nearly 2

million households with children, more than one-fourth of all families with children, would receive fewer food stamps.

Second, the bill places severe time limits on many unemployed food stamp participants without children. The bill could take all nutrition benefits away from almost 645,000 unemployed adults even if they are willing to work. While everyone who can work should work, this bill does not provide adequate funds to ensure that those who are willing to work have sufficient opportunity. The President's plan supports a tough work requirement for anyone who can work; but before terminating participation for those willing to work, States must offer them a job or training slot.

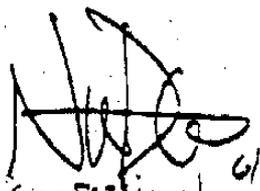
Third, the bill's optional food stamp block grant could jeopardize the nutrition and health of millions of children, working families, and elderly. A food stamp block grant would weaken the national nutrition safety net, eliminate the Program's ability to respond to changing economic conditions, eliminate national eligibility and benefit standards, and sever the link between food stamps and nutrition. If States had elected to exercise this option in 1989, the Food Stamp Program would have been able to serve 8.3 million fewer children by 1994; funding for food stamp benefits would have fallen more than \$12 billion short of actual expenditures. The President's plan maintains the national nutrition safety net and preserves the Program's economic responsiveness by rejecting block grants for the Food Stamp Program.

Finally, the bill is unfair to legal immigrants. Illegal aliens should not receive food stamps and, under current law, they do not. The proposed bill would end eligibility for 650,000 legal immigrants. The President's plan would make sponsors of legal immigrants more responsible for their financial needs by counting a portion of the sponsors' income until the immigrants attain citizenship.

America needs a national system of Federal nutrition programs that establishes and meets nutrition standards, responds to economic changes, and ensures that the health and nutritional well-being of families and children are protected. The size of the reductions proposed in this bill and the hole created in the nutritional safety net with the potential of food stamp block grants have serious consequences for the nutrition, health, and well-being of millions of American children and families. In contrast, we believe that the President's proposal offers a responsible alternative for change.

Sincerely,

DAN GLICKMAN
Secretary

for 
Congressional Relations 6/10/95



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

Honorable Bill Archer
Chairman
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515-0401

Dear Mr. Chairman:

The House Committee on Ways and Means will shortly consider the Personal Responsibility and Work Opportunity Act of 1996 (H.R. 3057). The proposed bill threatens to undermine the national nutrition safety net that has successfully promoted the nutrition and health of children and families, hinder access to nutrition programs for millions of eligible children and create an unprecedented administrative burden for schools. The bill would also bar many pregnant women from participating in the Special Supplemental Nutrition Program for Women, Infants and Children (WIC).

H.R. 3057 would prohibit illegal aliens from receiving any Federal means tested public benefits, including meals served through the National School Lunch and School Breakfast Programs. In order to abide by these provisions, local schools would be required to determine the citizenship status of all 45 million enrolled students. Students who do not provide proof of citizenship or valid alien status would not be eligible to receive subsidized meals, including meals reimbursed at the paid rate. Millions of children eligible to receive paid meals subsidies without administrative requirements would lose their eligibility because of the additional requirements.

In addition, schools would also be required to track students on a daily basis to ensure that subsidized meals were served only to certified eligible children. This would create a tremendous new administrative burden at a time when the Administration and Congress are working to streamline paperwork requirements in the school programs.

By barring some pregnant women from participating in WIC, the bill endangers the health of both mother and child, and ultimately increases the cost to the government of providing health care to their children, who will be citizens at birth.

Finally, the bill would end food stamp eligibility for 650,000 legal immigrants. Illegal aliens should not receive food stamps and, under current law, they do not. The President's plan would make sponsors of legal immigrants more responsible for their financial needs by counting a portion of the sponsors' income until the immigrants attain citizenship.

The Administration believes strongly in the need to deter illegal immigration, however we believe that targeting child nutrition programs is the wrong approach. Both the House and Senate versions of H.R. 2022, The Immigration in the National Interest Act, exclude programs authorized under the National School Lunch Act and Child Nutrition Act from any new alien provisions. We believe that this approach avoids unnecessary and complex administrative burdens and ensures that these critical nutrition programs will continue to be available to eligible children.

Sincerely,

DAN GLICKMAN
Secretary



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

Honorable William Goodling
Chairman
Committee on Economic and
Educational Opportunities
U.S. House of Representatives
2181 Rayburn House Office Building
Washington, D.C. 20515-0401

Dear Mr. Chairman:

The House Committee on Economic and Educational Opportunity will shortly consider the Personal Responsibility and Work Opportunity Act of 1996 (H.R. 3057). The proposed bill threatens to undermine program access for millions of eligible children and create an unprecedented administrative burden for schools. The bill would also bar many pregnant women from participating in the Special Supplemental Nutrition Program for Women, Infants and Children (WIC).

H.R. 3057 would prohibit illegal aliens from receiving any Federal means tested public benefits, including meals served through the National School Lunch and School Breakfast Programs. In order to abide by these provisions, local schools would be required to determine the citizenship status of all 45 million enrolled students. Students who do not provide proof of citizenship or valid alien status would not be eligible to receive subsidized meals, including meals reimbursed at the paid rate. Millions of children eligible to receive paid meals subsidies without administrative requirements would lose their eligibility because of the additional requirements.

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The Administration believes strongly in the need to deter illegal immigration, however we believe that targeting child nutrition programs is the wrong approach. Both the House and Senate versions of H.R. 2022, The Immigration in the National Interest Act, exclude programs authorized under the National School Lunch Act and Child Nutrition Act from any new alien provisions. We believe that this approach avoids unnecessary and complex administrative burdens and ensures that these critical nutrition programs will continue to be available to eligible children.

Sincerely,

DAN GLICKMAN
Secretary

OFFICE OF MANAGEMENT AND BUDGET

Legislative Reference Division
Labor-Welfare-Personnel Branch

Telecopier Transmittal Sheet

URGENT

URGENT



URGENT

URGENT

WR-
Food
Stamps

FROM: Melinda Haskins

395-3923

DATE: 6/10/96

TIME: 5:30 pm

Pages sent (including transmittal sheet): _____

COMMENTS: Here is USDA's draft report on HR 3507/S1795 for your review. The Department hopes to receive clearance before tomorrow's H. Ag (committee markup) that begins at 1:30 pm. (This may be unrealistic!)

Please forward your comments to me as soon as possible. Thanks for your help.

TO:

Ken Appel

cc: Bruce Reed

DRAFT--

**The Effects of Welfare Reform
on the National Nutrition Safety Net**

June 7, 1996

DRAFT

Food and Consumer Service
U.S. Department of Agriculture

Executive Summary

The Effects of Welfare Reform on the National Nutrition Safety Net

The proposed Personal Responsibility and Work Opportunity Act of 1996 – Congress' latest welfare reform bill – threatens to undermine the national nutrition safety net that has successfully promoted the nutrition and health of children and families. By cutting nutrition benefits – especially benefits for children -- too deeply, undermining children's access to nutritious meals, and creating an optional food stamp block grant, this welfare reform bill hinders USDA's ability to get food to people who need it and jeopardizes the health of the Nation.

- o ***The bill would reduce nutrition benefits to the children and families participating in the Food Stamp Program and Child Nutrition Programs by \$30 billion over seven years.*** The cuts in this bill are substantially deeper than the changes proposed by the President in his plan to achieve a balanced budget by the year 2002. These reductions in nutrition benefits could have profound consequences for the nutrition, health, and well-being of millions of children, working families and elderly.
 - ✓ By the year 2002, the bill would reduce food stamp benefits to families with children by 15 percent -- an average of about \$50 per family each month.
 - ✓ Food stamp families who face relatively high shelter costs -- including nearly 2 million families with children -- would receive fewer benefits because the bill freezes the limit on the maximum shelter deduction. The President's proposals protect families with high shelter costs by retaining current law in this area.
 - ✓ The bill places severe time limits on many unemployed food stamp participants without children. While everyone who can work should work, the welfare reform bill does not provide adequate funds to ensure that those who are willing to work have sufficient opportunity. The President's proposals ensure that no one willing to work is taken off the Food Stamp Program because States are unable or unwilling to provide a job or training slot.
- o ***The bill's optional food stamp block grant could jeopardize the nutrition and health of millions of children, working families, and elderly.*** A food stamp block grant option would weaken the national nutrition safety net and eliminate the program's ability to respond to economic changes. The President's proposals preserve the national nutrition safety net.
- o ***The School Lunch Program is not welfare reform.*** But this bill would dramatically increase administrative complexity at the State and local levels. Provisions excluding illegal aliens from child nutrition benefits create an unprecedented local burden and will ultimately deny benefits to millions of eligible children.

The Effects of Welfare Reform on the National Nutrition Safety Net

The proposed Personal Responsibility and Work Opportunity Act of 1996 (H.R. 3507 and its companion S. 1795) -- Congress' latest welfare reform bill -- threatens the foundation of the Nation's endeavor to get food to people who need it and jeopardizes the nutrition and health of millions of low-income American children and working families. By creating an optional food stamp block grant, undermining children's access to nutritious meals, and cutting essential nutrition benefits -- especially benefits for children -- too deeply this bill could unravel the national nutrition framework that has served America so well for over 30 years.

The national nutrition safety net protects millions of children, working families, and elderly every day. The Food Stamp Program reaches nearly 13 million children and nearly 2 million elderly -- more than half of all participants -- each month. Over 80 percent of all food stamps -- \$18 billion in 1995 -- benefit families with children. Every school day, nearly 26 million children receive USDA-supported lunches. Another 2.5 million children participate daily in the child and adult care feeding program. And WIC reaches over 5 million infants and children: forty-five percent of all infants born in the United States participate in the WIC Program.

Throughout their history, the Food Stamp, Child Nutrition and WIC Programs have produced significant and measurable positive nutrition outcomes among the children and families they serve. The programs work because of national nutrition, eligibility, and benefit standards; a funding structure that ensures the programs respond to changing needs caused by economic growth and recession; and Federal oversight, which helps ensure their integrity. The proposed changes could eliminate these protections, leaving children and working families vulnerable to shifts in the economy and changing State priorities.

The proposed welfare reform bill makes deep cuts in nutrition benefits: \$30 billion over seven years. Most of these cuts would fall heavily on children and their families: about 85 percent of the cuts would affect America's children. By 2002, the bill would reduce nutrition benefits to families with children by 14 percent. The cuts in this bill are substantially deeper -- almost 40% deeper -- than the changes proposed by the President in his plan to achieve a balanced budget by the year 2002.

Food Stamp Program

The welfare reform bill -- by dramatically altering the Food Stamp Program -- would undermine the national nutrition safety net that has successfully narrowed the gap between the diets of low-income and other families. The proposed bill would cut food stamp benefits deeply: over \$26 billion over seven years. Almost 1.5 million recipients would lose all benefits; virtually all others, including nearly 13 million children and nearly 2 million elderly, would receive less. By providing States an option to replace the Food Stamp

Program with a block grant, the bill takes a large step towards the breakup of a national food program.

- o *The bill's optional food stamp block grant could jeopardize the nutrition and health of millions of children, working families, and elderly.* The bill gives States the option to replace the Food Stamp Program with a block grant if the State has fully implemented an Electronic Benefit Transfer (EBT) system, has a payment error rate less than 6 percent, or pays the Federal government the difference between their error rate and 6 percent. Under these conditions 12 States could qualify for a block grant immediately; another 5 States have error rates between 6 percent and 7 percent and could "buy-in" to a block grant at a relatively low price. These 17 States account for 25 percent of all current program participants. These numbers will grow as more States move towards EBT and improved payment accuracy.

Replacing the Food Stamp Program with a block grant could have serious consequences for the health and well-being of the Nation's families and children. A food stamp block grant would weaken the national nutrition safety net, eliminate the Program's ability to respond to changing economic conditions, eliminate national eligibility and benefit standards, and sever the link between food stamps and nutrition. It is essential to continue the national Food Stamp Program if AFDC is turned over to the States.

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, making sure that food gets to people who need it. Food stamp benefits automatically flow to communities, States or regions that face rising unemployment or poverty. The effect is to cushion some of the harsher effects of economic recession and provide a stimulus to weakening economies. And when the economy strengthens, Food Stamp Program participation declines. In March 1996, less than 26 million people received food stamps, more than a million fewer from a year ago and two million fewer than two years ago.

It is not possible for a food stamp block grant to respond to economic or demographic changes in this way. While the number of people eligible for and in need of assistance will grow as the economy weakens, unemployment rises, or poverty increases, Federal funding would no longer automatically increase in response to the rising need. States would have to decide whether to cut benefits, tighten eligibility, or dedicate their own revenues to the Food Stamp Program. The demand for assistance to help children and working families would be greatest at precisely the time when State economies are weakest.

The importance of the loss of an automatic adjustment in the Food Stamp Program can be illustrated best by looking back to the period between 1989 and 1994 when the U.S. economy fell into recession and subsequently recovered. What would have

happened if all States had elected to take a block grant similar to that offered by the reconciliation bill? *By 1994, block grant funding for food stamp benefits would have fallen more than \$12 billion short of actual expenditures, a reduction of 50 percent. Funding reductions of this size could have required dramatic reductions in the number of people served by the Food Stamp Program. For the Nation as a whole, the Food Stamp Program would have been able to serve 8.3 million fewer children.*

The President's plan maintains the national nutrition safety net and the Food Stamp Program's economic responsiveness by rejecting block grants for the Food Stamp Program.

- o *The bill's deep cuts would significantly reduce benefits to the children and families participating in the Food Stamp Program. The proposed welfare reform bill would cut over \$26 billion from the Food Stamp Program over the next seven years.¹ Almost 80 percent of these cuts -- almost \$21 billion -- would affect families with children. By the year 2002, the bill would reduce benefits to families with children by 15 percent. On average, families with children would lose about \$50 each month in 2002. Reductions of this magnitude could have profound consequences for the nutrition, the health, and the well-being of millions of children, working families, and elderly.*

Food stamp families who face relatively high shelter costs -- mostly families with children -- would receive fewer benefits. Households can deduct a portion of their shelter costs from their income in calculating benefits. Until enactment of the Mickey Leland Childhood Hunger Relief Act of 1993, the program capped the maximum deduction for all households except those with elderly and disabled. The Mickey Leland Act removes the cap in January 1997 so households with children are treated the same as those with elderly and disabled. The National Governors Association recommended retention of current law. The President's plan protects families with relatively high shelter costs by maintaining current law. The proposed welfare reform bill, however, would keep -- and freeze -- the limit on the maximum shelter deduction. As a result, nearly two million households with children, more than one-fourth of all families with children, would receive less. Over seven years, this provision would cut food stamp benefits by \$3.3 billion.

¹ The proposed welfare reform bill would also make sweeping changes to the current network of Federal cash assistance programs. The bill would restrict eligibility for most Federal income security programs, replace the major programs of cash assistance for individuals with block grants to States, and supplant the current Federal-State partnership for providing assistance to families in need. These changes would substantially reduce the amount of cash welfare payments for recipients of AFDC and SSI. Under the current structure of the Food Stamp Program, these cuts in cash assistance will be partially offset by increases in food stamp benefits.

The shelter deduction targets benefits by recognizing that high shelter costs hinder the ability of low-income households to purchase an adequate diet. The Department of Housing and Urban Development defines affordable housing as that which consumes no more than 30 percent of a household's income. The 1993 American Housing Survey shows the magnitude of shelter costs for low-income families: 82 percent of poor renters spend 30 percent or more of their income on shelter; 60 percent spend at least half their income on shelter. Freezing the maximum shelter deduction means that more and more families with children will have to choose between paying the rent and utility bills or putting food on the table.

The bill places severe time limits on many food stamp participants without children. The bill could take all nutrition benefits away from almost 645,000 unemployed adults. For many childless adults, food stamps is the only assistance available. Many rely on food stamps for only temporary assistance: nearly 60 percent of those who enter the program today will leave on their own within six months; nearly 80 percent will leave within a year. And most are exceedingly poor: on average, their income is only 28 percent of the poverty line (roughly \$175 a month).

Anyone not willing to work should be removed from the Food Stamp Program. But those who are willing to work should have the opportunity and the support necessary to put them to work. Under the proposed welfare reform bill, many low-income Americans would lose their food stamp benefits, not because they are unwilling to work, but because States are unable or unwilling to provide sufficient work and training opportunities. By denying benefits to any single adult or childless couple who does not work or participate in an employment and training program -- without requiring that States provide jobs or training slots -- this bill makes nutrition benefits contingent on finding jobs that may not exist.

The President's plan supports a tough work requirement for anyone who can work: anyone who is not willing to work would be removed from the program. But before terminating participation for those willing to work, the State must offer them a job or a training slot.

The bill is unfair to legal immigrants. Illegal aliens should not receive food stamps and, under current law, they do not. The proposed welfare reform bill would end eligibility for 650,000 legal immigrants.

The President's proposals would make sponsors of legal immigrants more responsible for their financial needs (the President's plan deems sponsors' income to immigrants until citizenship).

The bill authorizes new commodity purchases from the Food Stamp Program appropriation. The proposed bill authorizes \$300 million per year, starting in 1997,

to purchase commodities for distribution through TEFAP, soup kitchens, and food banks. The purchases are paid for with funds appropriated for the Food Stamp Program.

Child Nutrition Programs

- o *The School Lunch Program is not welfare reform.* But this bill would dramatically increase administrative complexity at the State and local levels. In particular, provision excluding illegal aliens from all child nutrition benefits create an unprecedented local administrative burden and will ultimately deny benefits to millions of eligible children. The provision would require all 45 million students enrolled in participating schools to document their citizenship in order to participate in the Federally-supported lunch program. Local agencies would not only have to certify citizenship, but also the specific alien status in order to determine eligibility. Schools could not use Federal funds to serve meals to children who fail to provide documentation. An estimated 6 million fewer eligible children would receive meals daily because documenting citizenship creates a barrier to the program. As a result, Federal expenditures would decrease by \$1.3 billion over seven years. Overall, the provision would reduce funding by nearly \$1.8 billion over seven years.

The bill would also bar many pregnant women from participating in WIC, endangering the health of both mother and child, and ultimately increasing the cost to the government of providing health care to their children, citizens at birth.

America needs a national system of Federal nutrition programs that establishes and meets nutrition standards, responds to economic changes, and ensures that the health and nutritional well-being of families and children are protected. The size of the reductions proposed in this bill and the hole created in the nutritional safety net with the potential of food stamp block grants have serious consequences for the nutrition, health, and well-being of millions of American children and families.

SUMMARY TABLES

Table 1 - Preliminary Estimates of the Impacts of The Personal Responsibility and Work Opportunity Act of 1996
(Dollars in millions)

	1996 ²	1997	1998	1999	2000	2001	2002	5-Year Total	7-Year Total
Food Stamp Program - Current Costs	25,179	26,346	27,477	28,515	29,581	30,847	32,161	137,098	200,106
Proposed Reduction ¹ : All Households	-255	-3,735	-4,210	-4,180	-4,390	-4,690	-5,038	-16,690	-26,410
Percent Reduction	-1.0	-14.2	-15.3	-14.4	-14.8	-15.2	-15.6	-12.2	-13.2
Proposed Reduction: With Children	-219	-2,491	-3,070	-3,276	-3,512	-3,758	-4,034	-12,568	-20,360
Percent Reduction	-1.1	-11.6	-13.7	-14.1	-14.6	-15.0	-15.4	-11.3	-12.5
Commodities for the Emergency Food Assistance Program - Current Costs	0	0	0	0	0	0	0	0	0
Proposed Increase	0	300	300	300	300	300	300	1,200	1,300
Child Nutrition Programs - Current Costs³	8,472	9,023	9,576	10,125	10,673	11,238	11,824	47,869	70,931
Proposed Reduction	-20	-447	-829	-972	-1,070	-1,159	-1,261	-3,338	-5,764
Percent Reduction	-2	-5.0	-8.7	-9.6	-10.0	-10.3	-10.7	-7.0	-8.1
Total Reduction - All Households	-275	-3,812	-4,739	-4,772	-5,160	-5,549	-5,997	-18,828	-30,374
Percent Reduction:	-8	-11.0	-12.8	-12.3	-12.8	-13.2	-13.6	-10.2	-11.2
Households with Children⁴	-239	-2,938	-3,899	-4,248	-4,582	-4,917	-5,301	-15,906	-26,124
Percent Reduction	-8	-9.6	-12.2	-12.7	-13.2	-13.5	-13.9	-10.0	-11.2

Notes to Table 1:

1 Excludes the offsetting increases in Food Stamp Program costs caused by other titles in the bill which reduce the incomes of some food stamp participants.

2 Assumes implementation July 1, 1996, unless otherwise specified in the bill.

3 Includes National School Lunch, Breakfast, Child and Adult Care Food, Summer Food Service, and Special Milk Program.

4 Includes Food Stamp and Child Nutrition Programs only.

These are preliminary FCS estimates based on bill language dated May 22, 1996 and are subject to change. They have not been reviewed by the Office of Management and Budget. Current program costs are based on the President's Budget for Fiscal Year 1997. Sums of columns may not equal totals due to rounding.

Table 2 - Preliminary Cost Estimate: The Personal Responsibility and Work Opportunity Act of 1996
(Dollars in millions)

Section	Proposal	1996	1997	1998	1999	2000	2001	2002	5-Year Total	7-Year Total
Child Nutrition Programs										
401	Exclude ineligible aliens for all Child Nutrition benefits	0	0	-307	-363	-382	-394	-416	-1,052	-1,862
906	SFSP reimbursement rates round down	0	-60	-66	-72	-78	-84	-93	-275	-452
	Limits reimbursement to 3 meals in residential camps	0	-1	-1	-2	-2	-2	-2	-6	-10
	Eliminate health inspections	-1	-1	-1	-1	-1	-1	-1	-5	-7
	Portion offer versus serve	0	0	0	0	0	0	0	0	0
908	Changes name to Child Care Food Program	0	0	0	0	0	0	0	0	0
	Limits center reimbursement to 2 meals and 1 snack	-3	-11	-13	-14	-16	-18	-19	-57	-94
	Establishes 2 tier reimbursement structure in family day care homes	-16	-359	-419	-483	-547	-614	-689	-1,824	-3,127
909	Makes outside school hours demo program discretionary	0	0	-1	0	0	0	0	-1	-1
923	Eliminates SBP and SFSP startup and expansion grants	0	-5	-12	-21	-22	-22	-22	-60	-104
931	Makes NET Funding Discretionary	0	-10	-10	-10	-10	-10	-10	-40	-60

Section	Proposal	1996	1997	1998	1999	2000	2001	2002	5-Year Total	7-Year Total
	SAE Interactions	0	0	0	-6	-12	-14	-15	-18	-47
Subtotal - Child Nutrition Programs		-20	-447	-829	-972	-1,070	-1,159	-1,267	-3,338	-5,764
Food Stamp Program'										
402	Deny eligibility to noncitizens	-15	-465	-700	-655	-625	-645	-470	-2,460	-3,775
421	Zero sponsor income to noncitizens until citizenship	0	0	0	0	0	0	0	0	0
1011	Allows States to set certification periods of up to 24 months for households containing only elderly, disabled, or self-employed	0	0	0	0	0	0	0	0	0
1012	Expands definition of coupon	0	0	0	0	0	0	0	0	0
1013	Requires individuals 21 and under living with a parent to be part of the parent's household	-45	-195	-205	-210	-220	-230	-240	-875	-1,345
1014	Permits States to establish alternative household definitions that require all or most individuals living together to be one household	-15	-55	-60	-60	-65	-65	-70	-255	-390
1015	Sets maximum allotments at 100% of the TFP, starting in 1997	0	-900	-930	-965	-995	-1,030	-1,060	-3,790	-5,880
1016	Modifies the homeless definition	0	0	0	0	0	0	0	0	0
1017	Makes technical change to language on uniform standards	0	0	0	0	0	0	0	0	0
1018	Counts as income the earnings of 20 to 21-year-old high school students	0	0	0	0	0	0	0	0	0

Section	Proposal	1996	1997	1998	1999	2000	2001	2002	5-Year Total	7-Year Total
1025	Requires disabled individuals ages 16-59 to provide the State agency with information necessary to determine employability as a condition of eligibility	0	0	0	0	0	0	0	0	0
	Gives States the option to disqualify the entire household if the household head refuses to comply with any work requirements	0	0	0	0	0	0	0	0	0
	Increases the penalties for violations of work requirements	0	0	0	0	0	0	0	0	0
1026	Exempts from work requirements a caretaker of a child under age 6 (for under age 1 at State option)	0	0	0	0	0	0	0	0	0
1027	Increases funding for E&T	0	0	5	5	5	10	10	15	35
	Restricts E&T to non-AFDC recipients only	0	0	0	0	0	0	0	0	0
	Allows participants requirements for volunteers	0	0	0	0	0	0	0	0	0
1028	Permits comparable treatment of disqualified individuals ¹⁵	0	-5	-5	-5	-5	-5	-5	-20	-30
1029	Disqualifies for 10 years those convicted of fraudulently receiving multiple benefits	0	0	0	0	0	0	0	0	0
1030	Disqualifies fugitive felons	0	0	0	0	0	0	0	0	0
1031	Gives States the option to require cooperation with CSE ¹⁶ Custodial parents	0	-5	-15	-25	-35	-35	-40	-80	-155

Section	Proposal	1996	1997	1998	1999	2000	2001	2002	5-Year Total	7-Year Total
1057	Permits States to use food stamp benefits as a wage subsidy	0	0	0	0	0	0	0	0	0
1058	Expands current waiver authority	0	0	0	0	0	0	0	0	0
1059	Extends authority for elderly SSI cash-out projects	0	0	0	0	0	0	0	0	0
1060	Requires USDA to respond to waivers within 60 days	0	0	0	0	0	0	0	0	0
1061	Permits private sector employment incentives that cash-out benefits to certain employed participants	0	0	0	0	0	0	0	0	0
1063	Permits States to operate a simplified Food Stamp Program for poor households under part A of Title IV of the Social Security Act	0	0	0	0	0	0	0	0	0
1064	Gives States the option to receive a block grant in lieu of the FSP under certain conditions*	0	90	110	95	105	120	130	400	650
Interactions between provisions		0	90	110	95	105	120	130	400	650
Subtotal - Food Stamp Program		-255	-3,135	-4,210	-4,100	-4,390	-4,699	-5,030	-16,600	-26,410
1072	Commodities for the Emergency Food Assistance Programs	0	300	300	300	300	300	300	1,200	1,800
Subtotal - Commodities		0	300	300	300	300	300	300	1,200	1,800

Savings depend on the number of States which take the option. See footnote 10.

These estimates assume a 50 percent reduction in paid meal subsidies among eligible children due to the requirement to document citizenship and alien status; additional savings are due to the exclusion of illegal aliens.

These estimates assume a 50 percent reduction in program growth (to an average of four percent annually) due to the change in meal reimbursements.

The Food Stamp Program estimates assume a July 1, 1996 implementation date unless otherwise noted.

These estimates assume that States with 20 percent of the costed will opt to use a household definition that affects only 20 percent of all households targeted by this provision. If all States chose a definition affecting all targeted households, the five-year savings would be \$5.6 billion.

Other provisions in this bill would give States substantially increased authority to sanction or disqualify individuals receiving cash assistance. If States exercise this authority, savings from these provisions could be substantially larger. Because it is unclear whether or how States might exercise this authority, the magnitude of increased savings is unknown.

This provision would increase IV-D (child support enforcement) administrative costs by an estimated \$125 million over seven years.

While this provision is effective on enactment, the bill's language ensures that no one will lose food stamp eligibility before November 1, 1996; thus, savings begin in Fiscal Year 1997. Three savings do not include the effect of any waivers granted to States where area unemployment rates exceed 10 percent or the Secretary determines sufficient jobs are not available.

This estimate is based on information developed by the General Accounting Office.

The total Food Stamp Program savings in this table assume that no State takes the optional food stamp block grant. If all States opt for a block grant in 1996, the total savings over seven years would be \$32.5 billion.

Minimal savings or costs.

These are preliminary FCS estimates based on draft language dated May 22, 1996 and are subject to change. They have not been reviewed by the Office of Management and Budget. Sums of columns may not equal totals due to rounding.

**Table 3 - Preliminary Estimate of Food Stamp Participants Affected
by the Personal Responsibility and Work Opportunity Act of 1996
(in thousands)**

Provision	Participants Losing Eligibility	Participants with Lower Benefits		
		Total	Children	Elderly
Include minors in parent's household	160	180	115	10
Allow States to expand household definition	75	40	20	5
Limit allotments to 100% of the Thrifty Food Plan	0	23,915	12,845	1,435
Count all energy assistance as income	0	8,415	4,365	905
Freeze standard deduction at \$134	10	21,240	11,455	1,405
Limit shelter deduction to \$247 per month	0	4,405	2,615	0
Permit States to mandate standard utility allowance	25	2,050	1,255	195
Set the fair market limit at \$4,600 ¹	50	0	0	0
Count transitional housing assistance	0	15	10	0
Treatment of disqualified individuals	2	0	0	0
Noncooperation with child support enforcement	12	0	0	0
Time limits for able-bodied adults ¹	645	0	0	0
Repeal indexing of \$10 minimum allotment ²	0	705	40	395
Reinstate proration of benefits at recertification	0	1,485	755	105
Do not increase food stamps when applying AFDC penalty for noncompliance with work	0	2	0	0
Deny eligibility to most aliens; deem income for others	650	0	0	0
Total	1,485	24,460	12,890	1,720

¹ This is the number affected in Fiscal Year 1997, the first full year of implementation. The number of able-bodied adults made ineligible by this provision is estimated to fall to 215,000 by Fiscal Year 1998.

² The effects of this provision are expected to be seen in Fiscal Year 1998.

Estimates are based on bill language dated May 22, 1996 and are subject to change. They have not been reviewed by the Office of Management and Budget. Because households may be affected by more than one provision, the total number affected is not equal to the sum of the individual proposals.

Table 4
 Preliminary Estimate of the Effects of the Personal Responsibility and Work Opportunity Act of 1996
 on the Food Stamp Program by State for Fiscal Years 1996 - 2002
 (Dollars in millions)

State	Program Costs		Difference	
	Current	Proposed	Total	Percent
Alabama	\$3,823	\$3,428	- \$395	- 10.3
Alaska	464	420	- 44	- 9.4
Arizona	3,531	3,095	- 436	- 12.4
Arkansas	1,844	1,653	- 191	- 10.4
California	22,098	18,738	- 3,360	- 15.2
Colorado	1,861	1,628	- 233	- 12.5
Connecticut	1,497	1,279	- 218	- 14.6
Delaware	423	375	- 48	- 11.3
District of Columbia	800	713	- 87	- 10.8
Florida	11,302	9,794	- 1,508	- 13.3
Georgia	6,093	5,475	- 618	- 10.1
Hawaii	1,509	1,366	- 143	- 9.5
Idaho	515	450	- 65	- 12.6
Illinois	9,104	7,925	- 1,179	- 12.9
Indiana	3,302	2,923	- 379	- 11.5
Iowa	1,218	1,071	- 147	- 12.1
Kansas	1,226	1,042	- 185	- 15.1
Kentucky	3,573	3,184	- 389	- 10.9
Louisiana	5,427	4,873	- 554	- 10.2
Maine	969	851	- 118	- 12.2
Maryland	3,133	2,705	- 428	- 13.6
Massachusetts	2,763	2,358	- 426	- 15.3
Michigan	7,022	6,146	- 876	- 12.5
Minnesota	2,197	1,900	- 297	- 13.5
Mississippi	3,280	2,938	- 342	- 10.4
Missouri	4,189	3,711	- 478	- 11.4
Montana	512	454	- 57	- 11.2
Nebraska	681	603	- 78	- 11.5
Nevada	801	707	- 94	- 11.7
New Hampshire	381	325	- 56	- 14.8
New Jersey	4,556	3,952	- 604	- 13.2
New Mexico	1,720	1,499	- 221	- 12.9
New York	17,943	14,696	- 3,247	- 18.1
North Carolina	4,301	3,849	- 452	- 10.5
North Dakota	295	261	- 35	- 11.7
Ohio	8,920	7,812	- 1,108	- 12.4
Oklahoma	2,722	2,423	- 299	- 10.9
Oregon	2,212	1,819	- 393	- 17.8
Pennsylvania	8,953	7,884	- 1,069	- 11.9
Rhode Island	714	583	- 131	- 18.3

State	Program Costs		Difference	
	Current	Proposed	Total	Percent
South Carolina	2,560	2,297	- 263	- 10.3
South Dakota	358	319	- 38	- 10.7
Tennessee	4,729	4,191	- 538	- 11.4
Texas	19,427	16,732	- 2,694	- 13.9
Utah	825	725	- 99	- 12.1
Vermont	410	362	- 48	- 11.7
Virginia	4,026	3,555	- 471	- 11.7
Washington	3,690	3,067	- 623	- 16.9
West Virginia	2,106	1,876	- 230	- 10.9
Wisconsin	2,168	1,905	- 263	- 12.2
Wyoming	245	219	- 26	- 10.6
Total	200,107	173,637	- 26,410	- 13.2

Totals include territories and outlying areas. The total difference includes increased E&T funding, pre-authorization site visits of some stores, use of Federal tax and Federal salary offsets, claims collection retentions, and community food projects. Individual cells may not sum to totals because of rounding.

These are preliminary FCS estimates based on bill language dated May 22, 1996 and are subject to change. They have not been reviewed by the Office of Management and Budget.

Table 5
Preliminary Estimate of the Effects of the Personal Responsibility and Work Opportunity Act of 1996
on the Child Nutrition Programs by State for Fiscal Years 1996-2002
(Dollars in millions)

State	Program Costs		Difference	
	Current	Proposed	Total	Percent
Alabama	1,486	1,384	-102	-6.9
Alaska	198	180	-18	-9.1
Arizona	1,274	1,184	-90	-7.1
Arkansas	914	851	-63	-6.9
California	8,823	8,194	-629	-7.1
Colorado	816	714	-102	-12.5
Connecticut	581	529	-52	-9.0
Delaware	219	190	-29	-13.2
District of Columbia	209	203	-6	-2.9
Florida	3,755	3,590	-165	-4.4
Georgia	2,370	2,225	-145	-6.1
Hawaii	298	276	-22	-7.4
Idaho	283	256	-27	-9.5
Illinois	2,686	2,477	-209	-7.8
Indiana	1,120	1,009	-111	-9.9
Iowa	665	588	-77	-11.5
Kansas	915	773	-142	-15.5
Kentucky	1,239	1,179	-60	-4.8
Louisiana	2,186	2,020	-166	-7.6
Maine	311	269	-42	-13.5
Maryland	1,052	939	-113	-10.7
Massachusetts	1,253	1,124	-129	-10.3
Michigan	1,814	1,603	-211	-11.6
Minnesota	1,479	1,204	-275	-18.5
Mississippi	1,386	1,323	-63	-4.5
Missouri	1,346	1,220	-126	-9.4
Montana	245	214	-31	-12.7
Nebraska	601	511	-90	-15.0
Nevada	235	218	-17	-7.2
New Hampshire	220	204	-16	-7.3
New Jersey	1,336	1,259	-77	-5.8
New Mexico	876	773	-103	-11.8
New York	5,214	4,921	-293	-5.6
North Carolina	2,004	1,889	-115	-5.7
North Dakota	257	209	-48	-18.7
Ohio	2,160	1,974	-186	-8.6
Oklahoma	1,085	1,018	-67	-6.2
Oregon	745	650	-95	-12.8
Pennsylvania	2,234	2,059	-175	-7.8
Rhode Island	174	163	-11	-6.3

State	Program Costs		Difference	
	Current	Proposed	Total	Percent
South Carolina	1,314	1,238	-76	-5.8
South Dakota	258	227	-31	-12.0
Tennessee	1,441	1,347	-94	-6.5
Texas	6,674	6,240	-434	-6.5
Utah	696	595	-101	-14.5
Vermont	134	116	-18	-13.4
Virginia	1,280	1,166	-114	-8.9
Washington	1,248	1,108	-140	-11.2
West Virginia	540	507	-33	-6.1
Wisconsin	963	860	-103	-10.7
Wyoming	136	118	-18	-13.2
Total	72,362	65,088	-5,704	-7.9

¹ Includes National School Lunch, Breakfast, Child and Adult Care Food, Summer Food Service, and Special Milk Programs. NET Program costs and savings are not included.

Totals include territories and outlying areas and cells may not sum to totals because of rounding.

These are preliminary FCS estimates based on bill language dated May 22, 1996 and are subject to change. They have not been reviewed by the Office of Management and Budget.

WR - Food Stamps

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

Record Type: Record

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

cc:

Subject: Voluntary Workfare

MEMORANDUM TO: Bruce Reed
Elena Kagan
Diana Fortuna
Cynthia Rice

FROM: Ken Apfel

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

LRM NO: 1654

FILE NO: 995

6/13/95

LEGISLATIVE REFERRAL MEMORANDUM

Total Page(s): 165

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 RE: S904, Nutrition Assistance Reform Act of 1995

URGENT

DEADLINE: TODAY 5:45 pm Tuesday, June 13, 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: The Senate Agriculture Committee is scheduled to mark up S. 904 tomorrow, June 13th.

AGENCIES:

- 328-HHS - Vacant - (202) 690-7780
- 217-JUSTICE - Kent Markus - (202) 514-2141
- 429-National Economic Council - Sonyia Matthews - (202) 456-2174
- 228-TREASURY - Richard S. Carro - (202) 622-1146

EOP:

- Ken Apfel
- Doug Steigler
- Barry White
- Keith Fontenot
- Stacy Dean
- Shannah Koss
- Wendy Taylor
- Tim Fain
- Tom Stack
- Art Stigile
- Alicia Kolaian
- Mark Weatherly
- Chuck Konigsberg
- Bruce Reed
- Jeremy Ben-ami
- Diana Fortuna
- Jack Radzikowsky
- Pat Griffin
- Jim Murr
- Janet Forsgren

URGENT

**RESPONSE TO
LEGISLATIVE REFERRAL MEMORANDUM**

**LRM NO: 1654
FILE NO: 995**

If your response to this request for views is simple (e.g., concur/no comment), we prefer that you respond by e-mail or by faxing us this response sheet.

If the response is simple and you prefer to call, please call the branch-wide line shown below (NOT the analyst's line) to leave a message with a legislative assistant.

You may also respond by:

- (1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); or
- (2) sending us a memo or letter.

Please include the LRM number shown above, and the subject shown below.

**TO: Chris MUSTAIN 395-3923
Office of Management and Budget
Fax Number: 395-6148
Branch-Wide Line (to reach legislative assistant): 395-7362**

FROM: _____ (Date)

_____ (Name)
_____ (Agency)
_____ (Telephone)

SUBJECT: AGRICULTURE Proposed Report RE: S904, Nutrition Assistance Reform Act of 1995

The following is the response of our agency to your request for views on the above-captioned subject:

- _____ Concur
- _____ No Objection
- _____ No Comment
- _____ See proposed edits on pages _____
- _____ Other: _____
- _____ FAX RETURN of _____ pages, attached to this response sheet



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

Honorable Richard Lugar, Chairman
Committee on Agriculture,
Nutrition and Forestry
United States Senate
Washington, D.C. 20510

DRAFT

Dear Mr. Chairman:

The Senate will shortly consider the Nutrition Assistance Reform Act of 1995 (S. 904), a bill developed under your leadership.

As this debate begins, I want to commend you for recognizing the importance of maintaining a national framework for food and nutrition assistance programs. Throughout their history, the Food Stamp, Child Nutrition and WIC programs have produced significant and measurable nutrition outcomes among the children and families they serve. The programs work because of national eligibility, benefit, and nutrition standards and a funding structure that ensures the programs respond to changing needs caused by economic growth and recession. The proposed bill preserves both of these critical protections by rejecting block grants for food and nutrition assistance programs.

Our view on several other aspects of the bill affecting the Food Stamp Program, Child Nutrition Programs, and the Commodity Programs follows.

Food Stamp Program

The bill proposes substantial reductions in the Food Stamp Program. We estimate that the changes would reduce funding by about \$16 billion over the next five years, and \$24 billion over seven years. Virtually all of these savings are taken from food stamp benefits. Benefit reductions of this size could have potentially profound consequences for the nutrition, the health, and the well-being of millions of children, working families, and elderly.

We appreciate the efforts made to augment State administrative flexibility, encourage work, and promote personal responsibility. The Administration's food stamp reform proposals would expand State authority to develop customer service guidelines appropriate for their clientele and administrative procedures that work for them, strengthen work requirements, and allow States to ensure that both parents are financially responsible for their children. We are pleased that the proposed bill adopts many of these ideas.

DRAFT

Honorable Richard Lugar

2

While we strongly believe that all those who can work should work, we have serious concerns with the requirements imposed on adults without children. We believe that those who are not willing to work should be removed from the Food Stamp Program. We also believe that those who are willing to work should have the opportunity and the support necessary to put them to work. Under the proposed bill, a substantial number of low-income Americans who are willing to work will lose their food stamp benefits because States are unable or unwilling to provide sufficient work and training opportunities. Rather than promoting work, this approach simply opens a hole in the nutritional safety net.

We are disappointed by the absence of our proposals to improve program integrity. We believe that a renewed, strengthened commitment to fighting fraud and abuse is a cornerstone of real reform. In March, we advanced a 13-point anti-fraud plan that would ensure that only legitimate stores participate, improve our ability to monitor authorized stores, and strengthen penalties against retailers and recipients who violate program rules. In May, we announced a proposal to couple expanded State administrative flexibility with a workable, performance-based monitoring system that would hold States accountable for payment accuracy, giving them a bigger stake in correctly determining eligibility and benefits and striking a better balance between rewards and sanctions. We urge the inclusion of these proposals.

Finally, we believe the language concerning the elimination of Regulation E coverage for EBT should be removed. While both federal and State agencies believe that EBT participants should be provided basic consumer protections, the controversy surrounding the application of Regulation E to EBT is in assuming liabilities of undetermined value. For this reason, the Administration is exploring options such as legislation that will allow States and the Federal government to apply administrative controls to avoid losses due to fraudulent reporting of unauthorized transfers. The Administration believes that such controls, if properly managed by the Government-designated card issuer, will provide similar consumer protection to government beneficiaries as is currently offered to commercial customers, while safeguarding the taxpayer from the possibility of excessive costs associated with Regulation E claims.

Child Nutrition Programs

The decision reflected in the bill to make changes within the existing structure of the Child Nutrition Programs will ensure that national programs exist to provide meals to needy children and that they can respond to increased needs during economic downturns. The Child Nutrition Programs will continue the national nutrition standards that are so important to the health of our nation's children.

However, the bill makes reductions of \$2.9 billion over 5 years, by targeting benefits in family day care homes and a series of reimbursement rate reductions in Child Nutrition Programs. In the lunch program alone, there is a reduction of \$675 million over 5 years.

Honorable Richard Lugar

DRAFT

3

Reductions in Federal revenues will likely be passed along as price increases to children from families with incomes above 185 percent of poverty. It is important that we do everything that we can to make sure that participation does not decrease in programs which are essential to children's health.

Commodity Programs

The bill would reauthorize the Commodity Supplemental Food Program, The Emergency Food Assistance Program, The Soup Kitchens and Food Banks Program, and the National Commodity Processing Program without change. Last month, we announced USDA's proposals for the Farm Bill, including a proposal that would consolidate The Emergency Food Assistance Program and the Soup Kitchens and Food Banks Program. This proposal would give States added flexibility in how commodities are provided to emergency feeding sites and streamline operations and administration in emergency distribution programs. We recommend that the Senate give serious consideration to its adoption.

Summary

In conclusion, we believe that America needs a national system of Federal nutrition programs that establishes and meets nutrition standards, responds to economic changes, and ensures that the health and nutritional well-being of families and children are protected. We commend you for drafting a bill that preserves this system. However, we believe that the size of the reductions proposed -- \$19 billion over five years -- has serious consequences for the nutrition, health, and well-being of millions of American children and families.

Sincerely yours,

DAN GLICKMAN
Secretary

^BC-WELFARE@

^GOP reexamining Food Stamps in welfare debate@

WASHINGTON (Reuter) - Senate Republicans are reexamining the possibility of giving states control over the Food Stamp program as they try to resolve deep splits delaying a vote on a welfare reform bill, sources said Tuesday.

Senate Majority Leader Bob Dole has postponed a vote until at least mid-July as lawmakers try to work out compromises on issues ranging from the bill's funding formula to efforts to combat illegitimacy.

As part of overall welfare reform efforts, the Senate Agriculture Committee voted to cut \$19 billion from Food Stamps, which provide nutrition assistance to 27 million Americans, but keep it a federal program of guaranteed aid.

Senate aides said some Republicans wanted to scrap that plan and give states responsibility to administer Food Stamps by giving them the money directly through block grants.

Such efforts are opposed by lawmakers from high-growth states, who fear they will lose billions of dollars under the welfare bill, which converts Aid to Families with Dependent Children, the main cash welfare program, to block grants and freezes funding for five years.

Another group complicating the debate, Senate aides said, were farm-state Republicans who want to cut more from the program to protect subsidies for crops like wheat and cotton.

The Agriculture Committee, which oversees both crop supports and nutrition programs, must cut about \$28 billion over the next five years under a Republican balanced-budget plan. A block grant could allow deeper cuts in Food Stamps and decrease the need for cuts in crop supports.

"It relieves the pressure on crop subsidies," said one Senate source, who said some Republicans were angry the Agriculture Committee had not gone farther on Food Stamps.

President Clinton has threatened to veto any welfare reform bill that includes a Food Stamps block grant.

However, Republican governors, who have driven the welfare debate, want control of Food Stamps. The House bill gives states the school lunch program, but keeps Food Stamps a federal program.

^REUTER@
Reut20:15 06-20-95

TALKING POINTS
USDA'S Food Stamp Reform Proposal
May 10, 1995

USDA's food stamp reform proposal offers a responsible alternative for change - As part of its vision for the 1995 Farm Bill, USDA is proposing to reform the \$27 billion dollar Food Stamp Program; to return the program to its nutrition roots so that it better serves American children and families, to ensure that benefits are issued and used properly, and to afford States' more flexibility in operating the program. Between block grants and the status quo, our reform proposal offers a responsible alternative for people who want to change the Food Stamp Program for the better.

Strengthening our nutrition safety net for children and families - Ensuring access to a healthy, nutritious diet is at the core of our Nation's nutrition strategy. And food stamps are a vital part of that strategy. Along with other Federal Nutrition Programs like WIC and School Meals, Food Stamps get food to people who need it, especially children. And they've produced significant, measurable nutrition and health results among participants. We will integrate nutrition into the program so that it reflects current science, and increase nutrition education, so that the whole family can make and enjoy healthy food choices.

Fighting fraud means ensuring benefits are used properly - By cracking down on high issuance error, and on retailers and recipients who misuse benefits, and by removing barriers to Electronic Benefits Transfer, our reforms will strengthen the direct link between food stamp benefits and a healthy, nutritious diet. We have already proposed comprehensive anti-fraud legislation; this proposal builds on that package, and adds other measures to ensure that States deliver benefits accurately.

Food stamps should be a temporary bridge over hard times for American families - Most people who receive food stamp benefits are on the program for less than a year. Our reforms will strengthen work requirements, and require recipients to move towards self-sufficiency. And they reflect the belief that both parents should take financial responsibility for their children, and demonstrate personal responsibility by using benefits to purchase a healthy diet for themselves and their families.

Replacing red tape with a streamlined system that gives States the ability -- and flexibility -- to meet national goals - Federal standards are the reason the program works, but how they are administered must be made easier for States to comply with. Our reform will bring a significant change in the way States administer the program. We propose to eliminate unnecessary regulations and statutory requirements that tell States what to do, and replace them with a system that allows States to design their own guidelines for meeting national goals.

HILL BRIEFS

□ **House Appropriations Chairman Livingston** Tuesday said House-Senate negotiators remain split on "10 or 15 outstanding issues" on the FY95 rescissions bill, but expressed optimism that conferees will complete work on the measure by Friday. "We're closing," Livingston told reporters. "I think we're going to get a bill by the end of the week." The issues that have yet to be resolved, he said, include funding levels for a low income home heating assistance program and a summer jobs program, which the House voted to eliminate; funding levels for the Corporation for Public Broadcasting; and highway contracting authority levels. A committee aide said President Clinton's recent request for \$142 million in aid to Oklahoma City after the bombing of a federal building there and for anti-terrorism activities also is unsettled.

□ **Senate Agriculture Chairman Lugar** Tuesday said he has not made "a categorical judgment" of whether or not he will offer a bill to block grant food stamps and other federal nutrition programs — but conceded he may be unable to get a consensus in his committee for block grants. "The decision may be to do nothing, or it may be that we can't reach a decision at all," in which case, Lugar said, he would refer his committee's welfare reform jurisdiction to the Finance Committee. Finance Chairman Packwood has endorsed block granting food stamps, as have GOP governors, but the governors oppose putting nutrition programs into a block grant. Lugar also said Agriculture Secretary Glickman Tuesday told him the administration is "strongly against" a block grant approach. "That was the first time I had heard them be that adamant about it," Lugar said. The Agriculture Committee is scheduled to hear testimony on block grants at a hearing May 23.

□ **The House Ways and Means Health Subcommittee** Tuesday announced several hearings on "increasing and improving options for Medicare beneficiaries, with a focus on private-sector success." The first hearing is next Tuesday, with others set for May 24 and 25, as well as a fourth session probably in June, an aide said. Meanwhile, at a Senate Finance Committee hearing Tuesday, Chairman Packwood declared Medicare to be bankrupt, while appealing for an end to partisan maneuvering over the program. But HHS Secretary Shalala, in her third Capitol Hill appearance in a week on the issue, told Packwood, "Mr. Chairman, we cannot destroy Medicare in order to save it." Shalala repeated administration charges that the Republicans are seeking to use Medicare to pay for tax cuts for wealthy Americans — although Packwood contended the failed Clinton healthcare proposal would not have kept Medicare in the black.

□ **House Republican leaders** Tuesday announced they back a plan to stop an expected attempt by the Clinton administration to allow private pension funds to invest in social projects. At a press conference, Rep. Jim Saxton, R-N.J., the bill's sponsor, said altering regulations to allow "economically targeted investments" — or ETIs — would be a violation of the 1974 Employee Retirement Income Security Act, which compels pension managers to only seek to maximize returns. Speaker Gingrich and Majority Leader Arney endorsed the bill and accused President Clinton of scheming to fund pet projects. Arney called ETIs an "ideologically inspired power grab," adding, "There is nothing so arrogant as a self-righteous income redistributor."

□ **In the wake of the Oklahoma City bombing**, House Resources ranking member George Miller, D-Calif., Tuesday called on Resources Chairman Young to hold hearings on violence and intimidation facing federal officials engaged in land use agencies in several Western states. Miller catalogued a list of threats of violence and executed bomb attacks, and asserted federal employees' lives are at risk. On a related front, the *Associated Press* reported Senate Judiciary Chairman Hatch and Terrorism Subcommittee Chairman Arlen Specter, R-Pa., lobbed the phrase "political opportunist" at each other Tuesday in sharp letters triggered by a proposed hearing on law enforcement's treatment of the Branch Davidian cult. Hatch and Specter exchanged the letters over the timing of the hearing and who should hold it.

□ **Calling the Clinton administration's Cuban-refugee policy a "dirty, secret and immoral deal,"** Rep. Lincoln Diaz-Balart, R-Fla., was arrested Tuesday and charged with protesting too close to the White House, the *Associated Press* reported. Diaz-Balart demanded to know who represented President Clinton at the secret negotiations that resulted in last week's reversal of a 30-year policy granting political asylum to Cuban refugees. After Diaz-Balart talked to reporters for about 15 minutes, a policeman warned him he was violating federal law by standing within three feet of the White House gate. The congressman was led away in handcuffs; his office told police he would pay the \$50 fine.

□ **Sen. John Warner, R-Va.** is recovering at Bethesda Naval Hospital after being admitted Sunday for treatment of acute diarrheal illness, his office said Tuesday. Warner also was treated for what his office described as a "transient irregular heartbeat." Aides said Warner's condition "has been resolved" and that he "is making rapid progress toward a full recovery."

USDA Nutrition Security HOTLINE

May 10, 1995

USDA's Food Stamp Reform: A Responsible Alternative for Change

On May 10, as part of the 1995 Farm Bill, Secretary of Agriculture Dan Glickman and Under Secretary Ellen Haas announced a plan to reform the Food Stamp Program -- one of the three pillars of the Nation's nutrition security strategy.

Along with WIC and school meals, the Food Stamp Program gets food to people who need it--especially children: USDA's changes will reform the program to better serve America's nutrition needs into the next century.

Proposed changes will:

- return the program to its nutrition roots so that it better serves American children and families;
- ensure that benefits are issued and used properly; and
- afford States more flexibility.

Strengthening the Nutrition Safety Net for Children and Families

Ensuring access to a healthy, nutritious diet is at the core of our Nation's nutrition strategy.

USDA will integrate nutrition into the program so that it reflects current science, and increase nutrition education, so that the whole family can make and enjoy healthy food choices. These changes will promote good health while preserving the program's ability to get food to people who need it, especially in times of economic change.

Fighting Fraud Means Ensuring Benefits Are Used Properly

By cracking down on erroneous payments to recipients, and retailers who misuse benefits, and by removing barriers to electronic benefits transfer (EBT), our reforms will strengthen the link between Food Stamps and a healthy, nutritious diet.

The proposal builds on USDA's 13-point anti-fraud plan, adding new measures to ensure that States deliver benefits accurately.

Food Stamps Are A Temporary Bridge over Hard Times for American Families

Most people who receive food stamp benefits are on the program for less than a year. Our reforms will strengthen work requirements to move toward self-sufficiency.

And they will require *both* parents to take financial responsibility for their children, and demonstrate personal responsibility by using benefits to purchase a healthy diet for themselves and their families.

Replacing Red Tape with State Flexibility--To Meet National Goals

Federal standards are the reason the program works, but how they are administered must be made easier for States to comply with. Reforms would replace unnecessarily prescriptive requirements with a system that allows States to design their own guidelines for meeting national goals.

"Between block grants and the status quo, our reform proposal offers a responsible alternative for people who want to change the Food Stamp Program for the better."

Ellen Haas, Under Secretary for Food, Nutrition,
and Consumer Services
U.S. Department of Agriculture

For more information on the reform plan, contact the Food and Consumer Service at (703) 305-2281.

Section 5

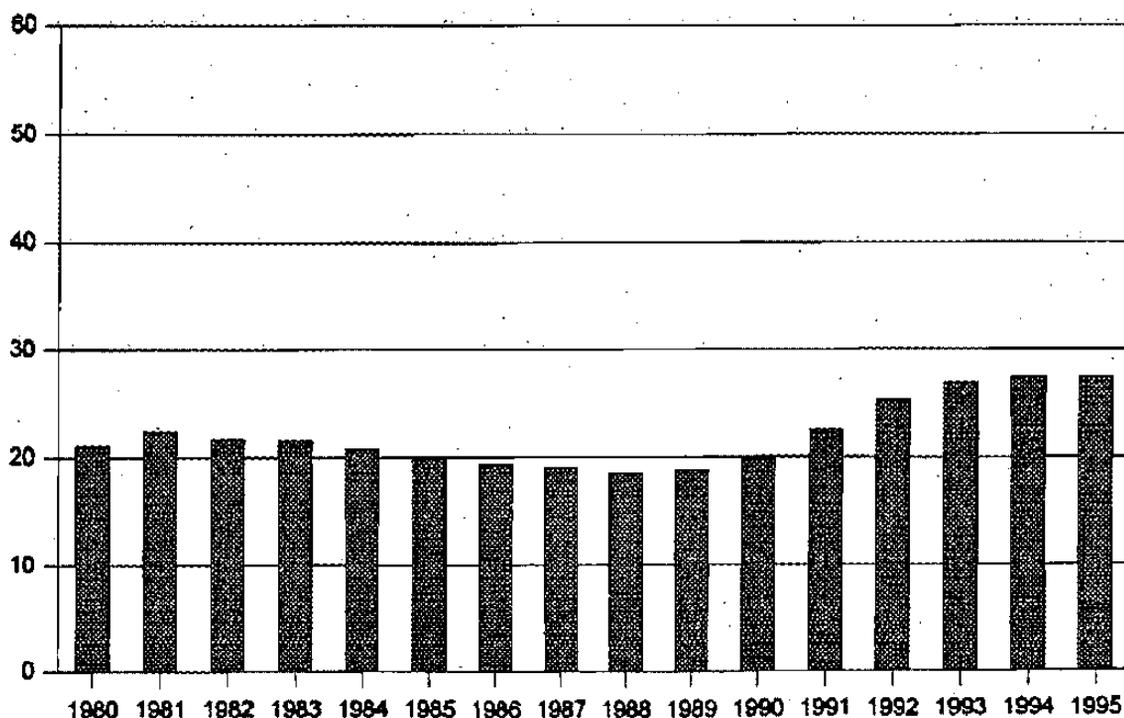
Food and Nutrition

The United States Department of Agriculture administers the Nation's domestic food assistance programs which serve more than 45 million Americans every month. The Food Stamp Program alone serves about 27 million people monthly, more than half of whom are children, and about 7 percent of whom are elderly. Only about 20 percent of food stamp households have any earned income. The National School Lunch Program serves 25 million children each day. The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) provides food assistance, nutrition education, and critical health care referrals to nearly 7 million women, infants, and children monthly.

The Food Stamp Program is a national safety net designed to help meet the basic nutritional needs of all eligible low-income families or individuals; other food and nutrition programs provide supplemental benefits to those with special needs, such as children or pregnant or lactating women. Together these programs fashion a network of food and nutrition assistance that ensures that every American, regardless of income, has access to a more nutritious diet.

Food Stamp Program Participants

(Millions)



Most of the domestic food assistance programs were started in response to documented problems of underconsumption and undernutrition in the United States in the 1960s and early 1970s. National surveys had found problems of growth deficits, anemia, and dental caries were more common among low-income populations than the U.S. population as a whole. Since the start of the Food Stamp Program and other domestic food assistance programs, the nutritional status in the United States has improved--the incidence of stunting has decreased, the incidence of low birthweight has decreased, and the prevalence of anemia in low-income preschool aged children has decreased dramatically.

One of the most important elements of the Food Stamp Program and the Child Nutrition Program is their ability to meet the increased needs of individuals, communities, and States resulting from economic recession. 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 communities, States and regions that face rising unemployment or poverty. The effect is to cushion some of the harsher effects of economic recession and provide stimulus to weakening economies.

Estimated FY 1995 outlays for USDA's 15 domestic food assistance and nutrition education assistance programs are \$38.8 billion, accounting for 62 percent of the Department's outlays. The Food Stamp Program with estimated FY 1995 outlays of \$26.6 billion is the single largest USDA program. The average per person food benefit from this program is about \$70 a month. The scale of this program offers a powerful means to reach millions of Americans, but also implies a serious responsibility to serve its customers--the applicants for and recipients of food assistance and the taxpayers whose tax dollars support the program--efficiently and effectively. Our responsibility is to ensure that the Food Stamp program is administered efficiently, recipients treated with dignity, payments are made accurately and benefits used properly.

■ **Food Stamp Program Reform**

Issue

The domestic food assistance programs provide an essential economic safety net and protect the dietary health of millions of adults and children. The Food Stamp Program is the primary food assistance program, serving the most clients with fundamental nutrition assistance. The program can be redesigned to address the need for improved program integrity, increased state flexibility, and demands for personal responsibility. Neither the status quo nor the extreme proposal to convert programs to block grants will provide a modernized program delivery system that ensures nutritional security and responds to economic need.

Discussion

The dual mission for food and nutrition policy is to ensure that all consumers have access to resources to purchase a healthful diet and the information to choose, prepare, and consume nutritious foods.

Although the link between diet and health is well established, the eating practices of most Americans do not meet the Dietary Guidelines for Americans. Nutrition leadership and education are needed because improvements in dietary practices will benefit society by improving quality of life and productivity, and by preventing early death.

Estimates indicate that in FY 1995 the Food Stamp Program will serve an average of 27 million Americans each month, at an annual cost of more than \$26.6 billion. Total spending on domestic food assistance programs is estimated at \$38.8 billion. Despite the benefits these large programs afford, nutrition education has not been adequately incorporated into client contacts.

The magnitude of the Food Stamp Program demands increased attention to program efficiency and integrity. A variety of enhanced authorities may be considered to deter food stamp fraud by retailers and program participants. Sanctions and incentives can encourage States to reduce error rates and recoup claims. Modernizing benefit delivery will improve program efficiency while facilitating improved program integrity.

The Federal government covers the costs of food stamp benefits but States share the costs of administering the program and are subject to uniform national standards of eligibility. Although States may request waivers of certain administrative rules, the system lacks the flexibility to encourage innovation and improve performance.

Eligibility for the Food Stamp Program is based on need. The program sets work and training requirements for able-bodied adults to promote personal responsibility and eliminate the individual's need for the program.

Guidance

A reform agenda that ensures nutritional security, improves program integrity, modernizes program delivery, provides State flexibility, responds to economic need, and demands personal responsibility should include the following:

- Expand nutrition education to promote health to the general public and program participants, and specify the importance of nutrition education in the Food Stamp Program mission statement. Complement nutrition education with efforts to improve access to quality, affordable foods in underserved areas.
- Enact anti-fraud legislation assuring that only legitimate retail food stores participate in the Food Stamp Program, strengthening penalties against retailers and recipients who defraud the program, and improving the collection of claims owed to the government. Require use of the Federal Tax Refund Offset Program and reform the Food Stamp Quality Control system to better utilize incentives and sanctions.
- Modernize delivery by removing the statutory prohibition against sharing Electronic Benefit Transfer (EBT) costs with retailers and by lifting the superfluous and administratively burdensome state-by-state EBT cost neutrality cap. EBT could also curb misuse of program benefits by helping to identify fraud more easily.
- Strengthen work and training 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 work. Personal responsibility should also be enhanced by permitting States to require cooperation with the Child Support Enforcement Program. Allowing States to deduct the charges associated with replacement of EBT cards directly from food stamp allotments will make food stamp recipients financially responsible for lost EBT cards.
- Augment State administrative flexibility by eliminating overly prescriptive requirements and giving States the authority to develop customer service guidelines appropriate for their clientele. Broaden authority for States to standardize benefits using income determinations from the Aid to Families with Dependent Children (AFDC), and grant States the flexibility to certify households for benefits for up to two years with annual contact to confirm household circumstances.

■ **Enhance Nutrition Education**

Issue

The American public is making slow progress toward better nutrition and health despite numerous educational activities and considerable public and private expense. This may be due to nutrition messages to Americans that are usually fragmented, often confusing, and sometimes inconsistent. The Farm Bill is an opportunity to increase emphasis on nutrition for the general population, integrate nutrition education into all domestic food assistance programs, and to work with States to implement nutrition promotion activities.

Discussion

Over the last 15 years, a consensus on diet has developed among U.S. nutrition and health experts. The Dietary Guidelines expressed in the Food Guide Pyramid is one tangible expression of that consensus. Yet, an unfortunate disconnect appears between the dietary advice of experts and the eating patterns and practices of much of the American public. The public appears to be backsliding in its quest for better eating and health, despite considerable government activity and expense.

Several statutes give USDA piecemeal legislative authority to provide nutrition information and education to the general public and to participants in USDA domestic food assistance programs. This authority is fragmented and often tied to a specific food assistance program, which constrains the types of allowable activities. Broader authority should allow USDA to provide the needed leadership to ensure that all consumers have the information and motivation to make healthful choices.

The rising costs of health care and the growing knowledge of the links between diet and health point to substantive societal and individual benefits from effective nutritional education. Reducing early deaths, increased productivity, and improved quality of life are positive outcomes associated with improved nutrition.

While some programs, such as WIC and the National School Lunch Program, have established clear links to sound nutrition practices and nutrition education, others, particularly the Food Stamp Program and several of the commodity programs, have not. In addition, the commodity programs, particularly the Emergency Food Assistance Program (TEFAP) and the Soup Kitchens/Food Bank Program, offer little in the way of nutrition education.

Guidance

The following actions could greatly enhance the ability of USDA to fulfill its mission to improve the nutrition of all Americans.

- Expand USDA's nutrition mandate, eliminating statutory barriers to nutrition promotion activities. The new mandate should direct USDA to develop and implement a comprehensive consumer- and science-based program to assist all consumers in adopting healthful, nutritious eating patterns.
- Develop nutrition promotion goals for USDA food assistance program customers and American consumers. Develop a plan and means for measuring progress toward achievement of the goals.
- Forge partnerships with State and local organizations, nutrition experts, and the food industry to plan and implement strategies to integrate nutrition education into food assistance programs.
- In cooperation with State and local organizations, establish or strengthen nutrition support networks to coordinate nutrition activities in States and local communities.

■ **Commodity Program Consolidation**

Issue

Several programs exist to provide nutrition assistance to needy Americans through the distribution of commodities for household consumption or in prepared meals. In some cases, the target populations for these programs overlap, but program rules differ. This creates confusion, increases administrative costs, and limits States' flexibility. Actions are needed to address these problems and to streamline USDA commodity programs.

Discussion

The Emergency Food Assistance Program (TEFAP), the Soup Kitchen/Food Bank Program, and the Commodity Supplemental Food Program (CSFP) currently provide commodity assistance to needy Americans. These programs have a wide variety of legislative and regulatory requirements, and are administered by several types of State agencies. Therefore, administration of the programs is complicated, and States have little flexibility in targeting their needy populations.

"Bonus" commodities, those acquired by USDA under surplus removal and price support authorities, are available to these programs in addition to commodities purchased under the specific program authorities. Bonus commodities are also available to "charitable institutions" which include soup kitchens, prisons, and hospitals.

Guidance

The following actions would address the shortcomings of the existing commodity distribution programs.

- Consolidate all funding currently available for commodities and administration of TEFAP and the Soup Kitchen/Food Bank Program. Funding for commodities and program administration initially would be allocated to the States based on the proportion of the total they received in FY 1995. States would be required to initiate a decision-making process on benefit targeting that includes formal opportunities for public input, and to incorporate their decision into a state plan of operations.
- Expand State flexibility to use the consolidated program to target assistance and streamline administrative and procurement processes.
- Integrate nutrition education into the consolidated commodity program. States would be encouraged to coordinate nutrition education and information delivery with the Food Stamp Program and WIC.

^BC-WELFARE@

^Glickman urges Clinton veto of food stamp bill@

By Charles Abbott

WASHINGTON (Reuter) - Agriculture Secretary Dan Glickman Tuesday urged a presidential veto of any legislation to merge the food stamp program, which helps feed 26 million people, into block grants administered by the states.

``I would recommend that he (President Clinton) veto block grants,'' Glickman told reporters after delivering a similar warning to the Senate Agriculture Committee. ``The concept of block granting is something we're very strongly opposed to.''

Glickman, who is responsible for public nutrition programs, spoke a day before the Senate Finance Committee was to begin voting on the main provisions of a welfare reform bill that shifts responsibility to the states under broad block grants. The plan by Finance Committee Chairman Bob Packwood, R-Ore., would set federal work rules and may limit welfare to five years but otherwise would contain few guidelines states would have to meet.

The House has already passed its version of welfare reform legislation, which would give the states new authority over the major welfare programs, including school lunches and aid to families with dependent children.

Senate Minority Leader Tom Daschle, D-S.D., said Democrats would wait until the Senate committee finished work before deciding whether to offer any comprehensive alternative.

Democrats have generally favored a reform plan that would retain federal control over welfare while giving states more flexibility, put more emphasis on training and require welfare recipients to sign ``contracts'' to move from welfare to work.

Farm state senators said they favored block grants or other major changes for food stamps while retaining federal control of child nutrition programs such as school lunch. But the House bill took the opposite approach, keeping food stamps at the federal level but merging child nutrition into block grants.

Public nutrition programs cost nearly \$40 billion a year and are a major element in welfare reform because many welfare households also receive food assistance.

``I am inclined to be bold when it comes to changing the food stamp program, perhaps more so than most of my colleagues,'' said Agriculture Committee Chairman Richard Lugar of Indiana. ``I am inclined to retain child nutrition programs at the federal level, while targeting benefits more.''

About 26 million people receive food stamp benefits each month. Some 25 million children receive hot meals daily through

school lunch, which provides free or reduced-price meals for children from low-income families.

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Bruce -

Here's ^a note my new intern Jean Martin wrote me on food stamp cash-out limits, FYI.

Emily Bromberg and I are going to discuss how we can ensure that the food stamp people work with us more on these important issues.

(Re: 2 notes at the bottom:

- o FCS is offering to compromise with Gov. Engler by agreeing to pay for the evaluation he doesn't want to do.
- o New York is getting some kind of denial from FCS. I am trying to figure out how unhappy NY will be.)

Diana

cc: Jeremy

TO: Diana
FROM: Jean
RE: 2-3% Statutory Limit on Food Stamp Cash-outs and Other
Info from Yvette Jackson re: Food Stamp Waivers
DATE: June 5, 1995

Yvette Jackson reports that there was language put into last year's Senate Appropriations Bill restricting FCS' ability to approve food stamp cash-outs to no more than 25 states and no more than 3% of the national food stamp caseload. This 3% is actually quite large, as the national caseload is approximately 27 million people. Thus, FCS' is limited to approving cash-out for no more than 810,000 recipients. Yvette feels that FCS is not close to reaching this cap because most cash-out programs are very small, targeted to counties or specific areas within a state.

Like the 25-state cap, the 3% language expires September 30th and Yvette feels it is unlikely to be renewed under the current Congress.

Yvette also commented that FCS "does not like cash-out" because evidence shows that families spend money on things other than food when they cash out. According to Yvette, FCS is concerned that these families will not adequately provide for the nutritional needs of their children.

In other news:

Michigan will be getting back to them tomorrow as to FCS' offer to pay for evaluation. FCS estimates the cost to be approximately \$200,000.

New York should receive notification of their denial "within the next day or two."

/jm

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

05-Jun-1995 11:49am

TO: Diana M. Fortuna
FROM: Bruce N. Reed
 Domestic Policy Council
SUBJECT: RE: Michigan food stamp waiver issue

is that 2-3% of the national population or of the state's?

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

30-May-1995 01:25pm

TO: Jeremy D. Benami
FROM: Diana M. Fortuna
Domestic Policy Council
CC: Bruce N. Reed
SUBJECT: Michigan food stamp waiver issue

Ellen Haas's office will get back to me tomorrow with suggestions on how to respond to Gov. Engler's letter to the President complaining that FNS has not approved his request for a state-wide food stamp cash-out waiver. FNS is meeting on it tomorrow, so Patty Morris will report back to me.

What Patty did say in our conversation today is: in addition to the 25 state statutory limit on food stamp cash-outs, there is also a statutory limit that only 2-3% of the population can be under food stamp cash-out waivers. This is news to me. She suggested that they won't agree to Gov. Engler's request to do it state-wide, but that perhaps he could have it on a smaller scale.

She also said that the food stamp reform package that they just released last week (also news to me) would allow these cash-outs without our approval, and that we should stress that this package should be enacted.

Jeremy: is someone else on DPC working on this reform package?
What do you think?



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

~~Honorable Pat Roberts
Chairman
Committee on Agriculture
U.S. House of Representatives
Washington, D.C. 20515~~

*Letter will be sent to
the President of the Senate and
the Speaker of the House.*

~~Dear Pat:~~

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 Department's proposed reforms will transform the Food Stamp Program into a more flexible 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.

I am enclosing a paper which discusses the Department's specific legislative proposals for achieving food stamp reform in broad terms, amendatory language for accomplishing the proposed reforms, and a section-by-section analysis of the proposals. Our proposal is designed to change the basic structure of the Food Stamp Program in ways that make sense. While our goal was not to achieve significant savings, the specific reforms we propose to improve the program will save a modest amount, estimated to be approximately \$550 million over the next five years.

2

Similar letters are being sent to the Chairman of the House Agriculture Committee and the Ranking Democratic Members of that Committee and your Committee.

The Office of Management and Budget advises that there is no objection to the presentation of this material from the standpoint of the Administration's program.

Sincerely,

DAN GLICKMAN
Secretary

Enclosures

cc: Regional Administrator (MPRO)
State Director (Kansas)

Lugar won't try to give states food stamp grants@

By Sue Kirchhoff

WASHINGTON (Reuter) - The chairman of the Senate Agriculture Committee changed his position Friday and said he would not attempt to give states control over the Food Stamp program, which provides nutrition aid to 26 million poor Americans.

Sen. Richard Lugar, R-Ind., instead unveiled a plan to save more than \$18 billion from nutrition programs over five years that keeps Food Stamps a federal responsibility but gives states new flexibility and cuts monthly benefits.

Unlike a House-passed welfare reform plan that has been harshly criticized by Democrats, Lugar's proposal would not give states authority over the school lunch program or make changes in the Women, Infants and Children feeding program.

"I changed my mind. The evidence was largely that (a Food Stamps block grant) would not be a good idea," Lugar told reporters, saying he was concerned that a lump sum to states would not allow them to meet increased need under a recession.

"You have to take ... that seriously as opposed to simply philosophically saying 'it would be sort of neat if all this were a pile of cash' and send it out there and deny any further responsibility," he said.

While admitting second thoughts, Lugar also lacked a majority on his committee for block grants. President Clinton has threatened to veto any Food Stamps block grant.

Lugar, whose committee must cut around \$28 billion from crop support and nutrition programs over the next five years to meet Republican balanced-budget plans, warned that his proposal was not the final word on nutrition spending.

Some farm-state senators want deeper cuts in nutrition to protect subsidies for cotton, wheat and other crops.

Sen. Patrick Leahy, D-Vt., said he would vote against Lugar's plan in committee next week and may offer amendments to end farm supports for wealthy farmers. "I am not about to support commodity groups ... and do it by cutting off nutrition to people in all 50 states, many of whom are children," Leahy told reporters.

The government spent more than \$8 billion last year on crop supports and over \$34 billion on nutrition programs.

Lugar's proposal would provide smaller increases in Food Stamp allotments to meet inflation -- cutting the reimbursement rate under the government's Thrifty Food Plan."

It would require able-bodied recipients between the ages of 18-50 to work and let some states offer Food Stamp benefits in cash. The bill would save \$500-700 billion from school lunches by freezing the payments for more affluent children.

House Republicans have taken a pounding for their plan to give states control of school lunch. Overall, the House bill cuts more than \$25 billion from nutrition programs. It makes deep cuts in Food Stamps, but does not include a block grant.

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**USDA's Analysis of the
Food Stamp Simplification and Reform Act of 1995
March 6, 1995**

The proposed Food Stamp Simplification and Reform Act of 1995 will jeopardize the national nutrition safety net for children and families. It would make far-reaching changes to the foundation of the Nation's endeavor to get food to people who need it. The bill would take billions in nutrition benefits from people who need them, render the Food Stamp Program unrecognizable, and make program administration unmanageable. It would result in the unraveling of the national nutrition framework that has successfully narrowed the gap between the diets of low-income and other families.

The bill will eliminate the national nutritional safety net. It will make deep reductions in nutrition benefits immediately, allow nutrition support to erode over time, and place a hard cap on future program expenditures, raising the specter of even further reductions.

- o Overall funding for the Food Stamp Program would be \$3 billion less than needed under current law in 1996 and at least \$16 billion less over five years.¹ More than 2 million participants would lose all benefits in 1996 and virtually everyone else would receive fewer food stamp benefits immediately; within three years, everyone, including 14 million children, would receive less.
- o Food stamp benefits are now linked to the Thrifty Food Plan, the least costly of USDA's food plans. This ensures that low-income families and individuals have the resources needed to purchase an adequate and nutritious diet. By freezing virtually all cost-of-living adjustments, the bill will allow benefits to fall behind rising food prices. As currently drafted, the bill shatters the critical link to basic nutrition standards, reducing basic benefits to only 90 percent of the amount needed to sustain an active, healthy life by the year 2000.
- o The bill places a hard cap on future program expenditures. If the need for nutrition support rises to the cap in future years, the bill requires USDA to reduce benefits across the board.
- o The gap between the diets of low-income and all other families narrowed after expansion of the Food Stamp Program and introduction of WIC. Reductions of the size proposed in this bill jeopardize 30 years of health and nutrition accomplishments.

¹ The House Committee on Agriculture will apparently seek \$16 billion in savings over five years. Initial analysis of draft bill language as of March 2 suggests that the bill will achieve much greater savings, ranging from about \$20 billion to \$30 billion over five years depending on the extent to which cost-of-living adjustments to maximum benefits are curtailed.

The bill will eliminate national eligibility and benefit standards. The elements of a healthy, nutritious diet do not vary across the country. National standards protect low-income families and their children, no matter where they live.

- o National standards work. Yet, the bill will give each of the 50 States the option to eliminate those standards for single mothers with children immediately and for all participants eventually. There could be 50 vastly different State programs using 50 different eligibility standards and offering 50 different nutrition benefits. In fact, each State could even set up different standards for different counties. These changes may reverse the program's effectiveness in assuring low-income families access to the resources they need to meet their basic nutritional needs.
- o Where States have this flexibility now, we have seen enormous variability. A single parent with two children can qualify for \$120 a month in AFDC if she lives in Mississippi but \$680 if she lives in Connecticut. The uniform national standards of the Food Stamp Program help smooth out these inequities among States.
- o The proposed "simplification" may actually complicate program administration. Workers may need to understand one set of rules for pure AFDC households, another set for households in which some receive AFDC and others do not, and yet another for households in which no one receives AFDC. In any given month, about 40 percent of all food stamp households receive AFDC; fully one in five of these are mixed cases. Moreover, households are dynamic -- their members, incomes and program participation all change over time.

The bill will eliminate the economic responsiveness of the Food Stamp Program.

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 communities, States or regions that face rising unemployment or poverty. The effect is to cushion some of the harsher effects of economic recession and provide a stimulus to weakening economies.

- o Between 1990 and 1994, the number of food stamp participants increased by more than one-third. The Food Stamp Program expanded automatically to meet this need.
- o By placing a hard cap on program expenditures in future years and creating an optional block grant, the bill eliminates this responsiveness to economic or demographic changes. While the number of people eligible for and in need of assistance will grow as the economy weakens, unemployment rises, or poverty increases, federal funding for food assistance would no longer automatically increase in response to greater need. Nutrition benefits could be reduced at precisely the time when the economy is weakest, States are least able to step in with their own resources, and participants are most in need.

- o In times of economic recession, every \$1 billion in additional food stamp spending generates about 25,000 jobs.
- o The proposed cap will severely challenge the capacity of both federal and State governments to manage the program without causing serious hardship to those who rely on program benefits to get through tough times. The variation in possible State program designs will complicate the already difficult task of projecting program costs into the future. The normal lag in State reports on program costs, coupled with the need to give States enough advance notice to allow time to adjust benefits, means that critical decisions will have to be made relatively early each year with only partial and uncertain information.

The bill is weak on fraud. The Food Stamp Program faces a serious threat. Its remarkable success is eclipsed by a growing perception of a program in crisis. We need to change that perception through swift, effective steps to end the diversion of food stamps for personal profit.

- o The Administration has proposed a legislative package that will give USDA the authority and necessary tools to rein in program abuse. This bill is not as tough on criminals who defraud the Food Stamp Program as the Administration's proposal.
- o The Administration's strategy focuses on preventing fraud by ensuring that only legitimate stores participate and by strengthening penalties against retailers and recipients who violate program rules. Specifically, the Administration seeks to:
 - suspend violating retailers from the program while their cases are pending review, eliminating the ability of stores to continue to abuse the program during the appeals process.
 - expand forfeiture authority to allow the seizure of any property used in or derived from illegal food stamp transactions
 - allow USDA to determine the length of time a store found to have business integrity problems (such as convictions for embezzlement, insurance fraud, etc.) would be barred from the program.
 - increase USDA access to a wide variety of documents to verify the legitimacy of retail food stores
 - expand authority to use retailer-provided information when cooperating with law enforcement authorities
 - permit USDA to permanently disqualify retailers who intentionally submit falsified applications.

-- require States to participate in mandatory tax and salary offset programs to collect outstanding claims.

The bill will reduce food spending and harm the food industry and farm economy.

- o The bill would ultimately mean that low-income families will have less to spend on food. A \$16 billion reduction in federal support could lower retail food sales by as much as \$3 billion to \$7 billion over the next five years.
- o As food spending declines, the loss in sales would affect earnings of food manufacturing and distribution firms. Agricultural producers would suffer decreases in gross farm income as farm prices and food sales decline.

The bill undermines a national, uniform EBT system. The Administration strongly believes that it is time to create a benefit delivery system that works better and costs less. Under the Vice-President's leadership, we are already moving to make EBT nationwide in the fullest sense -- one card, user friendly, with unified delivery of government-funded benefits. This bill would allow every State to pursue their own independent path to EBT.

- o Food retailers, financial institutions, and client advocates agree that a national, uniform EBT system provides better service, reduces security risks, and increases cost-effectiveness more than independent State systems. National uniformity eliminates the need to repeat sizable investments in system development as each State implements EBT. Standard rules maximize the opportunity to piggyback on the commercial ATM and POS infrastructure.
- o Program security can be compromised if each State is allowed to develop its own system. System security is not free. If national security standards are not established and enforced, States will face the difficult choice between reducing costs and jeopardizing program security. We want to ensure more program integrity, not less.
- o Common rules and procedures for EBT systems will allow participants to purchase food in their home States, neighboring States, or any State. Without uniform rules, inter-State benefit redemption will be difficult at best, making it likely that participants would lose their ability to redeem food stamp benefits anywhere in the country.
- o A block grant for the Food Stamp Program is not needed to move EBT along -- it is already happening. A coalition of 7 Southern States, sharing the vision of streamlined, cost-effective EBT, is working in partnership with the Federal EBT Task Force and federal agencies to implement a joint EBT system by 1996. Nine States are already operating EBT systems for the Food Stamp Program; 30 other States are currently planning or in the process of implementing EBT.

The bill proposes an unworkable work program.

- o By denying benefits to any single adult or childless couple who does not work or participate in a workfare program -- without requiring that States provide jobs, training, or workfare slots -- this bill holds nutrition benefits hostage to jobs that may not exist.
- o This provision will take all nutrition benefits away from 1.2 million participants within 3 months of implementation unless:
 - States manage to create an equal number of workfare slots (an extremely unlikely possibility given an annual cost of about \$2,700 per slot, more than \$3 billion overall);
 - unemployment rates exceed 10 percent (an exemption that will apply to a relatively few places -- in the depth of the serious recession in 1982, when the national unemployment rate reached 9.7 percent, the highest rate seen in 50 years, only about one-third of all major urban areas would have qualified for this exemption); or
 - the Secretary determines that sufficient jobs are not available.

The bill is unfairly tough on legal immigrants.

- o Illegal aliens should not receive food stamps, and, under current law, they do not.
- o The blanket prohibition of all benefits to legal immigrants who are not yet citizens is too broad and would shift substantial burdens to State and local taxpayers. These legal immigrants are required to pay taxes. Many serve in the armed forces and contribute to their communities.
- o The Administration strongly favors a more focused approach of holding sponsors more accountable for those they bring into this country.

The bill will consolidate several of USDA's commodity programs. The bill would combine several Food Distribution Programs into one Consolidated Grant, including the Commodity Supplemental Food Program, The Emergency Food Assistance Program, the Food Banks/Soup Kitchens Program and the Commodity Program for Charitable Institutions and summer camps. The funding section would, however, prohibit the Department from using the appropriated amount for initial processing and packaging of commodities, or for distribution of commodities to States. While the Secretary may use Commodity Credit Corporation or Section 32 funds for these purposes, it is not possible to know whether such funds would actually be available. If funds were not available, it would place the Secretary in the position of purchasing commodities for emergency feeding programs, but without funds to process the food into customer-friendly sizes or to be able to pay for food delivery to the States.

**Preliminary Estimates of the Effects of the
Food Stamp Simplification and Reform Act of 1995
(Dollars in millions)**

Section	Proposal	1996	1997	1998	1999	2000	5-Year Total
541	State option to operate a simplified Food Stamp Program in all or part of the State for families receiving benefits under the temporary assistance for Needy Families Block Grant	N/A	N/A	N/A	N/A	N/A	
542	Authority given to States to use the same rules for AFDC and food stamp eligibility and benefit calculations	N/A	N/A	N/A	N/A	N/A	
	An AFDC penalty for noncompliance with work requirements cannot result in an increase in food stamp benefits	-5	-5	-5	-5	-5	-25
543	Conforming amendment	0	0	0	0	0	0
551	Eliminate cost-of-living adjustments to the Thrifty Food Plan after 1996	0	-955	-1,985	-3,100	-4,215	-10,255
552	Freeze the standard deduction and shelter deduction after 1995						
	-- standard	-130	-230	-360	-490	-625	-1,835
	-- shelter	-85	-410	-590	-655	-735	-2,475
	-- homeless shelter expense	a	a	a	a	a	0
	Count energy assistance paid under AFDC or GA as income	-220	-220	-220	-220	-220	-1,100
	Do not count expenses paid by LIHEAP when calculating the excess shelter expense deduction	-35	-40	-40	-40	-40	-195
553	Freeze the Fair Market Value vehicle limit at \$4,550	-5	-55	-75	-100	-120	-355
	Count the value of vehicles used to transport fuel and water	a	a	a	a	a	

Section	Proposal	1996	1997	1998	1999	2000	5-Year Total
554	Legal aliens will be ineligible for food stamp participation until they apply for naturalization (after the 5 year residency requirement)	0	-870	-905	-945	-985	-3,705
555	Mandatory job search at application (at State option)	N/A	N/A	N/A	N/A	N/A	
	Able-bodied adults between the ages of 18 and 50 with no dependents will be ineligible for food stamp benefits beyond three months UNLESS they work for 20 hours a week, or participate in a workfare or job training program for 20 hours a week ²	-1,630	-1,710	-1,785	-1,860	-1,935	-8,920
556	Persons disqualified from AFDC made ineligible for food stamps	-5	-10	-10	-10	-10	-45
557	Encourages States to implement EBT under terms and conditions they deem appropriate and eliminates Secretary's approval authority	N/A	N/A	N/A	N/A	N/A	
	Allows States with Statewide EBT systems to accept block grants for food stamps set at the higher of 1994 or average 1992-94 costs						
558	Repeals the provision indexing the \$10 minimum allotment	0	0	-35	-35	-35	-105
559	Reinstates proration of benefits at recertification	-25	-30	-30	-30	-30	-145
560	Repeals the 1993 QC reforms, except that waived sanctions will not be reimposed ³	0	0	-270	-275	-290	-835
561	Permit States to use food stamp benefits as a wage subsidy	a	a	a	a	a	0
562	Criminal forfeiture provided as an additional penalty for retail fraud; proceeds used to help cover the admin. costs of DoJ, expenses of the USDA OIG, and FCS compliance activities	a	a	a	a	a	0

Section	Proposal	1996	1997	1998	1999	2000	5-Year Total
563	A cap equal to the 1995 appropriation level will be imposed on the food stamp authorization levels and the current requirement that a pro-rata reduction be imposed on benefits if funding is likely to run out before the end of the fiscal year will be retained	N/A	N/A	N/A	N/A	N/A	
	TOTAL	-2,140	-4,535	-6,310	-7,765	-9,245	-29,995

¹ We are interpreting this provision to be conforming FSP penalties for non-compliance with work requirements to those of the JOBS program.

² These savings assume States are not obligated to provide workfare slots for the able-bodied recipients who remain on the FSP more than 3 months and that they choose not to offer these slots because the cost of providing the estimated 1.2 million slots needed would exceed \$3 billion per year.

³ These savings assume that the QC provisions in effect in 1988 will be operative beginning with fiscal year 1995. They also assume that liabilities are not reinvested in corrective action. They further assume that collections are made 3 years after the liability is incurred.

a Minimal savings anticipated

Estimates based on 3/2/95 draft language.



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

Honorable Pat Roberts
Chairman
Committee on Agriculture
U.S. House of Representatives
1301 Longworth House Office Building
Washington, D.C. 20515-6001

Dear Mr. Chairman:

The House Committee on Agriculture will shortly consider the Food Stamp Program and Commodity Distribution Act. The bill would make far-reaching changes to the foundation of this Nation's endeavor to get food to people who need it and reduce nutrition support by at least \$16 billion over the next five years. It would result in the unraveling of the national nutrition framework that has successfully narrowed the gap between the diets of low-income and other families, and, therefore, unless the following concerns are addressed, the Administration opposes the bill.

This bill would eliminate two features of the Food Stamp Program that have enabled it to protect the nutritional security of millions of low-income American children and families for over thirty years. The Food Stamp Program is effective because national standards for eligibility and benefits create a nutritional safety net and the funding structure ensures the program can expand to meet the increased needs of individuals, communities, and States resulting from an economic recession.

President Clinton has said that nutrition programs are in the national interest. We believe that changes are needed to reform the Food Stamp Program in ways consistent with the principles of nutrition security, program integrity, modern benefit delivery, expanded State flexibility, economic responsiveness, and personal responsibility. We are committed to reform, but we do not support changes that jeopardize the nutrition and health of low-income families and children or cut benefits in the gulfs of devolution.

The bill will eliminate the national nutritional safety net. Two weeks ago, the House Education and Economic Opportunities Committee voted out a bill that would reduce nutrition benefits to preschool children in day care and children at school; the proposed bill before the Committee on Agriculture goes further and would reduce nutrition benefits to low-

Honorable Pat Roberts

2

income children at home. If enacted, the bill would immediately reduce nutrition benefits by more than \$3 billion in 1996, erode nutrition support for needy families over time by allowing benefits to fall behind the growth in food costs, and place a hard cap on program expenditures, raising the specter of even further reductions.

The bill would eliminate uniform national eligibility and benefit standards. National standards protect low-income families and their children, no matter where they live. Basic nutrition needs do not vary from State to State. Yet, the bill would allow each of the States to set vastly different eligibility standards and nutrition benefits for single mothers with children. Each State could even set different standards for different counties within the State. The ability of these mothers to obtain nutritious diets for their families may depend entirely on where they live, an illogical and inappropriate break in the national nutrition safety net. Furthermore, the bill effectively eliminates all national eligibility, benefit, and nutrition standards for all program participants once a State converts to Electronic Benefit Transfer. These changes may reverse the program's effectiveness in assuring low-income families access to the resources they need to meet their basic nutritional needs.

The bill would eliminate the economic responsiveness of the Food Stamp Program. Under current law, within the amount appropriated for the program nationwide, food stamp benefits automatically flow to communities, States, or regions as they face rising unemployment or poverty, cushioning the harsher effects of economic recession and stimulating weakening economies. The bill, by placing a hard cap on total expenditures and by offering the option to convert the program into a block grant, would eliminate this automatic adjuster. If expenditures within a given State rise to the level of the block grant in the next recession, the State would be forced to reduce benefits across the board at precisely the time when participants are most in need. The demand for assistance to help the poor would be greatest at precisely the time when State economies are weakest and tax bases are shrinking.

The bill would reduce food purchases and adversely affect the food industry and farm economy. A \$16 billion reduction in federal support could lower retail food sales by \$3 billion to \$7 billion over the next five years. As food spending declines, the loss in sales would affect earnings of food manufacturing and distribution firms. Agricultural producers would suffer decreases in gross farm income as farm prices and food sales decline.

The bill would undermine a national, uniform Electronic Benefit Transfer (EBT) system. We strongly believe that it is time to create a benefit delivery system that works better and costs less. We are well on the way, under the leadership of the Vice President, to making EBT nationwide in the fullest sense—one card, user friendly, with unified delivery of government-funded benefits. This bill, however, would allow every State to pursue its own independent path to EBT, undermining a national, uniform EBT system that will provide better service, reduce security risks, and increase cost-effectiveness better than independent

Honorable Pat Roberts

3

State systems. Common rules and procedures for EBT systems allow participants to purchase food in their home States, neighboring States, or any State. Without uniform rules, participants would lose their ability to redeem food stamp benefits anywhere in the country.

The bill proposes an unworkable work program. By denying benefits to any single adult or childless couple who does not work or participate in a workfare program at least 20 hours per week--without requiring that States provide jobs, training, or workfare slots--the bill holds nutrition benefits hostage to jobs that may not exist. We estimate that this provision alone would take nutrition support away from 1.2 million participants within 3 months of implementation unless States manage to create an equal number of workfare slots (an extremely unlikely possibility given an annual cost of about \$2,700 per slot and more than \$3 billion overall) or unemployment rates exceed 10 percent (an exemption that is likely to apply to a relatively few places).

The bill is weak on fraud. The Food Stamp Program faces a serious threat. Its remarkable success is eclipsed by a growing perception of a program in crisis. We need to change that perception through swift, effective steps to end the diversion of food stamps for personal profit. Last week, we submitted a legislative package that will give the Department of Agriculture the authority and the necessary tools to rein in program abuse. The Administration's strategy focuses on preventing fraud by ensuring that only legitimate stores participate and by strengthening penalties against retailers and recipients who violate program requirements. The provisions in this bill are not as tough on criminals who defraud the Food Stamp Program as the proposals we unveiled.

We are ready to work with Congress to bring about lasting and meaningful change in the Food Stamp Program. We will support changes that preserve health and nutrition goals, that are in the national interest, consolidate what is redundant, and reform what is outdated. But America needs a national system of Federal nutrition programs that establishes and meets nutrition standards, responds to economic changes, and ensures that the health and nutritional well-being of families and children are protected, and we urge you to ensure that your action on the Food Stamp Program and Commodity Distribution Act meets those challenges.

Sincerely

RICHARD E. ROMINGER
Acting Secretary

WR - Food Stamps

March 3, 1995

NOTE TO CAROL RASCO

BRUCE REED

KEN APFEL

JOHN ANGELL

KITTY HIGGINS

From: Jeremy Ben-Ami

Subject: Fact Sheet on Republican Food Cuts

USDA is comfortable with the attached materials which lay out our understanding of the food stamp proposal as well as the rescission and block grant proposals.

REPUBLICAN FOOD AND NUTRITION CUTS

Facts and Figures -- as of March 3, 1995

I. Food Stamp Proposal

Status: House Agriculture Committee will mark up on Tuesday March 7. Information on exact proposal still sketchy. Following information drawn from USDA, AP, FRAC, CBPP, OMB and other indirect sources.

Elements of Republican Proposal

Some of the elements of the plan seem to be:

- o Cut Food Stamp spending by approximately \$16 billion over 5 years
- o May limit indexation for inflation of benefits, asset limits, other aspects of program
- o Will limit benefits to able bodied single adults (without kids) between 18 and 50 -- requiring work as a condition of benefits after 90 days. Could cut off people willing to work and play by the rules
- o Will further restrict legal immigrants' access to food stamps
- o Will allow block grant of food stamps to states that move to electronic benefits systems (EBT) -- removing federal safety net in those states.
- o Could restore the annual cap on expenditures that was repealed in 1990.

- o Will include \$500 million increase in funds for soup kitchens, other food programs

II. Other Food and Nutrition Block Grants in Welfare Reform

Status: The House EEO Committee last week marked up its pieces of welfare reform including combining school lunch, WIC and other nutrition programs into two block grants.

Impacts: The Republican proposal:

- o Reduces funding for child nutrition by \$7 billion over 5 years -- \$1.3 billion from school based programs, and \$5.3 billion in the family nutrition block grant.
- o Block grants would allow up to 20 percent of funding to be used for other purposes, posing further potential cut in child nutrition programs.
- o Latest CBPP estimate: WIC would be able to serve 168,000 less women, infants and children in FY96 than this year.

- o Major WIC impact could be elimination of the Infant Formula Rebate which could cost \$1 billion annually, impacting as many as 1.6 million mothers and children every month.
- o Eliminates national standards, increases state exposure to economic downturn, penalizes states that provide more subsidized meals since funding based on total meals served.
- o Ends entitlement to school lunch and breakfast, Child and Adult Care Food Programs and Summer Food Programs.
- o Child and adult care and summer food programs would be hardest hit. Block grant reduces non-WIC programs by 45 percent from our proposed FY96 funding.

III. House Rescission Package

Status: The House Appropriations Committee has approved a rescission package for FY95 that would cut WIC by \$25 million. In a six month period, \$25 million would fund services to 100,000 mothers and children.

Important Note: The WIC program generally ends the year with unspent funds. These get rolled over to the next year. The rescission would not directly cut off funds to mothers and children this year, but will have the impact of reduced availability of funds overall in future years.

TALKING POINTS
REPUBLICAN FOOD STAMP BLOCK GRANT PROPOSAL
MARCH 3, 1995

The Food Stamp Block Grant proposal unveiled yesterday by House Committee on Agriculture will eliminate the national nutrition safety net for children and families. The bill would cut \$16 billion out of nutrition benefits for people who need them, render the Food Stamp Program unrecognizable, and make program administration unmanageable. Based on our initial analysis, this proposal will:

Eliminate the national nutritional safety net

- o The bill is a double-hit on children; last week, the House Ways and Means Committee reduced nutrition benefits to children at school; this week the House Agriculture Committee takes aim on children at home.
- o The bill will dramatically reduce nutrition benefits to people who need them immediately, and then cap expenditures in future years, eliminating the automatic adjustor in hard times. It will erode the nutrition support for needy families by failing to keep pace with inflation.

Eliminate national eligibility and benefit standards

- o The proposal allows individual states to design their own eligibility and benefit standards. This bad idea could result in needy families being treated in fifty different ways, under fifty different state programs, using fifty different eligibility standards, and receiving fifty different levels of benefits, depending on where they live. Basic nutrition needs are the same no matter where a family lives; benefits should reflect that leadership.

Eliminate economic responsiveness

- o By placing a hard cap of program expenditures in future years and creating an optional block grant, this bill eliminates the ability of nutrition programs to respond to changing economic circumstances.
- o In the next recession, the Food Stamp Program will not be there to cushion hard times in affected communities and States. And benefits won't keep pace with inflation.

Undermines a national, uniform EBT system

- o This proposal allows every State to pursue their own independent path to EBT. It even requires the Secretary to waive any provision of the act that a State claims hinders their ability to implement EBT.

Proposes unworkable work requirements

- o The Republican bill proposes a work requirement program that holds nutrition programs hostage to jobs that may not exist

Is weak on fraud

- o This proposal is not as tough on criminals who defraud the Food Stamp Program as the Administration's proposals unveiled two days ago.

Ignores the distinction between nutrition programs and income security programs

- o Nutrition programs are different from income security programs; they produce different results, and should be measured on different standards.
- o Sixty years ago, FDR's aide responsible for designing a relief program to help victims of the Depression, understood that difference. Harry Hopkins was testifying before a Congressional committee chairman who didn't believe food assistance was as important as strategies to help the economy "in the long run." "That's the difference, Senator," he said. "People don't eat in the long run. They eat every day."

Shrinking Menus: G.O.P. Lunch Plan

By MARIAN BURROS

CONGRESS has taken the first steps to repeal the National School Lunch Act, which has fed hundreds of millions of hungry children since 1946. The changes being proposed could affect the lunch choices of every child in every public school, regardless of income.

Many schools may simply get out of the business of offering school lunches. Or if they continue, they may raise prices for many students. For the poorest children, the changes could mean an end to the free meals, including breakfast, that have been linked to improved academic performance.

The House Economic and Education Opportunities Committee is expected to finish working today on a bill that would turn the school lunch and breakfast programs over to the

states and reduce the amount of Federal financing.

The current bill from the committee's Republican chairman, Bill Goodling of Pennsylvania, is a modification of legislation that had been offered by the House leadership.

"The Congress is taking a huge gamble with a program that has a proven record of success for almost 50 years now," said Marshall Matz, the legislative counsel to the American School Food Service Association, which represents food-service employees across the country. "No one has ever testified that this program doesn't work. This is one of the first implementations of the Republican Contract With America that really changes a Government program we've all grown up with."

"This was not a Roosevelt-Lyndon Johnson program," he

Continued on Page C4

Continued From Page C1

added. "It was signed by Harry Truman because so many guys failed their physicals during World War II, and it was expanded by Richard Nixon."

Kelly Presta, a spokesman for the House committee, said the goal of the change was to make the program more efficient and to reduce administrative costs in Washington.

Ninety-five percent of all schools participate in the federally financed lunch program, which feeds 25 million children each day; more than half the children get a free lunch or pay just 40 cents. During 1991-92, the last year for which data are available, the rest paid, on average, about \$1.15. Most of the almost six million children who eat school breakfasts receive either free or reduced-price meals. Meals for all children, including those who pay full price, are subsidized by the Federal Government.

Under the proposal, poor children would no longer be guaranteed free lunch or breakfast, and Federal nutrition standards for the meals would be replaced by state standards. In addition, the programs would no longer get extra money if they had to provide additional free meals because of a local recession.

The draft legislation would give the states block grants, and at least 80 percent of that money would have to be used to provide "free or low-cost meals or supplements to economically disadvantaged children.

"There is no requirement in this bill we can find for free lunch or free breakfast," said Ellen Haas, Under Secretary of Agriculture for Food, Nutrition and Consumer Services. Mr. Presta, the committee spokesman, said that the grants would have

to be used for poor children, but he would not specifically say that free lunches would continue.

The remaining 20 percent of the block grant could be used for other programs unrelated to school lunches or breakfasts, further reducing the money available to schools for meals.

The legislation calls for freezing the 1996 budget at the 1995 level. The block grants for 1996 are \$300 million less than the Administration's proposed budget, which considered higher food costs and greater participation. Over five years, there would be a \$2 billion decrease in funds.

If a state chose not to subsidize meals for children who pay full price, it would have to raise prices, which would probably mean schools would drop out of the program, because participation would drop. Every time the cost of meals goes up by 1 cent, participation drops by 1 percent. When the budget for school meal programs was slashed during the Reagan Administration, participation dropped to 23 million students, from 26 million students, and more than 2,000 schools dropped out. School officials say that because of certain fixed costs, they cannot reduce expenses in proportion to the income lost when students drop out.

Patty Morris, executive assistant to Ms. Haas, said states would be able to do what they chose, nutritionally. "What you will probably see is all the fast-food chains serving school lunches because it's easier and it's cheaper."

The current program must adhere to standards set by the National Academy of Science, which require that children get one-third of the Recommended Daily Allowances for certain vitamins and minerals. New standards were to take effect next year.

here to United States Dietary Guidelines that set limits for fat.

"With 50 different states setting 50 different standards, from historical experience we know some states will want to economize," Ms. Haas said. "That's what happened when the food-stamp programs were run by the states."

What has physicians, antihunger advocates and directors of food-service programs so concerned is the potential impact a greatly reduced and nutritionally inadequate school-meal program could have on the health of the poorest children.

Studies have demonstrated the benefits of school feeding programs. In 1987, researchers at Boston and

Tufts universities looked at achievement test results of children for a year before and a year after the breakfast program began. The program was credited with causing significant improvements in attendance and standardized achievement test scores.

Dr. Larry Brown, director of the Center on Hunger, Poverty and Nutrition Policy at Tufts University, said the budget cuts and the block grants were coming at a time when "researchers have learned that the young child is even more susceptible to mild undernutrition than science previously knew."

"If more poor children don't get school lunch and school breakfast, which is inevitable, we are cutting off our nose to spite our face," he said.

Dr. T. Barry Brazelton, the pediatrician, was also gloomy. "You'd hope that states would take responsibility about nutrition, but our experience in the past is that the states with the largest group of people in poverty and the highest risk people are the states that are more whimsical about how they use their nutrition programs."

The final House bill is not expected to differ substantially from the bill being worked on today. The chance to make some changes may come in the Senate with Senator Bob Dole, the majority leader, who has been a strong advocate of Federal nutrition programs for the last 30 years.

So was President Nixon, who said in 1969: "A child ill fed is dulled in curiosity, lower in stamina, distracted from learning."

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USDA

WIC Funding Talking Points

February 23, 1995

Yesterday the House Appropriations Committee's Subcommittee on Agriculture and Related Agencies reported out a bill to rescind \$25 million in Fiscal Year 1995 appropriations for the WIC program.

At the same time, the House passed a \$3.21 billion Pentagon spending bill. The sweeping cuts in WIC and other domestic programs are being used to offset additional spending for the Pentagon.

While 1995 WIC appropriations are being rescinded, the Welfare Reform Act of 1995, being marked up this week by in the House Economic and Educational Opportunities Committee, will cut future spending for the program—\$943 million less in Fiscal Year 1996, and \$5.3 billion less over the five year period 1996-2000—and block grant it to the states.

Rescinding of funding for 1995 and the combination of cuts and block granting for future years will severely undermine a program that effectively reduced low-birthweight and infant mortality, and increased prenatal and pediatric health care in America. Also, a large part of the significant drop in the rates of anemia is due to WIC.

In fact, study after study has shown the positive effects of WIC on health and nutrition.

WIC is clearly cost-effective. A study published by USDA in 1990 showed that women who participated in the program during pregnancies had lower Medicaid costs for themselves and their babies than did women who did not.

Each dollar spent in prenatal WIC benefits was found to be more than offset by reduced Medicaid cost for both mother and baby after birth.

And, for every dollar spent on WIC prenatal participants there are three dollars in savings on health care costs.

WIC reaches an estimated 90 percent of eligible infants and pregnant women in the U.S. The program served an average of 6.5 million people each month in 1994, and was expected to serve 7.2 million in 1995.

WR - Food
STAMPS

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

INFORMATIONAL MEMORANDUM FOR THE ACTING SECRETARY

FROM: Ellen Haas *Ellen Haas*
Under Secretary for
Food, Nutrition and Consumer Services
amf
Roger Visdero
Inspector General

FEB 10 1995

SUBJECT: Food Stamp Program Integrity

ISSUE:

Proposed reforms and initiatives to promote program integrity in the Food Stamp Program.

BACKGROUND:

In a collaborative effort between the Office of Inspector General and the Food and Consumer Service, we have developed a series of anti-fraud strategies aimed at assuring that food stamp benefits are going to their intended purpose, rather than being used as a second currency for illegal gain. These strategies are aimed at: (1) assuring that only legitimate stores participate in the program; (2) strengthening penalties against stores and recipients that violate program rules; and, (3) accelerating the use of technology as an enforcement tool.

DISCUSSION:

In detail, these strategies are:

STRATEGY 1. *Ensure that only legitimate stores participate in the program.*

Legislative options: We need to tighten the store authorization process and implement more up-front controls to prevent the participation of unscrupulous retailers. This can be done by giving the Secretary authority to require stores to provide income and sales tax filing documents to the Department, and to give written permission to the Department to verify/confirm all tax filings with other agencies.

To improve our ability to verify store legitimacy, the Secretary also needs authority to require permission from stores to obtain corroborating 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.

INFORMATIONAL MEMORANDUM FOR THE ACTING SECRETARY

2

The Department just recently obtained legislative authority to share taxpayer identification numbers (SSNs and EINs) with Federal agencies that already have access to such information in order to allow cross-matching of data. We need to expand the Secretary's authority to share retailers' SSNs and EINs with State investigative and law enforcement agencies that already maintain files of such information in order to enhance cross-matching and information sharing activities.

Another preventative measure would be to require a 6-month waiting period for reapplication by a store that does not initially meet the criteria for eligibility. This proposed requirement will help reduce the participation of those retailers who temporarily stock a store to meet minimum requirements and then engage in food stamp trafficking as their primary business.

We also should consider seeking discretionary authority to set a time limit on store authorizations. This proposal could include provisional authorization periods as short as 6 months for newly opened stores to help confirm their legitimacy.

Other initiatives: FCS plans to publish regulations to: (1) increase the time period for FCS 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 FCS the discretion to require stores to submit copies of documents to verify their legitimacy, such as State and local licenses, SSN cards, drivers license, photo Ids and purchase records.

FCS also intends to use site visits to determine the eligibility of marginal stores and sign agreements with IRS, FinCEN and SSA on information sharing. We will widely publicize consequences to retailers of providing false information in order to gain illegal access to the program.

STRATEGY 2. *Strengthen penalties against stores and recipients which violate program rules.*

Legislative options: Tougher retailer penalties can serve as a strong deterrent and give a clear signal that the Department is committed to punishing those who engage in fraud. The Secretary needs the authority to: (1) immediately suspend violating stores pending any administrative or judicial review of a proposed sanction; (2) disqualify a store based on prima facie evidence such as highly suspicious EBT transactions or

INFORMATIONAL MEMORANDUM FOR THE ACTING SECRETARY

3

food stamp redemptions that exceed reported food sales; (3) expand forfeiture provisions to allow seizure of any property used in or derived from illegal food stamp transactions; (4) 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 vs. temporary suspensions of liquor licenses; (5) permanently bar a retailer who intentionally submits a falsified application that would lead to a fraudulent authorization; and (6) apply food stamp disqualification penalties against stores disqualified from the WIC Program for violations of the WIC regulations and vice versa so that penalties are enforced for both programs.

To deter recipient violations, we propose 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 violation, and keep permanent disqualification for the third violation. In addition, we would like to establish mandatory tax offsets and salary offsets by States against recipients to collect claims arising from intentional program violations and unintentional errors.

Other initiatives: FCS plans to publish regulations implementing Federal tax offset for retailers (whether or not they are currently authorized) if they 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 a felony offense (including EBT). We are also working closely with the Department of Justice to expand the use of False Claims Act collections.

STRATEGY 3. *Accelerate the use of technology as an enforcement tool to detect and document fraud.*

Legislative options: One of the most promising tools for detecting and documenting fraud and trafficking is electronic benefit transfer (EBT) technology. We are proposing that EBT expansion be accelerated by removing current legislative barriers. The Administration has made nationwide EBT a top priority. Nine States are operating EBT systems. Most other States have begun to plan for EBT to deliver benefits. FCS intends to work in active partnership with the EBT Interagency Task Force to remove legislative barriers which inhibit EBT expansion.

We are also interested in promoting the use of technologies such as finger imaging to detect duplicate recipient participation by removing legislative barriers and implementing a test of the impact of finger imaging on detecting recipient fraud.

INFORMATIONAL MEMORANDUM FOR THE ACTING SECRETARY

4

Other initiatives: By the end of 1995, FCS 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 these reports will be referred to States for disqualification action.

In an effort to remove illegitimate stores, and thereby reduce the vulnerabilities and cost of EBT expansion, FCS plans to conduct targeted "sweeps" of stores in areas about to implement EBT. FCS will also provide States with a checklist for verifying retailer legitimacy while they are in the process of visiting stores to install EBT point-of-sale devices.

OTHER LEGISLATIVE OPTIONS:

There are two additional options that continue to be considered by OIG and FCS these are: (1) requiring a licensing fee for stores to participate in the program in order to provide funding for retailer authorization and compliance activities; and (2) requiring stores to be in business for 1 year or to post a surety bond, in the event the store has not been in business for 1 year, prior to being authorized to participate in the program. While both of these options have merit they need further study.

SUMMARY:

The fraudulent use and redemption of food coupons is a problem, and both OIG and FCS are working aggressively to do whatever is necessary to bring it under control within the authority of the current statute. In order to implement a comprehensive strategy to effectively deal with this problem, however, we need broader authorities as outlined above in the legislative options.

WR Food
Stamps

**Analysis of the
Welfare Reform Consolidation Act of 1995**

The Welfare Reform Act of 1995 would put children and families at nutrition and health risk through block grants that cannot respond to increased needs in economic downturns, eliminates national nutrition standards, allows erosion of support through transfers to non-nutrition programs, lacks accountability, and does not simplify administration of the programs.

SCHOOL BASED NUTRITION BLOCK GRANT

Overall funding for the school-based programs would be \$309 million less than the current policy in FY 1996, and over \$2 billion less for the five year period 1996-2000.

--Up to \$1.3 billion could be transferred out of the block grant in FY 1996 for non-food programs, which would compromise the health of children. If States transferred the maximum amount of money out of the block grant, food assistance for school children could be as much as 24 percent less than the projected 1996 level.

The School Based Nutrition Block Grant will eliminate the standards that guarantee America's children have access to healthy meals at school.

--National nutrition standards developed over 50 years of program operations work. School meals meet the vitamin, mineral and calorie goals set for the program, and a USDA initiative would update and improve the standards based on the most recent scientific research.

--In a block grant, there could be 50 different standards and, faced with reduced funding, there would be no incentive to improve children's health in setting standards. In fact, there are incentives to provide skimpier meals to all children regardless of income.

The School Based Nutrition Block Grant will not respond to economic recessions or recoveries.

--In a recession States would be unable to respond without cutting back on the quality or quantity of food, raising taxes, or cutting other services so that children can eat.

--If enacted in 1989, this bill would have resulted in nearly a 20% reduction in funding for meals to school children in 1994.

--Between 1990 and 1994 the number of free lunches served to low income children increased by 23 percent. During this same period, the number of free meals served in child care centers increased by 45%. USDA's nutrition programs expanded to meet those needs.

The block grant will not respond to changes in the school age population, which is expected to increase by 4 to 6 percent in the time period of the grant. The grant amount would not provide an additional amount of money to help provide meals for additional children.

Since each year's funding would be based partially on the number of meals served in the previous year, States that serve more free meals than the national average would be penalized.

--States that serve more total meals fare better in the allocation formula. Since it costs more to serve a free meal, States have an incentive to serve meals to more affluent students.

--Without national nutrition standards, States might also be inclined to cut the quality or amount of food provided in order to serve more meals in order to maximize funding.

Block grants would not simplify program administration with their requirements for income determination, and meals counting, yet they would have little ability to enforce accountability or program outcomes.

The block grants lack accountability. The reporting required is not a guarantee that poor children will be adequately served, or that the nutrition standards set will be appropriate to children's health needs. It also provides no guarantees that state oversight for program compliance will occur which could allow errors or fraud to occur without detection.

FAMILY NUTRITION BLOCK GRANT PROGRAM

For the Family Nutrition Block grant, spending would be \$943 million less in FY 1996, and \$5.3 billion less over the five year period 1996-2000. Up to \$900 million could be transferred out of the block grant in FY 1996 (equal to the maximum amount available for child care, summer and milk programs).

The Family Nutrition Block Grant will not respond to economic downturns. If enacted in 1989, this bill would have resulted in 43% reduction in funding for meals to young children and food and services to women, infants and children in 1994. WIC funding would have been 23 percent less than actually spent and spending on the non-school child care, milk, and summer programs would have been 57 percent less than was needed.

The Family Nutrition Block Grant, if enacted on October 1, 1995, will force States to remove 275,000 women, infants, and children from the WIC program. At year end the program will serve 7.27 million participants and the amount designated for WIC will support an average annual caseload of 6.95 million participants. Under the block grant, States will provide services to 400,000 fewer WIC participants in FY 1996 than provided for in the

President's Budget.

The Family Nutrition Block Grant Program risks the effectiveness of the WIC program. By dropping national program requirements for the WIC program, there will be an erosion of national program standards that would reduce or reverse the proven effectiveness of WIC in such areas as reduced low-birthweight and infant mortality and increasing prenatal and pediatric health care. Cost savings to the Medicaid Program, now valued at \$400 million to \$1.3 billion, would decline.

WIC program cost containment efforts would be diminished and the cost of food provided would increase. Cost containment efforts for just infant formula amount to over \$1 billion and fund services for nearly 1.6 million persons each month. The positive Federal influence on cost containment was recently demonstrated. When a Western State rebid its infant formula rebate contract only after threat of sanction, the winning bidder provided an 8 percent increase in its rebate per can of formula. This will allow service to thousands of needy women, infants and children.

The Family Nutrition Block Grant would eliminate the viability of supporting meals served in 185,000 family day care homes. Denying children in family day care homes the modest subsidy for meals available to children in school-based programs will make drive family day care homes out of the program, and deny children access to healthy meals. If welfare reform efforts result in more working, low-income parents, this effect will be more pronounced.

The block grant would eliminate national nutrition standards for child care and summer food service programs. Like the School Based block grant, with significant reductions in funding and State allocations tied to the total number of people served, there will be few incentives to put children's health and nutrition needs first.

TALKING POINTS FOR PANETTA

- Today, Secretaries Shalala and Riley, Assistant Secretary of Agriculture for Food and Consumer Services Ellen Haas, and I will discuss the Republican child nutrition proposal that is being considered in (Sub??)committee today. That legislation would abolish the school lunch program, the school breakfast program, the WIC feeding program for pregnant women, infants, and children, and other child nutrition programs, and replace them all with block grants, with substantially less resources.
- The President strongly opposes these proposals, and, as he said earlier today, he will fight them.
- I will give you my perspective as someone who did a lot of work in the Congress on nutrition issues. Let me be blunt. This proposal is one of the most mean-spirited, short-sighted, and extreme proposals I have ever seen come out of Washington. It would take food out of the mouths of millions of needy school children, toddlers, infants, and mothers. It would have a direct impact on their health and on their education. Moreover, it would shift costs to states, to local governments, and to local school districts.
- Back in the 1980's, Republicans made deep cuts in child nutrition programs that caused an estimated 1,000 schools to drop out of the school lunch program. By some estimates, two to three million children lost their school lunches.
- Well, we have one thing to say to the American people: There they go again.
- During the 1980's, I served as a member of and then as Chairman of the House Agriculture Committee's Subcommittee on Nutrition. I saw the impact of those cuts and fought to restore them. Eventually, we were able to restore some of them -- and we frequently had bipartisan support for doing so.
- But too often in this new Congress, the watchword is extremism, and so Republicans are moving with this very damaging plan.
- What are the problems with this proposal? Here are a few.
- First, this proposal would result in a cut of \$5 to \$7 billion in these nutrition programs over the next five years. The cuts are **even deeper** than those originally proposed in the Republicans' Contract.
- And the cuts could prove to be even larger, because States would have the option of shifting 20 percent of the amount they receive in these block grants to other block grants. And because the other block grants would be seriously underfunded, there would be considerable incentive to do so.

- Second, the plan provides no safety net for children in a recession. The block grants would provide States with a fixed amount of resources each year. When a State or the country is hit with a recession, unemployment goes up and more kids need school lunches. These are kids from middle-income, taxpaying families who are suddenly hit with unemployment. During the last recession, **1.2 million more low-income kids** received free school lunches. What would States do under this plan? Cut back on food portions to needy children? Cut back on other education services for all of our kids? Raise taxes? Or, when those newly poor kids come asking for lunches, would we **just say no**. Under this plan, unless they wanted to take on greater costs, that might be the most attractive option for the States.
- Third, this plan shifts Federal funds for school food programs from poor states to affluent ones. The formula is based not on the number of needy children but on how many school meals are served in a State -- **regardless of whether they are free meals for the poor or meals that non-poor children are able to purchase**. Today, obviously, more resources are provided to the states to subsidize free lunches than others. This proposal would end that distinction.
- The fourth problem is that the school nutrition block grant would **drop the requirement that school lunches provide one-third of the Recommended Daily allowances for basic nutrients**. In other words, there would be no minimum standard for the quality of the meals served. States would receive the same amount of money regardless of the quality of the meals they served. **This would be an open invitation to serve smaller meals with low nutritional value.**
- That leads me to only one conclusion. **(Hold up ketchup.)** Back in the 1980's, the Republicans tried to make ketchup a vegetable. Now they want to make it an entire meal.
- In addition to the impact on the school lunch program, the Republicans' plan would greatly harm the WIC program, a program that provides nutritional foods to pregnant women and new mothers, infants, and very young children. Under their proposal, more than 100,000 low-income women, infants, and children would likely have to be removed from the WIC program next year. In addition, the plan would drop Federal science-based standards for the foods in the so-called WIC "food package."
- Finally, because of the way the program is drawn up, a number of states would probably be forced to cut back or eliminate the summer food service program for poor children -- a program that effectively continues the school lunch program during the summer for millions of children.
- The people on the front lines know that this proposal is wrong, and they have expressed their opposition to it -- organizations like the National Associations of Elementary and Secondary School Principals, the American Association of School Administrators, the National Association of Secondary School Officers, the National Association of School Psychologists, religious organizations, and many others. They

recognize that there is already considerable State and local flexibility on how to run these programs.

- I have always felt very strongly about these programs, and I know the President does as well. As a former Governor, he knows that hungry kids get sick more often, and they don't learn as well. They become a burden in later years instead of a resource for their families and for our society. And most Americans believe in these programs. They recognize the obligation to make sure our children are adequately fed.
- Don't let the Republicans' soothing rhetoric fool you. The fact is, **these programs work**. For many children throughout this country, a school lunch or a school breakfast is the only hot meal they get all day. And the WIC program has been proven to reduce the number of babies with low birth weight. It helps us to ensure millions of healthier mothers and babies every year.
- This proposal is a wolf in sheep's clothing, and it must be rejected.

Issues

Mention Food Stamps?

Veto?

Any cuts in nutrition programs?

Are we cheapening the veto threat?

Are we pandering to our base?

Optional

- According to press reports, the Chairman of the House Agriculture Committee and the Chairmen of two Agriculture Subcommittees, including the one I used to chair, went to Dick Armey and said that after much research and numerous hearings, they had reached the conclusion that putting Food Stamps into a block grant -- another Republican proposal that would be very damaging to children's nutrition -- would be the wrong thing to do -- that the program should remain as the ultimate safety net for poor people. But, as one aide is quoted, they received their "marching orders" from the Majority Leader to stick with the Contract, no matter the impact. Chairman Pat Roberts and Subcommittee Chairman Bill Emerson have both stated publicly their opposition to the block granting of Food Stamps.

USDA
Welfare Reform Talking Points
February 21, 1995

**BLOCK GRANTS WOULD JEOPARDIZE NUTRITION OUTCOMES
FOR CHILDREN**

The House Economic and Educational Opportunities Committee will shortly mark up the nutrition element of the Republican welfare reform plan. Democrats are opposing the proposal, which will block grant USDA's nutrition programs; WIC and School Meal Programs among others. The legislation will place children at risk by creating a funding mechanism that can't respond when the economy changes, and by eliminating nutrition standards responsible for improved children's health.

- **The risks to children's health would increase during recessions under bloc grants.** Between 1990 and 1994, the number of children applying for free school lunches increased by 23 percent, due to the recession and rising childhood poverty. USDA's nutrition programs expanded to meet the need. But block grants don't protect children from recessions. If the School-Based Nutrition Block Grant had been enacted in 1989, 20% fewer resources would have been available to feed school children in 1994. Children's health would be jeopardized by States' limited ability to meet growing needs. Nutrition benefits reduced, or unavailable, just when children need them most.
- **National standards protect children -- no matter where they live.** Federal standards have a fifty year history of successful health outcomes for children; growth stunting has decreased by 65%, low birthweight has been reduced, and anemia among low-income pre-schoolers has decreased. The Republican plan could result in widely varied nutrition standards between states, and no accountability mechanism would guarantee that these standards would be met. Thus, children's health would suffer if States' set -- or alter -- standards to meet shifting budgets.
- **States that serve a larger percentage of low-income children than the national average would be penalized.** States that serve more total meals fare better in the allocation formula. Since it costs more to serve free meals to low-income children, States have an incentive to serve more affluent students. Without national standards, states might also be inclined to cut the quality or amount of food provided in order to serve more meals.

The Administration is opposed to block grants for nutrition programs:

- **President Clinton has said that nutrition programs are in the national interest.** Programs must be more flexible and easier for States to administer. But we won't support changes that jeopardize children's health -- or getting food to people who need it. Only a national system of federal nutrition programs can establish and meet nutrition standards, respond to economic changes, and ensure children's health will be protected.
- **We're ready to work with Congress to bring about lasting and meaningful change in federal nutrition programs.** We support preserving the health and nutrition goals that are in the national interest, consolidating what's redundant, and reforming what's outdated and unnecessary. Nutrition security is an important part of welfare reform and Federal nutrition programs are the foundation for children to grow on.

SCHOOL BASED NUTRITION BLOCK GRANT

CHANGE IN FUNDING BY STATE AND YEAR

State / Territory	(\$ Millions)					
	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000
ALABAMA	-6	-7	-8	-8	-8	-9
ALASKA	-1	-2	-3	-5	-5	-6
ARIZONA	-5	-7	-10	-13	-13	-16
ARKANSAS	-4	-5	-5	-5	-5	-5
CALIFORNIA	-39	-63	-100	-144	-144	-189
COLORADO	-3	-3	-2	-1	-1	1
CONNECTICUT	-2	-2	-2	-2	-1	0
DELAWARE	-1	-1	-1	-1	-1	0
DISTRICT OF COL	-1	-2	-4	-5	-5	-7
FLORIDA	-16	-23	-33	-45	-45	-57
GEORGIA	-10	-10	-7	-3	-3	2
GUAM	0	0	0	0	0	1
HAWAII	-1	-1	0	2	2	3
IDaho	-1	-1	0	2	2	3
ILLINOIS	-10	-13	-17	-22	-22	-26
INDIANA	-4	-1	6	15	15	26
IOWA	-2	0	9	13	13	20
KANSAS	-3	-3	-1	2	2	4
KENTUCKY	-6	-6	-6	-6	-6	-2
LOUISIANA	-11	-13	-20	-25	-25	-30
MAINE	-1	-1	-1	-1	-1	-1
MARYLAND	-4	-3	-6	-7	-7	-7
MASSACHUSETTS	-5	-6	-5	-4	-4	-2
MICHIGAN	-7	-7	-6	-5	-5	-4
MINNESOTA	-6	-5	-3	0	0	4
MISSISSIPPI	-7	-9	-13	-17	-17	-21
MISSOURI	-6	-5	-3	2	2	6
MONTANA	-1	-1	-1	-1	-1	-1
NEBRASKA	-2	-2	-2	-2	-2	-1
NEVADA	-1	-1	-1	-1	-1	0
NEW HAMPSHIRE	-1	-1	-1	-2	-2	-2
NEW JERSEY	-5	-5	-5	-5	-5	-6
NEW MEXICO	-4	-6	-9	-13	-13	-16
NEW YORK	-21	-30	-44	-50	-50	-74
NORTH CAROLINA	-9	-9	-7	-3	-3	0
NORTH DAKOTA	-1	-1	0	0	0	1
OHIO	-9	-8	-3	1	1	7
OKLAHOMA	-5	-3	-6	-6	-6	-6
OREGON	-3	-4	-4	-3	-3	-3
PENNSYLVANIA	-8	-7	-3	3	3	8
PUERTO RICO	-7	-12	-20	-30	-30	-40
RHODE ISLAND	-1	-1	-1	-2	-2	-2
SOUTH CAROLINA	-7	-8	-10	-11	-11	-12
SOUTH DAKOTA	-1	-1	-1	0	0	1
TENNESSEE	-6	-6	-6	-6	-6	-4
TEXAS	-32	-44	-60	-78	-78	-95
UTAH	-3	-2	-1	1	1	3
VERMONT	-1	-1	-1	0	0	0
VIRGINIA	-5	-3	2	9	9	16
VIRGIN ISLANDS	0	-1	-2	-3	-3	-4
WASHINGTON	-5	-6	-6	-4	-4	-7
WEST VIRGINIA	-3	-4	-4	-4	-4	-3
WISCONSIN	-3	-1	3	8	8	14
WYOMING	-1	-1	0	0	0	1
United States	-309	-377	-437	-483	-483	-531

FY 1996 - 2000 School Block Grant Dollars - *School Based Nutrition Block Grant*

State / Territory	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000
ALABAMA	140,722	147,646	154,984	162,589	170,502
ALASKA	16,919	17,140	16,840	16,223	15,607
ARIZONA	113,767	118,424	122,538	126,331	130,316
ARKANSAS	84,178	88,640	93,649	99,000	104,535
CALIFORNIA	826,875	851,402	863,284	867,509	872,580
COLORADO	63,329	67,200	71,968	77,271	82,785
CONNECTICUT	52,730	55,781	59,266	63,123	67,139
DELAWARE	14,592	15,495	16,615	17,668	19,164
DISTRICT OF COL.	20,738	21,010	20,643	19,887	19,133
FLORIDA	367,691	381,478	392,320	401,420	411,039
GEORGIA	239,893	233,893	270,647	289,112	308,231
GUAM	3,972	4,315	4,807	5,390	5,991
HAWAII	28,655	30,661	33,308	36,349	39,489
IDaho	27,537	29,506	32,129	35,154	38,277
ILLINOIS	246,339	256,765	266,276	275,296	284,732
INDIANA	105,726	114,568	127,116	141,943	157,218
IONA	60,839	66,723	73,483	81,009	96,840
KANSAS	66,156	70,711	76,674	83,508	90,519
KENTUCKY	123,355	130,370	138,631	147,667	157,028
LOUISIANA	197,276	205,385	212,585	219,267	226,265
MAINE	24,076	25,396	26,911	28,559	30,249
MARYLAND	87,611	91,906	96,445	101,141	106,028
MASSACHUSETTS	103,286	109,134	116,001	123,502	131,273
MICHIGAN	158,229	166,655	176,150	186,314	196,862
MINNESOTA	97,718	104,337	112,931	122,745	132,880
MISSISSIPPI	130,434	133,563	139,873	143,694	147,723
MISSOURI	122,576	130,490	140,521	151,860	163,579
MONTANA	19,523	20,613	21,881	23,260	24,649
NEBRASKA	43,829	46,265	49,091	52,159	55,340
NEVADA	23,491	24,809	26,345	28,018	29,752
NEW HAMPSHIRE	22,609	23,586	24,502	25,384	26,307
NEW JERSEY	123,472	129,717	136,486	143,582	150,961
NEW MEXICO	62,220	64,160	65,233	65,788	66,409
NEW YORK	478,554	496,584	511,166	523,463	536,484
NORTH CAROLINA	189,007	200,160	213,598	228,452	243,830
NORTH DAKOTA	16,278	17,496	19,130	21,073	23,056
OHIO	197,760	210,089	225,423	242,616	260,396
OKLAHOMA	98,127	103,140	108,614	114,380	120,372
OREGON	98,698	61,952	65,720	69,809	74,047
PENNSYLVANIA	211,307	224,060	239,634	256,954	274,876
PUERTO RICO	163,021	167,048	167,827	166,636	163,560
RHODE ISLAND	15,603	16,220	16,742	17,207	17,698
SOUTH CAROLINA	128,361	134,492	140,828	147,303	154,046
SOUTH DAKOTA	21,995	23,396	25,159	27,146	29,199
TENNESSEE	140,306	148,868	159,392	171,129	183,272
TEXAS	641,071	666,875	689,210	709,484	730,818
UTAH	50,134	53,476	57,783	62,685	67,749
VERMONT	10,407	11,060	11,876	12,793	13,740
VIRGINIA	124,348	133,370	143,446	154,456	165,891
VIRGIN ISLANDS	7,940	7,920	7,539	6,939	6,332
WASHINGTON	103,569	108,894	114,739	120,911	127,323
WEST VIRGINIA	51,067	54,716	57,798	61,087	64,501
WISCONSIN	86,344	92,704	101,552	111,782	122,231
WYOMING	10,641	11,617	12,652	13,843	15,077
United States	6,626,000	6,944,000	7,274,000	7,612,000	7,964,000

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Percent Share of Total Grant by State-School Based Nutrition Block Grant

State / Territory	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000
ALABAMA	2.12	2.13	2.13	2.14	2.14
ALASKA	.26	.23	.23	.21	.20
ARIZONA	1.72	1.71	1.68	1.66	1.64
ARKANSAS	1.27	1.28	1.29	1.30	1.31
CALIFORNIA	12.48	12.26	11.87	11.40	10.96
COLORADO	.96	.97	.99	1.02	1.04
CONNECTICUT	.80	.80	.81	.83	.84
DELAWARE	.22	.22	.23	.23	.24
DISTRICT OF COL	.31	.30	.28	.26	.24
FLORIDA	5.55	5.49	5.39	5.27	5.16
GEORGIA	3.62	3.66	3.72	3.80	3.87
GUAM	.06	.06	.07	.07	.08
HAWAII	.63	.64	.66	.68	.50
IDAHO	.42	.42	.44	.46	.48
ILLINOIS	3.72	3.70	3.68	3.62	3.58
INDIANA	1.60	1.65	1.73	1.86	1.97
IOWA	.92	.96	1.04	1.13	1.22
KANSAS	1.00	1.02	1.03	1.10	1.14
KENTUCKY	1.86	1.88	1.91	1.94	1.97
LOUISIANA	2.99	2.96	2.92	2.88	2.84
MAINE	.36	.37	.37	.38	.38
MARYLAND	1.32	1.32	1.33	1.33	1.33
MASSACHUSETTS	1.56	1.57	1.59	1.62	1.65
MICHIGAN	2.39	2.40	2.42	2.45	2.47
MINNESOTA	1.47	1.50	1.55	1.61	1.67
MISSISSIPPI	1.97	1.95	1.92	1.89	1.85
MISSOURI	1.85	1.88	1.93	2.00	2.05
MONTANA	.29	.30	.30	.31	.31
NEBRASKA	.66	.67	.67	.69	.69
NEVADA	.35	.36	.36	.37	.37
NEW HAMPSHIRE	.34	.34	.34	.33	.33
NEW JERSEY	1.84	1.87	1.88	1.89	1.90
NEW MEXICO	.94	.92	.90	.86	.83
NEW YORK	7.22	7.15	7.05	6.88	6.74
NORTH CAROLINA	2.83	2.85	2.94	3.00	3.06
NORTH DAKOTA	.29	.29	.26	.28	.29
OHIO	2.98	3.03	3.10	3.19	3.27
OKLAHOMA	1.48	1.49	1.49	1.50	1.51
OREGON	.89	.89	.90	.92	.93
PENNSYLVANIA	3.19	3.23	3.29	3.38	3.45
PUERTO RICO	2.46	2.41	2.31	2.19	2.08
RHODE ISLAND	.24	.23	.23	.23	.22
SOUTH CAROLINA	1.94	1.96	1.94	1.94	1.93
SOUTH DAKOTA	.33	.34	.35	.36	.37
TENNESSEE	2.12	2.14	2.19	2.25	2.30
TEXAS	9.68	9.60	9.47	9.32	9.18
UTAH	.76	.77	.79	.82	.85
VERMONT	.16	.16	.16	.17	.17
VIRGINIA	1.88	1.92	2.00	2.09	2.18
VIRGIN ISLANDS	.12	.11	.10	.09	.08
WASHINGTON	1.56	1.57	1.58	1.59	1.60
WEST VIRGINIA	.78	.79	.79	.80	.81
WISCONSIN	1.30	1.34	1.40	1.47	1.53
WYOMING	.16	.17	.17	.16	.19
United States	100.00	100.00	100.00	100.00	100.00

TALKING POINTS
Food and Nutrition Block Grant
February 22, 1995

WE OPPOSE BLOCK GRANTING CHILD NUTRITION AND WIC PROGRAMS

The current programs are effective

Block granting puts children at nutritional and health risk

THE RISK TO CHILDREN'S HEALTH WOULD INCREASE DURING RESSIONS UNDER BLOCK GRANTS

During recession, our food programs expand to meet rising need. But block grants don't.

If the School-Based Nutrition Block Grant had been enacted in 1989, 20 percent fewer resources would have been available to feed school children in 1994.

NATIONAL STANDARDS PROTECT CHILDREN - NO MATTER WHERE THEY LIVE

Federal standards have protected kids' health for fifty years - growth stunting has decreased by 65%, low birthweight has been reduced, and anemia among low-income pre-schoolers has decreased.

The Republican plan abandons these standards - leaving wide variation in standards possible and no accountability to guarantee health outcomes.

STATES THAT SERVE A LARGER PERCENTAGE OF LOW INCOME CHILDREN THAN THE NATIONAL AVERAGE WOULD BE PENALIZED

The Republican plan rewards states that serve the most meals. States will therefore have incentives to:

Serve meals to more affluent students who can pay for part of the cost

Cut the quality of meals to cut costs and increase the number of meals

THE PROPOSED BLOCK GRANT COULD RESULT IN LESS OVERALL FUNDS FOR FOOD AND NUTRITION FOR CHILDREN.

States would have the ability to transfer up to 20 percent of the funding out of these programs to other uses.

The Republican proposal also includes a reduction of about 4 percent in total funding - in the first year.

WE ARE READY TO WORK WITH CONGRESS TO MAKE OUR FOOD AND NUTRITION PROGRAMS BETTER AND FLEXIBLE -- BUT WE HAVE A NATIONAL INTEREST IN THE HEALTH AND NUTRITION OF OUR CHILDREN.

USDA
Welfare Reform Talking Points
February 21, 1995

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- **We're ready to work with Congress to bring about lasting and meaningful change in federal nutrition programs.** We support preserving the health and nutrition goals that are in the national interest, consolidating what's redundant, and reforming what's outdated and unnecessary. Nutrition security is an important part of welfare reform and Federal nutrition programs are the foundation for children to grow on.