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VETOED
10/3/75

Delivered to
the House 10/3/75 (noon)

THE WHITE HOUSE
WASHINGTON

ACTION
Last Day: October 3, 1975

October 2, 1975

MEMORANDUM FOR THE PRESIDENT

FROM: JIM CANNON ~~JK~~

SUBJECT: Enrolled Bill H.R. 4222 - National School
Lunch and Child Nutrition Act
Amendments of 1975

This is to present for your action H.R. 4222, the
National School Lunch and Child Nutrition Act
Amendments of 1975.

BACKGROUND

H.R. 4222 expands substantially the Federal Government's
child nutrition program, including increased eligibility
and coverage under the School Lunch Program and
permanent authorization and expanded coverage for the
School Breakfast Program.

Despite strong Administration opposition, H.R. 4222
was passed by the House by a vote of 335-59 and by the
Senate by a vote of 81-8.

BUDGET IMPACT

Since the bill would not be effective until October,
its impact on FY 76 costs is estimated to be an
addition of \$1.2 billion to the 1976 budget estimate.

If H.R. 4222 were in effect for the entire fiscal
year 1976, the estimated cost of the programs would
be between \$2.9 and \$3.5 billion.

RECOMMENDATIONS AND COMMENTS

Justice: No objection.

Lynn: "The arguments for disapproval...outweigh
those for approval, on grounds of both
substance and cost. Accordingly, we...
[recommend] that you veto H.R. 4222.



Agriculture: "[Veto] is imperative in light of the President's desire to control the escalation of Federal obligations.

Greenspan: "Although it is difficult to be against child nutrition, we advise a veto of H.R. 4222."

Seidman: Veto.

Buchen:
(Lazarus) Approve. "A veto would further the interests of Democrats who attempt to paint the President as the representative of a narrow segment of society, i.e., 'big business' with no egalitarian inclinations."

Friedersdorf: Veto, "but it cannot be sustained."

Hartmann:
(Calkins) "Do not recommend veto. Politically difficult to explain and would likely be overridden."

Jim Lynn's memorandum which includes Earl Butz's recommendation for disapproval and the other agency recommendations is at Tab A. A memorandum of disapproval to the House of Representatives, the text of which is approved by Paul Theis, is attached at Tab B. The enrolled bill is attached at Tab C.

RECOMMENDATION

I recommend disapproval of H.R. 4222 because of the excessive authorization which is substantially above your FY 76 budget request and your FY 77 ceiling and substantially above the cost of extending the existing programs and because of the extension and expansion of the programs.

I also recommend that you sign the memorandum of disapproval at Tab B.

DECISION

1. _____ Approve H.R. 4222.
2. KEG Disapprove and issue memorandum of disapproval.





EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

SEP 29 1975

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 4222 - National School Lunch
and Child Nutrition Act Amendments of 1975
Sponsor - Rep. Perkins (D) Kentucky and 23 others

Last Day for Action

October 3, 1975 - Friday

Purpose

Expands substantially the Federal Government's child nutrition programs, including increased eligibility and coverage under the School Lunch Program, permanent authorization and expanded coverage for the School Breakfast Program, extension of the Special Supplemental Food Program for Women, Infants and Children (WIC) with high authorization levels and expanded eligibility, expanded coverage under the Summer Food Service Program and the non-school Child Care Food Program, and addition of new categorical programs; makes other changes in child feeding programs.

Agency Recommendations

Office of Management and Budget	Disapproval (Veto message attached)
Department of Agriculture	Disapproval (Veto message attached)
Council of Economic Advisers	Disapproval (Veto message attached)
Department of the Treasury	Would concur in a disapproval recommendation
Department of Labor	Does not recommend a veto
Department of Health, Education, and Welfare	Defers to Agriculture
Department of the Interior	Defers to Agriculture
Department of Justice	No objection



Discussion

H.R. 4222 would extend and expand the existing child feeding programs, increase the number of eligible participants and institutions, create new programs and add substantially to annual budget outlays for these programs. It runs counter to the Administration's proposal to consolidate and reform the existing programs.

The 1976 Budget stated that the Administration would propose legislation to "substitute a comprehensive block grant program for the existing child nutrition programs in order to eliminate the fragmented, overlapping, and administratively complex provisions" governing the present programs. The Administration proposal would have provided nutrition subsidies only for needy infants and children, i.e., those from families with incomes below the poverty level.

Department of Agriculture representatives outlined the concept of the "Block Grant" proposal in testimony before the House Education and Labor Committee on March 4, 1975 and before the Senate Agriculture and Forestry Committee on April 22, 1975. By substituting a block grant for current programs, the proposal would have provided more funds for feeding needy children than are currently spent under all existing child feeding programs, while permitting substantial reductions in Federal spending by eliminating Federal subsidies for the non-needy. Furthermore, States would have been given greater flexibility to tailor feeding programs to local conditions and preferences, and would have been relieved of much administrative red tape generated by the present programs. It was estimated that over the program's five years it would have saved almost \$4 billion.

The Administration's bill, submitted to the Congress on June 9, 1975, was not introduced in either House. Despite strong Administration opposition, H.R. 4222 was passed by the House by a vote of 335-59 and by the Senate by a vote of 81-8. The first conference report was rejected in the Senate because it exceeded the Congressional Concurrent Budget Resolution by \$362 million. The bill was returned to conference where \$75 million was eliminated by removing a provision for a new subsidy of 3¢ for paid lunches. The second conference report was then approved in the House 380-7 and in the Senate by voice vote.



Major Provisions of the Enrolled Bill

School Lunch Program--Under present law, this program provides funds to States to reimburse participating schools for a portion of the costs of lunches served. States currently receive 12.25¢ per meal served, and an additional payment of 54.5¢ and 44.5¢ respectively for each free and reduced price lunch served. By law, these rates are adjusted semiannually for changes in the Consumer Price Index (CPI).

Schoolchildren from families with incomes at or below the income poverty guidelines (IPG) must be served free meals; schools may elect to serve them to students from families with incomes up to 125% of the IPG. Schools may also elect to serve reduced price meals to children from families with incomes up to 175% of the IPG. The charge to a student for a reduced price meal cannot exceed 20¢ per meal.

The enrolled bill would:

-- expand eligibility for reduced price lunches, effective January 1, 1976, to children from families with incomes up to 195% of the IPG. This would make a family of four with income up to \$9,770 eligible. This expansion would be directly contrary to the Administration's recommendation to include only children from families with incomes up to the IPG.

-- require all schools participating in the National School Lunch Program to provide reduced price lunches to every eligible child. This requirement, plus the increase in the family income limit from 175% to 195% of the IPG, could bring nearly 5-1/2 million more children into the reduced price lunch program.

-- require free or reduced price lunches to be provided to any child of an unemployed parent or guardian based on the unemployed individual's current rate of income. This is optional under present law, but it is required by regulation for students from families who apply.

-- extend the program to nearly 400,000 additional needy and non-needy children in many public or licensed nonprofit private residential child care institutions, including



orphanages; homes for the mentally retarded, the emotionally disturbed, and unmarried mothers and their infants; temporary shelters for runaway and abused children; hospitals for children who are chronically ill; and juvenile detention centers.

School Breakfast Program--The current program provides assistance to States for nonprofit breakfast programs in schools. Reimbursement is provided at specified maximum rates adjusted by changes in the CPI, based on the number of free, reduced price, and paid breakfasts served under the same terms and conditions as the school lunch program.

The enrolled bill would:

- provide permanent authorization for this program.
- require the Secretary to devise a plan, and report it to Congress within 4 months, to bring about the expansion of this program to all schools where it is needed.
- extend eligibility to cover the same range of child care institutions as would be eligible for the school lunch program under the bill.

WIC Program--This program was originally enacted as a 2-year demonstration effort, with the results to be evaluated at the end of that time. Under the program, grants are provided to States to distribute supplemental foods for pregnant and lactating women, and infants and children up to 4 years of age who are determined to be nutritional risks because of inadequate nutrition and inadequate income.

The enrolled bill would:

- authorize the program for fiscal years 1976-1978 at \$250 million per year. The fiscal year 1975 authorization was \$100 million.
- expand coverage to nonlactating women for six months after childbirth and to children up to 5 years of age.
- increase Federal administrative cost payments from a maximum of 10% to a maximum of 20% of program funds, and permit these funds to be used for nutrition education.



-- establish a National Advisory Council on Maternal, Infant and Fetal Nutrition to study the program and similar programs and report annually to the President and the Congress recommending legislative and administrative changes.

-- require the Secretary of Agriculture to convene an advisory committee to determine how to evaluate the health benefits of the WIC Program.

Special Food Service Program for Children (summer and year-round)--The current program provides cash grants to States to reimburse non-residential child care programs (including day care, Head Start and Summer Programs) serving poor communities, for meals served. Reimbursement levels are specified by the Secretary of Agriculture and cover up to 80% of the operating cost of meal service in cases of severe need.

The enrolled bill would split this program into 2 new programs:

Summer Food Service Program

-- create a separate categorical Summer Food Service Program for Children, authorized through fiscal year 1977 (including residential summer camps).

-- mandate specific per-meal reimbursement rates at the same level as under the school lunch program, and require that meals be served free to all children, needy and non-needy.

-- define program eligibility to include programs serving areas in which at least one-third of the children are eligible for free or reduced price school meals under the National School Lunch Act, compared with current regulations which cover areas in which at least 50% of the children are eligible for free and reduced price meals.

Child Care Food Program

-- create a separate categorical Child Care Food Program to replace the existing year-round component for non-residential child care institutions, authorized through fiscal year 1978.

-- mandate reimbursement rates per meal at the same level as the National School Lunch Program.

-- mandate rather than permit meals to be served free to needy children.



-- require the participation of all child care programs upon request.

Commodity distribution--Currently, the Secretary purchases agricultural commodities and donates them to maintain annually programmed levels of assistance under the National School Lunch Act (NSLA), Child Nutrition Act (CNA) and Title VII of the Older Americans Act. The value of donated food or cash payments in lieu thereof has to be at least 11¢ per lunch, adjusted annually by changes in the CPI.

The enrolled bill would:

-- extend the authority of the Secretary of Agriculture to purchase non-surplus commodities on the open market through September 30, 1977.

-- require at least 75% of commodity assistance to be donated for the school lunch program.

-- require the provision of commodities (or cash in lieu of commodities at the State's option) to the Child Care Food Program at the same rate required under the NSLA.

-- add a new provision permitting States which have phased out their commodity distribution facilities prior to June 30, 1974 (only Kansas) to elect to receive cash payments in lieu of donated foods for programs under the CNA and under this Act.

-- require the inclusion of cereal, shortening and oil products in the commodities donated.

Other provisions would:

-- provide that the value of assistance to children under the NSLA not be considered income or resources for any Federal or State laws.

-- authorize the Secretary to study how States are utilizing Federal funds under the CNA and NSLA for administration of the programs and to determine the level of funds needed by the States for administrative purposes. The Secretary is to review the study design with appropriate congressional committees prior to its implementation and report his findings and recommendations for additional legislation to Congress no later than March 1, 1976.



-- authorize the Secretary to study use of full-cost accounting procedures under CNA and NSLA and report in one year.

-- direct the Secretary to make grants to States for nutrition education experimental or demonstration projects and permanently authorize \$1 million annually for this purpose.

Budget Impact

The following table shows the budget outlays estimated in fiscal years 1976 and 1977 (1) for the block grant proposal in the 1976 Budget, (2) for a simple extension of the present child feeding programs, and (3) for H.R. 4222, as estimated by OMB staff.

	Outlays (In \$ billions)	
	<u>FY 1976</u>	<u>FY 1977</u>
1976 Budget (block grant)	1.7	1.9
Extension of present programs	2.4	2.5
H.R. 4222 (OMB's estimate)-- full fiscal year basis	3.4	3.6

Several points should be made about the above figures.

1. It is very difficult to estimate with precision the budgetary effect of H.R. 4222. The bill's cost obviously will depend upon rates of participation in the expanded programs and many other factors. At this time, OMB and Agriculture agree that, if H.R. 4222 were in effect for the entire period of fiscal year 1976, it would cost between \$2.9 billion and \$3.5 billion in that year, depending on different assumptions of program growth.

2. OMB's assumptions result in an estimate of \$3.4 billion for the full period of fiscal year 1976 and accordingly, an increase of \$1 billion over present laws and \$1.7 billion over the block grant program in the 1976 Budget. Agriculture's attached views letter estimates the added cost over simple extension of present laws at \$0.5 billion, using the low end of the agreed-on range--\$2.9 billion.



3. Since three months of fiscal year 1976 will have passed before H.R. 4222 could take full effect, the bill would, of course, actually have a major effect only in the last three quarters of the year. Taking this delayed effective date factor into account, OMB estimates that the cost of H.R. 4222's child nutrition programs in fiscal year 1976 would be \$2.9 billion, which is \$1.2 billion over the estimate in the 1976 Budget.

4. For fiscal year 1977, when H.R. 4222 would apply to the entire year, we estimate that the bill would add \$1.7 billion over the projection for the block grant proposal in the 1976 Budget and \$1.1 billion over present laws.

5. Costs for both the current and upcoming fiscal year could be even higher than the OMB estimates if program participation rates were to increase more rapidly than we are assuming.

The Congressional Concurrent Budget Resolution for fiscal year 1976 included \$2.4 billion for child nutrition programs. Figures provided on the Senate floor during consideration of the second conference report indicate an estimated add-on of only \$287 million to fiscal year 1976 outlays over the level in the resolution. The congressional estimate is, accordingly, lower than the low end of the OMB-Agriculture agreed-on range.

Arguments for approval

1. The bill would provide added funds--in effect, income supplements--for needy and other families, at a time when many of them are economically hard-pressed by inflation and recession.

2. The bill's provisions for expanded program participation would enable more needy and near-needy children to be reached, by raising the income eligibility for reduced price lunches, expanding the school breakfast program, and extending eligibility to residential child care institutions.

3. Although the bill would mandate the provision of reduced price school lunches and enlarge the population eligible for such lunches, it is possible that the expansion of participants and added costs will be significantly less than we are estimating, at least in the early years.



4. Program administration would be improved by a number of provisions in the bill, principally changes to eliminate "plate waste", provision of equipment allowances for non-school food programs, and authorization for school officials to seek, for cause, verification of data contained in applications for free and reduced price lunches.

5. Needed information to assist in improving existing child nutrition programs could be obtained from the requirement for the Secretary to conduct studies of State staffing needs, the cause and degree of "plate waste", and the requirement for States to implement full cost-accounting procedures.

6. Disapproval could appear to indicate lack of concern about proper nutrition for the Nation's children, reflected in the steady expansion of the child nutrition programs which have enjoyed great congressional and public popularity since they were begun in the Depression of the 1930's.

Arguments for disapproval

1. H.R. 4222 would perpetuate and expand the existing child feeding programs which have grown in a largely uncoordinated piecemeal fashion. A recent study of the food stamp program indicated that one-third of the households surveyed were receiving benefits from four or more federally assisted feeding programs. The bill would do nothing to eliminate the existing duplication and overlap of such program benefits.

2. The bill would require substantially increased budget outlays over the present laws and the Administration's block grant proposal, with much of the escalating Federal costs disproportionately subsidizing those who do not need subsidies. Even under the existing laws, Agriculture has estimated an increase in costs by fiscal year 1980 of nearly 50%; the program expansions in H.R. 4222 would increase this growth rate and aggravate the Government's budgetary problem.

3. H.R. 4222 would probably result in a significant increase in program benefits for non-needy children, even if all those eligible do not participate. As indicated earlier, mandating that all schools participating in the school lunch program offer reduced price lunches to all eligible children and raising the qualifying family income limits to 195% of



the poverty guidelines would create the potential for adding about 5.5 million children to the reduced price lunch program. The bill, however, would not do anything about the 700,000 needy children who are not now receiving program benefits, because they attend schools or live in communities which choose not to participate in the school lunch program. In contrast, the Administration's block grant proposal would have addressed this problem by attempting to reach all needy children on a year-round basis and concentrating all Federal resources on them.

4. The provisions in the bill to extend meal subsidies to a wide range of residential child care institutions serving mainly needy children but those who are non-needy as well may only result in replacing the existing sources of State, private, and other Federal support to these institutions and may result in windfall gains to institutions already serving meals.

5. The expansion of the experimental WIC program to \$250 million from the \$100 million level authorized for fiscal year 1975 is premature, since this program has not yet been finally evaluated to determine if its extension and expansion would be warranted. Moreover, it is duplicative of the food stamp program, which is available to largely the same eligible group.

6. H.R. 4222 would continue the obsolete surplus commodities removal programs originated in the early 1930's and fail to address the problems resulting from the slow transformation of the school lunch and child nutrition programs into a people-oriented income supplement program. Furthermore, the bill would extend through September 30, 1977, the Secretary's authority to purchase commodities on the open market under non-surplus conditions, thereby competing in the private market for commodities and possibly adding to inflationary pressures. The bill would create an inequity in allowing only one State, Kansas, to elect to receive cash-in-lieu of commodities because it is a State which "eliminated its commodity distribution facilities prior to June 30, 1974."

7. The discretion available to local school authorities and State educational agencies would be further limited by the mandating of the previously optional provision of reduced price lunches to all eligible students.



Recommendations

Agriculture believes that a veto of this bill "is imperative in light of the President's desire to control the escalation of Federal obligations." The Department states that "the bill provides for some needed changes in the National School Lunch Act and Child Nutrition Act of 1966; however, it also contains unjustifiable provisions that will increase the Federal budget significantly at a time when Federal expenditures should be kept to those which are absolutely necessary." The Department specifically objects to: extending eligibility for school lunch reduced price meals to additional non-needy children; extending the experimental WIC program for three years, and expanding eligibility under the program before it has been evaluated; extending the Child Care Food program to non-needy pre-school children; and expanding the summer program, including participation of all eligible institutions upon request.

Treasury would concur in a disapproval recommendation, in view of the Agriculture Department's advocacy of a "block grant" approach and that Department's estimate that such an approach would produce savings of \$4 billion over the next 5 years compared to the estimated costs of the current program.

CEA states that "Nutrition programs have mushroomed in the last few years with little evidence of any compensating benefits. Moreover, many other programs overlap with the child nutrition program providing multiple subsidies for the same meal." CEA believes that more efficiency ought to be introduced in the existing programs before expanding the present subsidies, questions the continued use of surplus agricultural commodities, and notes the high cost of the bill. CEA concludes: "Although it is difficult to be against child nutrition, we advise a veto of H.R. 4222."

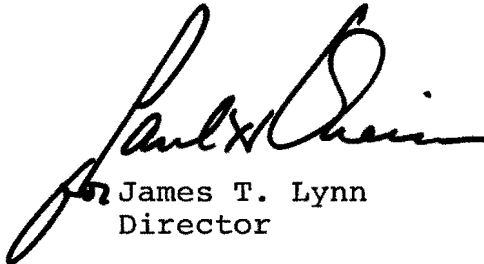
Labor expresses a few technical concerns but does not believe that standing alone they would justify a veto of this legislation. Specifically the Department is concerned about the manner in which the CPI is referenced in the bill and believes the language concerning revisions of the IPG "could possibly result in a revision that would be only a fraction of the poverty income guideline instead of the poverty income guideline plus the price change which is intended."



HEW defers to Agriculture on the bill's overall merits, but notes its strong support for extending the child care food program to children in nonresidential child care institutions, including Head Start centers.

* * * * *

We believe the arguments for disapproval cited above clearly outweigh those for approval, on grounds of both substance and cost. Accordingly, we concur with Agriculture, CEA, and Treasury in recommending that you veto H.R. 4222. We recognize, however, that child feeding programs have strong congressional support and that it is doubtful such action would be sustained.


for James T. Lynn
Director

Attachments





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

RECEIVED

SEP 24 5 02 PM '75

OFFICE OF
MANAGEMENT & BUDGET

Honorable James T. Lynn
Director, Office of Management and Budget
Washington, D. C.

Dear Mr Lynn:

In reply to the request of your office, the following report is submitted on the enrolled enactment H.R. 4222, "To amend the National School Lunch Act and the Child Nutrition Act of 1966 in order to extend and revise the special food service program for children and the school breakfast program, and for other purposes related to strengthening the school lunch and child nutrition programs".

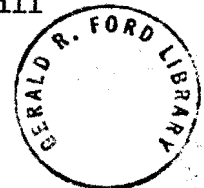
This Department recommends the President veto this bill.

This bill provides for some needed changes in the National School Lunch Act and the Child Nutrition Act of 1966; however, it also contains unjustifiable provisions that will increase the Federal budget significantly at a time when Federal expenditures should be kept to those which are absolutely necessary.

One such inflationary provision is the provision which would extend eligibility for reduced price lunches to children from families with incomes up to 195% of the Secretary's income poverty guidelines and mandates reduced price meal service in all schools. Currently, States have the option of providing reduced price meals to children from families whose income is 175% of the guidelines. H.R. 4222 would mandate the service of reduced price meals to children from a family of four earning as much as \$9,770 and would cost an additional \$150 million annually. Extending eligibility for a program of subsidized meals designed for needy children to those from families with adequate income is inconsistent with the President's efforts to eliminate unnecessary Federal subsidy programs.

The free and reduced price meal provision of the existing National School Lunch Act is intended to help needy children maintain an adequate diet. "Needy" children are those from families with little or no income who are genuinely unable to purchase enough food to meet their needs. We cannot support this provision which will afford this type of assistance to children from families who are able to pay the full purchase price of a meal or, at their option, purchase the items to be included in a nutritious bag lunch.

Another provision of this bill would extend the WIC Program for three years. The Department believes that Congress should consider extending WIC for one year only. The results of the WIC Program Evaluations will



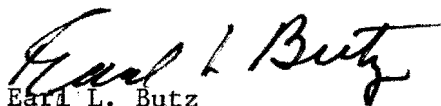
be reviewed by the Department and recommendations submitted to the Congress on or about February 1, 1976. The Department will be in a better position at that time to recommend to the Congress what action should be taken regarding the further continuation of the Program. In addition, the extension of WIC Program benefits to women up to six months postpartum and children to five years of age may increase yearly program costs by \$50 million. The Department believes this increase is imprudent at this time.

These two provisions of the bill alone would add approximately \$200 million to the budget for Child Nutrition Programs. The total impact of the bill would be an additional \$508 million. This total figure includes an additional \$132 million for the extension of the lunch and breakfast programs to residential child-care institutions; an additional \$85 million for the expansion of the summer program; an additional \$50 million for the expansion of the year-round child care program; and \$41 million for increased participation in programs due to more liberal benefits and all other costs.

In addition, other provisions of the bill have severe ramifications when considered over an extended period of time. The open-ended extension of guaranteed food service payments for the Child Care Food Program to the nonneedy pre-school children as well as the needy will provide incentive for considerable expansion of Federal services to day-care facilities. The changes in the summer program requirements which allow for extended service of meals and participation by all eligible institutions upon request will lead to uncontrollable expansion in this area of child feeding.

Therefore, we believe that a veto of this bill is imperative in light of the President's desire to control the escalation of Federal obligations.

Sincerely,



Earl L. Butz
Secretary of Agriculture



Enclosure



THE GENERAL COUNSEL OF THE TREASURY
WASHINGTON, D.C. 20220

SEP 24 1975

Director, Office of Management and Budget
Executive Office of the President
Washington, D.C. 20503

Attention: Assistant Director for Legislative
Reference


Sir:

Reference is made to your request for the views of this Department on the enrolled enactment of H.R. 4222, "To amend the National School Lunch Act and the Child Nutrition Act of 1966 in order to extend and revise the special food service program for children and the school breakfast program, and for other purposes related to strengthening the school lunch and child nutrition programs."

In a June 5, 1975 report to the Senate Committee on Agriculture and Forestry on S. 850, a similar measure, the Department objected to certain advance-funding provisions in that bill. The Committee took note of these objections and deleted the provisions from H.R. 4222 as passed by the House. The Senate, however, added an objectionable advance-funding provision which appears in section 13 of the enrolled enactment relating to the summer food service program for children.

The Senate report on H.R. 4222 contains a statement by the Agriculture Department advocating adoption of a "block grant" approach for Federal assistance to provide adequate nutrition for needy children. Rather than an extension and revision of the current set of child nutrition programs, the approach taken in the enrolled enactment. The statement contains an estimation that over the next 5 years the block grant approach would produce savings of \$4 billion as compared to the estimated costs of current programs. In the circumstances, the Department would concur in a recommendation that the enrolled enactment not be approved by the President.

Sincerely yours,


General Counsel



U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

SEP 25 1975

Honorable James T. Lynn
Director
Office of Management and Budget
Washington, D. C. 20503

Dear Mr. Lynn:

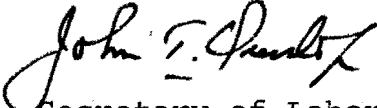
This is in response to your request for the Department of Labor's views on the enrolled bill, H.R. 4222, The National School Lunch Act and Child Nutrition Act of 1966 Amendments of 1975."

While the Department does have a few concerns and would ideally prefer the modifications set forth below, we do not believe that standing alone they would justify a veto of this legislation.

Wherever a reference to the Consumer Price Index occurs in the enrolled bill, we would prefer it to read "Consumer Price Index, All Items." This would provide explicit specification of which index is to be used.

Section 6(c) of the enrolled bill would amend section 9(b)(1) of the National School Lunch Act by requiring yearly revisions of the income poverty guidelines used to determine which children are to receive free lunches. In order for these revisions to be properly made, we would prefer the second sentence of this section to read, "Such revisions shall be made by multiplying the income poverty guideline currently in effect by the ratio of the Consumer Price Index, All Items, in April to the Consumer Price Index, All Items, in April of the previous year." A strict reading of the present language could possibly result in a revision that would be only a fraction of the poverty income guideline instead of the poverty income guideline plus the price change which is intended.

Sincerely,


Secretary of Labor





DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SEP 25 1975

Honorable James T. Lynn
Director, Office of Management
and Budget
Washington, D. C. 20503

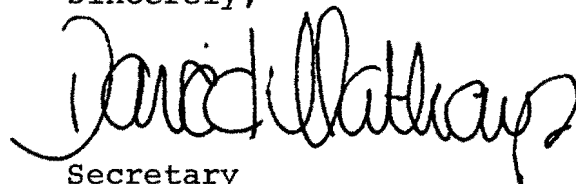
Dear Mr. Lynn:

This is in response to Mr. Frey's request of September 22, 1975, for a report on H.R. 4222, an enrolled bill "To amend the National School Lunch Act and the Child Nutrition Act of 1966 in order to extend and revise the special food service program for children and the school breakfast program, and for other purposes related to strengthening the school lunch and child nutrition programs."

The bill would extend and modify programs administered by the Department of Agriculture under the Child Nutrition Act of 1966 and the National School Lunch Act. From the standpoint of this Department's particular concerns, the enrolled bill, in section 16, would extend the authorizations for the child care food program for children in nonresidential child care institutions, including Head Start centers.

We strongly support this extension, which would strengthen the existing commitment of the Federal government to assure that children from economically deprived families have the opportunity to receive the nutrition needed for their proper development. However, because the bill as a whole deals with programs administered by the Department of Agriculture, we defer to that Department as to the bill's overall merits.

Sincerely,


Secretary





United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

SEP 25 1975

Dear Mr. Lynn:

This responds to your request for our views on the enrolled bill H.R. 4222, "To amend the National School Lunch Act and the Child Nutrition Act of 1966 in order to extend and revise the special food service program for children and the school breakfast program, and for other purposes related to strengthening the school lunch and child nutrition programs."

We defer to the Department of Agriculture as to the merits of this enrolled bill.

As enrolled, H.R. 4222 would amend both the National School Lunch Act and the Child Nutrition Act of 1966 to extend several child nutrition programs which are now operating on an interim basis.

Section 14 of the bill amends section 17 of the Child Nutrition Act of 1966 and extends it through September 30, 1978. Section 17 provides that through fiscal year 1978 the Secretary of Agriculture shall make cash grants to the health department or agency of each State and to Federally recognized Indian tribes, bands, or groups for the purpose of providing funds to local public health and welfare agencies of such State or Federally recognized Indian tribe, band, or group to enable these local agencies to carry out health and nutrition programs under which supplemental foods will be made available to infants and pregnant women with inadequate nutrition and income.

To carry out this provision, section 17 is amended to authorize \$250 million a year through fiscal year 1978.

This section extends the already existing grant program to Indian tribes, bands, and groups under the Child Nutrition Act, and the only change is the increased authorization. We would have no objection to this extension, although we defer to the Department of Agriculture as to the impact of such extension at the increased authorization.

H.R. 4222 as enrolled contains a number of sections which affect the Territories.

Section 9 of the bill would amend section 12 of the National School Lunch Act to include the Trust Territory of the Pacific Islands in the definition of "State."



Section 13 of H.R. 4222 amends section 13 of the National School Lunch Act to authorize a summer food service program for children through fiscal year 1977 in all 50 States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Trust Territory of the Pacific Islands.

Section 15 (a) of the enrolled bill amends the Child Nutrition Act of 1966 to extend the definition of "United States" under the special milk program to the Commonwealth of Puerto Rico, the Virgin Islands, American Samoa, and the Trust Territory of the Pacific Islands.

Section 15 (b) further amends the Child Nutrition Act to extend the school breakfast program provisions to the Trust Territory of the Pacific Islands.

Section 15 (c) includes the Trust Territory of the Pacific Islands within the definition of "State" under the Child Nutrition Act.

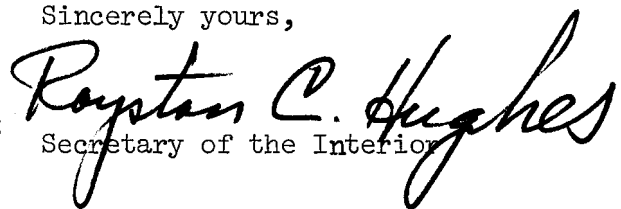
Section 16 of the bill adds a new section 17 to the National School Lunch Act. New section 17 (a) authorizes the appropriation of such sums as are necessary through fiscal year 1978 to carry out child care programs in the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Trust Territory.

Section 20 of H.R. 4222 authorizes a special appropriation under the National School Lunch Act of \$500,000 each for fiscal years 1975 and 1976, and \$125,000 for the transition quarter, to enable the Secretary of Agriculture to assist the Trust Territory of the Pacific Islands to carry out projects relating to the child nutrition programs.

We would not object to extending these benefits under the Child Nutrition Act of 1966 and the National School Lunch Act to the Territories. However, we would defer to the Department of Agriculture as to the impact of these provisions, and as to the advisability of their approval by the President.

Sincerely yours,

Assistant


Secretary of the Interior

Honorable James T. Lynn
Director
Office of Management and Budget
Washington, D. C. 20503

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

September 26, 1975

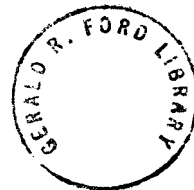
Dear Mr. Frey:

The Council of Economic Advisers recommends that the President veto H. R. 4222, the "National School Lunch Act and Child Nutrition Act of 1966 Amendments of 1975." Nutrition programs have mushroomed in the last few years with little evidence of any compensating benefits. Moreover, many other programs overlap with the child nutrition program providing multiple subsidies for the same meal.

Some parts of the program, of course, may be highly worthwhile. There is merit in providing a nutritional lunch or breakfast to children who would not otherwise get one. But the proportion of children falling into this category is small. There is no hard evidence of any widespread physical disability of children due to poor nutrition. Instead, there is an unfounded presumption that mothers are grossly ignorant of nutritional value and provide inadequate meals for their children. Thus the programs have expanded to children far above the poverty line and in many other situations than school.

The extension of reduced price lunches to children in families below 195 percent of the poverty line makes 38 percent of American children eligible for a free or reduced lunch. It will also expand the child care and summer nutrition programs for which eligibility depends on the income in the geographic area from which the children are drawn. Since the definition of a qualifying area is one in which more than one-third of children are receiving free or reduced price lunches, most child care and summer facilities serving nonpoor as well as poor children will automatically qualify for Federal subsidies.

Many aspects of the current program are difficult to justify. Overlaps exist with other programs. For example, the food stamp program includes an allowance for school children and does not deduct anything if a free lunch is received. Also, the Head Start program includes an allowance for lunches, yet Head Start Centers receive the 75¢ plus



subsidy per lunch from the new day care nutrition program. Before expanding these subsidies we ought to introduce more efficiency into the existing situation.

Another issue is the continued use of agricultural surplus commodities to subsidize lunches (and farmers). These surplus items are often not the most efficient use of school lunch money. Moreover, there is a real question as to whether surpluses are likely over the next few years at prices in line with long-term farm production costs.

About \$1.2 billion would be required to provide free meals in school to children below 125 percent of the poverty line, while H. R. 4222 would require \$3.4 billion. Although it is difficult to be against child nutrition, we advise a veto of H. R. 4222.

Sincerely,


Alan Greenspan



Mr. James Frey
Assistant Director for Legislative Reference
Office of Management and Budget
Washington, D. C. 20503

Department of Justice
Washington, D.C. 20530

September 26, 1975

Honorable James T. Lynn
Director, Office of Management
and Budget
Washington, D. C. 20503

Dear Mr. Lynn:

In compliance with your request, I have examined a facsimile of the enrolled bill (H.R. 4222), "To amend the National School Lunch Act and the Child Nutrition Act of 1966 in order to extend and revise the special food service program for children and the school breakfast program, and for other purposes related to strengthening the school lunch and child nutrition programs".

The Department of Justice interposes no objection to the approval of this bill.

Sincerely,



Michael M. Uhlmann



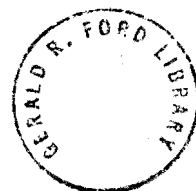
TO THE HOUSE OF REPRESENTATIVES:

I am returning without my signature H.R. 4222, the National School Lunch and Child Nutrition Act Amendments of 1975.

If this bill provided food for children truly in need, as I proposed in March, I would give it my wholehearted support and approve it immediately. Children of families living in poverty who need help in raising their level of nutrition should receive that help.

It was with this in mind that I recommended early this year a reform of the Federal Government's existing child feeding programs. My proposal would have provided assistance by the Federal Government for all infants and children from families below the poverty level. It would have halted the steady expansion of federal child nutrition subsidies to increasing numbers of non-needy children. By so doing, it would have concentrated more funds on feeding needy children, yet saved the taxpayers of this nation almost \$4 billion over the next five years.

I recommended one block grant be made to states to provide them with greater flexibility to tailor food and



nutrition programs to their own conditions and preferences. At the same time, states would have been relieved of much administrative and costly red tape. Such an approach would eliminate the wastefulness of present overlapping programs which often subsidize the same meal.

I recognize that H.R. 4222 would enlarge our present efforts to feed the needy children I am concerned about. But it would go far beyond that and greatly expand federal subsidies to children from families which do not need federal subsidies.

By extending aid to families not in need, this bill would add \$1.2 billion to my budget proposals for the current fiscal year. I cannot accept such fiscal irresponsibility when we face the real danger that the budget deficit could reach \$70 billion instead of the already high limit of \$60 billion I set earlier this year. As Congress keeps adding to the deficit, Congress adds to inflationary pressures which could push us back into recession.

We should not expand subsidies to families with incomes above the poverty level. I believe the way to



help most American families is to take actions to hold down inflation and reduce their tax burdens.

The consolidated food and nutrition program I proposed in March for needy children would have greatly improved our existing programs. The program sent to me by the Congress with disproportionate subsidies for the non-needy is worse than the programs we now have.

I propose to the Congress two choices: (1) Extend our present programs at this time, or (2) reconsider and act favorably on my proposal for needy children.

Either course would be in the best interests of needy children, the nation's economic health and the taxpaying public.



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 396

Date: September 29

Time: 500pm

FOR ACTION: David Lissy
Sarah Massengale
Max Friedersdorf
Ken Lazarus
Paul Theis

cc (for information): Jim Cavanaugh
Jack Marsh
Warren Hendriks

Bill Seidman
Robert Hartmann

FROM THE STAFF SECRETARY

DUE: Date: September 30

Time: 300pm

SUBJECT:

H.R. 4222 - National School Lunch and Child Nutrition
Act Amendments of 1975

ACTION REQUESTED:

- | | |
|---|---|
| <input type="checkbox"/> For Necessary Action | <input type="checkbox"/> For Your Recommendations |
| <input type="checkbox"/> Prepare Agenda and Brief | <input type="checkbox"/> Draft Reply |
| <input type="checkbox"/> For Your Comments | <input type="checkbox"/> Draft Remarks |

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing



PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.
For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 396

Date: September 29

Time: 500pm

FOR ACTION: David Lissy
Sarah Massengale
Max Friedersdorf
Ken Lazarus
Paul Theis

cc (for information): Jim Cavanaugh
Jack Marsh
Warren Hendriks
Robert Hartmann

FROM THE STAFF SECRETARY

DUE: Date: September 30

Time: 300pm

SUBJECT:

H.R. 4222 - National School Lunch and Child Nutrition Act Amendments of 1975

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

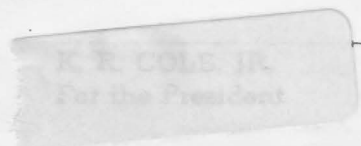
REMARKS:

Please return to Judy Johnston, Ground Floor West Wing



PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 396

Date: September 29

Time: 500pm

FOR ACTION: David Lissy
Sarah Massengale
Max Friedersdorf
Ken Lazarus
Paul Theis

cc (for information): Jim Cavanaugh
Jack Marsh
Warren Hendriks
Robert Hartmann

FROM THE STAFF SECRETARY

DUE: Date: September 30,

Time: 300pm

SUBJECT:

H.R. 4222 - National School Lunch and Child Nutrition Act Amendments of 1975

ACTION REQUESTED:

___ For Necessary Action

___ For Your Recommendations

___ Prepare Agenda and Brief

___ Draft Reply

___ For Your Comments

___ Draft Remarks



REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

Do not recommend veto. Politically difficult to explain and would likely be overridden. Swallow hard and let it become law - one way or the other, with message citing need for cleaning up overlaps, etc.

*J. Callahan
Deputy*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

10/1/75

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

3:30pm

Date: September 29

Time: 500pm

FOR ACTION: David Lissy
 Sarah Massengale
 Max Friedersdorf
 Ken Lazarus
 Paul Theis

cc (for information): Jim Cavanaugh
 Jack Marsh
 Warren Hendriks

Robert Hartmann

FROM THE STAFF SECRETARY

DUE: Date:

September 30

Time:

300pm

SUBJECT:

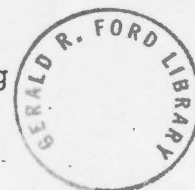
H.R. 4222 - National School Lunch and Child Nutrition
 Act Amendments of 1975

ACTION REQUESTED:

 For Necessary Action For Your Recommendations Prepare Agenda and Brief Draft Reply For Your Comments Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing



Recommend approval for two reasons:

(1) Although the funding levels of H. R. 4222 are excessive and the funding modality unfortunate, the chances for sustaining a veto would appear to be slim to none;

(2) A veto would further the interests of Democrats who attempt to paint the President as the representative of a narrow segment of society, i. e. "big business" with no egalitarian inclinations.

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

KEN LAZARUS 9/30/75

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Date: September 29

Time: 500pm

FOR ACTION: David Lissy
Sarah Massengale
Max Friedersdorf *Bill Sanders*
Ken Lazarus Robert Hartmann
Paul Theis

cc (for information): Jim Cavanaugh
Jack Marsh
Warren Hendriks

FROM THE STAFF SECRETARY

DUE: Date: September 30 Time: 2:00 pm

SUBJECT:

H.R. 4222 - National School Lunch and Child Nutrition Act Amendments of 1975

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

Veto
JW



PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

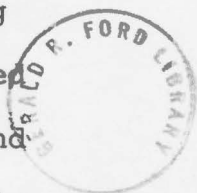
TO THE HOUSE OF REPRESENTATIVES:

I am returning without my signature H.R. 4222, the National School Lunch and Child Nutrition Act Amendments of 1975.

If this bill provided food for children ~~who would~~ ^{truly in need,} otherwise ~~go hungry,~~ as I proposed in March, I would give it my wholehearted support, ^{and approve it immediately} ~~All Americans share my conviction that~~ children of families living in poverty who ~~truly~~ need help in raising their level of nutrition should receive that help. 2

It was with this in mind that I recommended early this year a reform of the Federal Government's existing child feeding programs. My proposal would have provided assistance by the Federal Government for all infants and children from families below the poverty level ~~but only~~ ^x ~~for those children.~~ It would have halted the steady expansion of federal child nutrition subsidies to increasing numbers of non-needy children. By so doing, it would have concentrated more funds on feeding needy children, yet saved the taxpayers of this Nation almost \$4 billion over the next five years.

I recommended one block grant be made to States to provide them with greater flexibility to tailor ^{FOOD AND NUTRITION} ~~feeding~~ programs to their own conditions and preferences. At the

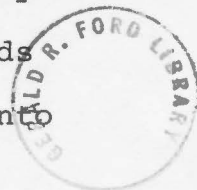


same time, states would have been relieved of much administrative ~~red~~ ^{AND COSTLY} tape. Such an approach would eliminate the wastefulness of present overlapping programs which often subsidize the same meal.

I recognize that H.R. 4222 would enlarge our present efforts to feed the needy children I am concerned about. But it would go far beyond that and greatly expand federal subsidies to children from families which do not need federal subsidies.

By extending aid to families not in need, this bill would add \$1.2 billion to my budget proposals for the current fiscal year. I cannot accept such fiscal irresponsibility when we face the real danger that the budget deficit could reach \$70 billion instead of the already high limit of \$60 billion I set earlier this year. As Congress keeps adding to the deficit, Congress adds to inflationary pressures which could push us back into recession.

~~Members of the Congress showed great concern about the fiscal implications of H.R. 4222 by refusing to accept the first conference report on the bill, which they calculated would cost \$362 million more than their own budget target. However, after further deliberation, the~~



THE WHITE HOUSE

WASHINGTON

September 30, 1975

MEMORANDUM FOR: JIM CAVANAUGH
FROM: MAX L. FRIEDERSDORF *M.L.F.*
SUBJECT: H. R. 4222 - National School Lunch and Child
Nutrition Act Amendments of 1975

The Office of Legislative Affairs concurs with the agencies
that the bill be vetoed but it cannot be sustained.

Attachments



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

SEP 29 1975

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 4222 - National School Lunch
and Child Nutrition Act Amendments of 1975
Sponsor - Rep. Perkins (D) Kentucky and 23 others

Last Day for Action

October 3, 1975 - Friday

Purpose

Expands substantially the Federal Government's child nutrition programs, including increased eligibility and coverage under the School Lunch Program, permanent authorization and expanded coverage for the School Breakfast Program, extension of the Special Supplemental Food Program for Women, Infants and Children (WIC) with high authorization levels and expanded eligibility, expanded coverage under the Summer Food Service Program and the non-school Child Care Food Program, and addition of new categorical programs; makes other changes in child feeding programs.

Agency Recommendations

Office of Management and Budget	Disapproval (Veto message attached)
Department of Agriculture	Disapproval (Veto message attached)
Council of Economic Advisers	Disapproval (Veto message attached)
Department of the Treasury	Would concur in a disapproval recommendation
Department of Labor	Does not recommend a veto
Department of Health, Education, and Welfare	Defers to Agriculture
Department of the Interior	Defers to Agriculture
Department of Justice	No objection



TO THE HOUSE OF REPRESENTATIVES

I am returning without my signature H.R. 4222, the National School Lunch Act and Child Nutrition Act of 1966 Amendments of 1975.

If this bill provided food for children who would otherwise go hungry, I would give it my wholehearted support. I believe all Americans share my conviction that children of families living in poverty who truly need help in raising their level of nutrition should receive that help.

It was with this in mind that I recommended earlier this year a reform of the Federal Government's existing child feeding programs. My proposal would have provided assistance by the Federal Government for all infants and children from families below the poverty level--but only for those children. It would have called a halt to the steady expansion of Federal child nutrition subsidies to increasing numbers of non-needy children. By so doing, it would have concentrated more funds on feeding needy children, while saving the taxpayers of this Nation almost \$4 billion over the next five years.

I recommended that one block grant be made to States, giving them greater flexibility to tailor feeding programs to their own conditions and preferences and relieving States of much administrative red tape. Such an approach would eliminate the wastefulness of our present programs, which overlap with each other and sometimes end up with several programs subsidizing the same meal.

I recognize that H.R. 4222 would enlarge our present efforts to feed the needy children I am concerned about. But it would go far beyond that and greatly expand Federal subsidies to children from non-needy families.



In so doing, this bill would add \$1.2 billion to my budget proposals for the current fiscal year, and even greater amounts to the budget in later years. I cannot accept such fiscal irresponsibility when we face the real danger that the budget deficit could exceed by as much as \$10 billion the already-high limit of \$60 billion that I set earlier this year. If the Congress keeps adding to the deficit, we could soon find ourselves facing renewed inflationary pressures which could drive us back into recession.

The Congress itself showed great concern about the fiscal implications of H.R. 4222 by refusing to accept the first conference report on the bill, which they calculated to cost \$362 million more than their own budget target. However, after further deliberation, the cost of the bill was reduced by a mere \$75 million--about 2%. This slight change was apparently considered enough to somehow make the bill acceptable. This is not my way of budgeting the taxpayers' hard-earned dollar.

Perhaps the Congress has been deceived into believing that there is such a thing as a "free lunch". This bill would perpetuate that myth. Let me state the hard fact: There is no "free lunch". What is "free" for some is paid for by others. Parents whose children take their own lunch to school or who eat outside do not benefit from the programs provided in H.R. 4222. Yet they will have to pay for those who do--and pay for their own childrens' food as well.



I firmly believe that if we want to help non-poverty families, we ought to reduce their tax burdens and let them decide for themselves how to use their money. Instead, bills like H.R. 4222 continue to have the Government collect taxes from these families and then give some of it back in the form of specifically earmarked subsidies--for food, in this case.

The consolidated feeding program I proposed for needy children would have much improved our existing programs. The program sent to me by the Congress with disproportionate subsidies for the non-needy is, in my view, worse than the programs we now have. If need be, it would be better to simply extend our present programs at this time. I urge the Congress, however, to reconsider and act favorably on my child feeding proposal. It is in the best interests of needy children, the Nation's economic health, and the taxpaying public.

THE WHITE HOUSE

, 1975



THE WHITE HOUSE
WASHINGTON

Note: Type twice. One copy
with out last paragraph on p.2.
One copy with that paragraph in.



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 396

Date: September 29

Time: 500pm

FOR ACTION: David Lissy
Sarah Massengale
Max Friedersdorf
Ken Lazarus
Paul Theis

cc (for information): Jim Cavanaugh
Jack Marsh
Warren Hendriks

Art Seidman
Robert Hartmann

FROM THE STAFF SECRETARY

8/10/75

DUE: Date: September 30,

Time: 300pm

SUBJECT:

H.R. 4222 - National School Lunch and Child Nutrition
Act Amendments of 1975

fu

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

RETURN TO RESEARCH
ROOM 128



PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

TO THE HOUSE OF REPRESENTATIVES

RPR
RESEARCH
RUUM 128

I am returning without my signature H.R. 4222, the National School Lunch ~~Act~~ and Child Nutrition Act ~~of 1966~~ Amendments of 1975.

If this bill provided food for children who would otherwise go hungry, I would give it my wholehearted support. ~~I believe~~ all Americans share my conviction that children of families living in poverty who truly need help in raising their level of nutrition should receive that help.

It was with this in mind that I recommended earlier this year a reform of the Federal Government's existing child feeding programs. My proposal would have provided assistance by the Federal Government for all infants and children from families below the poverty level--but only for those children. It would have ~~called a halt to~~ the steady expansion of Federal child nutrition subsidies to increasing numbers of non-needy children. By so doing, it would have concentrated more funds on feeding needy children, ~~while~~ ^{yet} saving the taxpayers of this Nation almost \$4 billion over the next five ^{ed} years.

I recommended ~~that~~ one block grant be made to States ^{with} giving them greater flexibility to tailor feeding programs to their own conditions and preferences, ^{At the same time} and relieving States ^{to provide} of much administrative red tape. Such an approach would eliminate the wastefulness of ^{overlapping} ~~our~~ present ^{under} programs which ^{often} ~~overlap with each other and sometimes end up with several~~ ^{e/} ~~programs~~ subsidizing the same meal.

I recognize that H.R. 4222 would enlarge our present efforts to feed the needy children I am concerned about. But it would go far beyond that and greatly expand Federal subsidies to children from non-needy families.

OMB memo

6/9/75

OMB memo

Subject

OMB memo



In so doing, this bill would add \$1.2 billion to my budget proposals for the current fiscal year, ~~and even greater amounts to the budget in later years.~~ I cannot accept such fiscal irresponsibility when we face the real danger that the budget deficit could exceed by as much as \$10 billion the already-high limit of \$60 billion ~~that~~ I set earlier this year. If the Congress keeps adding to the deficit, we could soon find ourselves facing renewed inflationary pressures which could ~~drive~~ ^{Push} us back into a recession.

Members of The Congress ~~itself~~ showed great concern about the fiscal implications of H.R. 4222 by refusing to accept the first conference report on the bill, which they calculated ~~to cost~~ ^{Would Cost} \$362 million more than their own budget target.

However, after further deliberation, the cost of the bill was reduced by ~~a mere~~ ^{only} \$75 million--about 2% ^{percent}. This slight change was apparently considered enough to somehow make the bill acceptable. This is not my way of budgeting the

taxpayers' hard-earned dollar. *We should not expand subsidies to families with incomes above the poverty level.*

Perhaps the Congress has been deceived into believing that there is such a thing as a "free lunch". This bill would perpetuate that myth. ~~Let me state the hard fact:~~

There is no "free lunch". What is "free" for some is paid for by others. Parents whose children take their own lunch to school or ~~who~~ eat outside do not benefit from the programs provided in H.R. 4222. Yet, they will have to pay for those who do--and pay for their own childrens' food as well.



OMB memo P.S. 1.11-1977
up 9/25/75

OMB memo

X

~~I firmly believe that~~ if we want to help non-poverty families, we ought to reduce their tax burdens and let them decide for themselves how to use their money. Instead, bills like H.R. 4222 continue to have the Government collect taxes from these families and then give some of it back in the form of specifically earmarked subsidies--for food, in this case.

The consolidated feeding program I proposed for needy children would have ~~much~~ ^{greatly} improved our existing programs. The program sent to me by the Congress with disproportionate subsidies for the non-needy is, ~~in my view~~, worse than the programs we now have. If need be, it would be better to simply extend our present programs at this time. ^{Insert} I urge the Congress, however, to reconsider and act favorably on my child feeding proposal. It is in the best interests of needy children, the Nation's economic health, and the taxpaying public.

^{Insert} I would be happy to work with the Congress to achieve this, ~~and~~

THE WHITE HOUSE

, 1975



RECOMMENDED VETO MESSAGE OF H.R. 4222

The presence of children or adults hungry or physically impaired because of an inadequate diet is heartbreaking and unnecessary in a country as wealthy as ours. No one could argue with the merit of providing a nutritional lunch to children who would otherwise not get one. Those parts of the child nutrition program that accomplish this goal should, without question, be funded and amply so. But the proportion of children whose health is impaired by inadequate diets is small. There is no hard evidence of any widespread physical disability of children due to poor nutrition. Instead, there is an unfounded presumption based on the rare but sensationalized example that mothers are grossly ignorant of nutritional value and provide inadequate meals for their children. Thus the programs include children far above the poverty line, and in many situations other than in school.

Overlaps exist with other programs and in some instances the same meal is fully subsidized by two or more different programs. For example, the Food Stamp Program which now costs \$6.6 billion per year and covers 20 million Americans includes an allowance for the lunches of school children, whether or not a free lunch is received in school. Also, some day care programs receive direct Federal funds for lunches and also receive a full subsidy from the child nutrition program. Before expanding the school lunch subsidies we ought to introduce more program integration to reduce duplication and increase efficiency.



Yet, the new Child Nutrition Act expands the existing programs to a \$3.4 billion package. Only \$1.2 billion would be needed to provide free lunches and breakfasts to children whose families could be considered low income. Costs are added to the program by expanding eligibility for free or reduced price lunches to 38 percent of American children, and by in effect making almost all summer camps, other summer programs and day care facilities eligible for large Federal meal subsidies. This is in addition to the basic government payment of 23 cents towards every meal provided in school regardless of the child's family income.

My economic advisers often remind me that there is no "free lunch." The Child Nutrition Act is a good example of this axiom. The free and subsidized lunches and other nutritional supplements to be provided will be received by children whose parents pay the taxes to finance government programs, including the \$3.4 billion for the child nutrition program. Yet many parents would prefer to have their children eat lunch at home or to bring a lunch from home to school. If the parents choose not to use the school lunch facilities then, although they are paying for the program with their taxes, they will not receive a penny of the benefits of the program -- and they will have to pay for the lunch that they do provide for their children. By imposing these costs on parents the government is attempting to coerce them into using the school lunch program even though there is no good evidence on nutrition and health that would warrant the coercion.

I am sure that we will always see a need to help provide the information that would result in better diets and better health. And in some cases where families are truly disadvantaged we would want to step in and



provide meals. But I do not believe that this goal requires a \$3.4 billion expenditure. Thus I have vetoed the new Child Nutrition Act and I will submit a proposal to continue the present program for one year and in that time to conduct a comprehensive evaluation of the present programs with respect to their benefits (in terms of better health) and their costs, and with respect to program integration. Then we can begin to get better results for our tax dollars in this program.



To The House of Representatives

I return herewith, without my approval, H.R. 4222, entitled, "National School Lunch Act and Child Nutrition Act of 1966 Amendments of 1975".

This bill would amend the National School Lunch Act and the Child Nutrition Act of 1966 in order to extend and revise the special food service program for children and the school breakfast program; expand the school lunch program to include residential institutions; and extend and revise the WIC Program. The bill also contains other amendments which are intended to strengthen the school lunch and child nutrition programs.

In 1969 the Administration set out to end poverty-related hunger in the United States. Since that time the Federal Government's commitment to this goal has been carried out mainly through the USDA's Child Nutrition Programs and the Food Stamp Program. The Administration and the Congress have worked together to provide the necessary funding as demonstrated by substantial increases in the Food and Nutrition Service's budget, which expanded from \$1.2 billion in 1969 to \$6.7 billion in fiscal year 1975. Child Nutrition Programs alone increased from \$.5 billion to \$1.8 billion during the same period.

These programs continue to play an important role in the national commitment to ensure all persons the opportunity for proper nutrition. However, in considering any changes, the principal objectives of these programs should be kept firmly in mind. H.R. 4222 would require additional expenditures which are not needed to accomplish the main objectives of the programs. Thus, during a time when Federal expenditures must be carefully controlled, the additional funds required by this bill would not serve the best interests of the Nation.

I feel that certain provisions such as the one which revises eligibility standards for reduced price meals to include children from families who are able to pay the full purchase price of a meal or, at their option, purchase the items to be included in a nutritious bag lunch, cannot be justified and is a burden the American taxpayer should not be asked to accept. It is indeed inconsistent with my efforts to eliminate unnecessary Federal subsidy programs. In addition, this provision mandates the service of reduced price meals in all participating schools. This is an



unfair imposition on the State agencies; it allows no flexibility on the part of the State to determine whether reduced price meals are actually needed in all schools.

Another provision for which I hold strong opposition would extend and expand the WIC Program for three years. The Department of Agriculture recommends that the Congress consider extending the WIC Program for one year only at an annual funding necessary to support the fiscal year 1975 approved participant caseload. The results of the WIC Program Evaluations will be reviewed by the Department and recommendations submitted to the Congress on or about February 1, 1976. The Department will then be in a better position at that point to recommend to the Congress what course should be taken regarding the further continuation of the Program. In addition, this bill contains provisions which would increase the full year costs of the program by \$50 million. The Department believes this cost is imprudent at this time and I am in total agreement. In fact, I would prefer a one-year extension for all of the programs authorized in the National School Lunch Act and the Child Nutrition Act of 1966, based on the provisions outlined above as well as other provisions of the bill which have severe ramifications when considered over an extended period of time.

For instance, the open-ended extension of guaranteed food service payments for the Child Care Food Program to the nonneedy pre-school children as well as the needy will provide incentive for considerable expansion of Federal services to day-care facilities. The changes in the summer program requirements which allow for extended service of meals and participation by all eligible institutions upon request will lead to uncontrollable expansion in this area of child feeding.



The total impact of the bill would be an additional \$508 million. This total figure includes an additional \$150 million for expanded reduced price lunches; \$50 million for the expanded WIC program; \$132 million for the extension of the lunch and breakfast programs to residential child-care institutions; \$85 million for the expansion of the summer program; \$50 million for the expansion of the year-round child care food program; and \$41 million for increased participation in programs due to more liberal benefits and all other costs.

In light of the inflationary provisions I have outlined above, I believe that a veto of this bill is imperative and I do so in an effort to control the escalation of Federal obligations. I must reiterate my belief that these expenditures are unjustifiable and unnecessary.

