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## A BILL

To reform the Food Stamp Act of 1964 by improving the provisions relating to eligibility, simplifying administration, and tightening accountability, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SEC. 1. This Act may be cited as the "National Food Stamp Reform Act of 1975".

SEC. 2. Section 3 of the Food Stamp Act of 1964, as amended, is amended as follows:

(a) Subsection (e) is amended to read:

"(e) The term 'household' shall mean a group of individuals who are sharing common living quarters, but who are not residents of an institution or boarding house, and who have access to cooking facilities and for whom food is customarily purchased in common: Provided, That residents of federally subsidized housing for the elderly, built under either Section 202 of the Housing Act of 1959 (12 U. S. C. 1701q) or Section 236 of the National Housing Act (12 U. S. C. 1715z-1) shall not be considered residents of an institution or boarding house. The term 'household' shall also mean (1) a single individual living alone who has cooking facilities and who purchases food for home consumption, or (2) an elderly person who meets the requirements of Section 10(h) of this Act."

(b) The second sentence of subsection (f) is revised to read: "It shall also mean a political subdivision or a private nonprofit organization or institution that meets the requirements of Section 10(h) of this Act."



To reform the Food Stamp Act of 1961 by improving the provisions

(c) The present subsection (n) is deleted and the following language is substituted:

"(n) The term 'nutritionally adequate diet' means a diet costing no more than the value of the food required to feed a family of four persons consisting of a man and a woman 20-54; a child 6-8; and a child 9-11 years of age, determined in accordance with the thrifty food plan developed in 1975 by the Secretary. The cost of such diet shall be the basis for uniform coupon allotments for all households, regardless of composition, except for household size adjustments and adjustments to reflect economies of scale set forth in the thrifty food plan."

SEC. 3 Section 4(b) of the Food Stamp Act of 1964, as amended, is amended to read:

"(b) In areas where the food stamp program is in operation, there shall be no distribution of federally donated foods to households under the authority of any other law except that distribution thereunder may be made for such period of time as the Secretary determines necessary to effect an orderly transition on an Indian reservation on which the distribution of federally donated foods to households is being replaced by a food stamp program: Provided, That the Secretary shall not approve any plan submitted under this Act which permits any household to simultaneously participate in both the Food Stamp Program and the distribution of federally donated foods: Provided further, That households may continue to receive such donated foods under separately authorized programs which permit commodity distribution on a temporary basis to meet disaster relief needs."

SEC. 4. Section 5 of the Food Stamp Act of 1964, as amended, is amended as follows:

(a) Subsection (b) is amended to read:

"(b) The Secretary shall establish uniform national standards of eligibility for participation by households in the food stamp program and no plan of operation submitted by a State agency shall be approved unless the standards of eligibility meet those established by the Secretary.

The income standards of eligibility shall be the income poverty guidelines prescribed by the Office of Management and Budget adjusted pursuant to section 625 of the Economic Opportunity Act of 1964, as amended, (42 U.S.C.

2971d): Provided, That in no event shall the standards of eligibility for Puerto Rico, the Virgin Islands, and Guam exceed those in the fifty States.

The Secretary shall utilize the preceding ninety day period in determining income for purposes of eligibility and benefit levels of households, provided that a longer period may be used as determined by the Secretary for households in which all members receive income from such sources as self-employment, agriculture, contract-work, and educational scholarships. The Secretary shall also prescribe additional standards of eligibility which shall include, but not be limited to, the amounts of liquid and nonliquid assets. Household income for purposes of the food stamp program shall be the gross income of the household less (1) a standard deduction of \$100 a month applicable to all households; and (2) an additional deduction of \$25 a month for any household in which there is at least one member who is age sixty or older. Gross income, for the purposes of the food stamp program, shall include, but not be limited to, all money payments, except those for medical costs, made on behalf of the





household: Provided, That the term shall not include payments in kind received by the household and the cost of producing self-employed income; and any monies which other Federal legislation specifically excludes from consideration as income for the purpose of determining eligibility for the food stamp program.

The Secretary may also establish temporary emergency standards of eligibility for the duration of the emergency, without regard to income and other financial resources, for households that are victims of a disaster which disrupts commercial channels of food distribution when he determines that such households are in need of temporary food assistance, and that commercial channels of food distribution have again become available to meet the temporary food needs of such households.

(b) The first sentence of subsection (c) is amended by (1) deleting the word "sixty-five" and inserting in its place the word "sixty"; (2) by inserting immediately after "dependent children" and immediately before "or of incapacitated adults", the words "under the age of six"; (3) by designating clause (a) as clause (b), deleting the word "or" at end of the newly designated clause (b) and inserting a new clause (a) to read as follows:

"(a) Had a job covered by and is eligible under any State or Federal unemployment compensation law (including but not limited to the Railroad Unemployment Insurance Act, as amended), Title II of the Emergency Jobs and Unemployment Assistance Act of 1974, the Emergency Compensation and Special Unemployment Assistance Extension Act of 1975, the Hawaii Agricultural

Unemployment Compensation Law, Virgin Island Unemployment Compensation Law, the unemployment law of Canada, or is entitled to a weekly assistance payment or an allowance with respect to unemployment under the Trade Act of 1974, the Disaster Relief Act of 1974, the Public Works and Economic Development Act of 1974, or any successor or similar legislation as determined by the Secretary, and is under a disqualification pursuant to any such law because of voluntarily leaving any job (or would be eligible for such payments but for such disqualification) unless the household of which such person is a member was certified for benefits under this Act immediately prior to such unemployment"; (5) by redesignating the current clause (b) as clause (c); (6) by deleting the period at the end of the first full sentence and inserting ", or" and a new clause (d) to read as follows:

"(d) Fails to inquire regularly about employment with prospective employers or otherwise fails to engage regularly in activities directly related to securing employment, as required by regulations issued by the Secretary."

(c) Subsection (c) is further amended by deleting the last sentence thereof.

(d) Section 5 of said Act is further amended by deleting subsection (d) and adding the following new subsections (d), (e), (f), (g), (h), and (i).

"(d) No individual shall be eligible to participate in the food stamp program unless he is a resident of the United States, and is either (1) a citizen or, (2) an alien lawfully admitted for permanent residence or otherwise permanently residing in the United States under color of law (including any alien who is lawfully present in the United States as a result of the application of the provisions of section 203(a)(7) or section 212(d)(5) of the Immigration



and Nationality Act). If, in the application process, it becomes known or the State agency has reason to believe that an alien has entered or remained in the United States illegally, the State agency shall submit to the Department of Justice information indicating that a program applicant may be an illegally present alien."

"(e) No household shall be eligible to participate, or to continue to participate, in the food stamp program if it refuses to submit to the State agency information which will permit a determination as to its eligibility to participate or its level of participation in the program. The State agency shall disqualify from participation in the program any household which is found to have fraudulently obtained coupons: Provided, That such period of disqualification shall not exceed one year. The Secretary shall prescribe regulations setting forth the conditions under which households receiving benefits under this Act may be required to report changes in household circumstances, including, but not limited to, income, household size, and resources, once each month."

"(f) No individual shall be considered a household member for food stamp program purposes if such individual: (1) has reached his 18th birthday; (2) is enrolled in an institution of higher education; and (3) is properly claimed as a dependent child for Federal income tax purposes by a taxpayer who is not a member of an eligible household."

"(g) No individual who is a minor in the State where application is made shall be considered a household member for the food stamp program if such minor resides in a household in which no other member has a legal duty to support such minor, unless (1) the individual who has a duty to support such minor cannot be

located or is financially unable to perform that duty; or (2) no individual with such duty exists."

"(h) No household that knowingly transfers liquid or non-liquid assets for the purpose of qualifying or attempting to qualify for the food stamp program shall be eligible to participate in the program for such period of time as may be determined in accordance with regulations issued pursuant to this Act, but in no event shall such period of time be less than thirty days from the date of discovery of the transfer.

"(i) No recipient of supplemental security income shall be eligible to participate in the food stamp program if he resides in a State which provides State supplementary payments of the type described in section 1616(a) of the Social Security Act, the level of which has been found by the Secretary of Health, Education and Welfare pursuant to section 8 of Public Law 93-233 to have been specifically increased so as to include the bonus value of food stamps.

SEC. 5 Section 6 of the Food Stamp Act of 1964, as amended, is amended as follows:

(a) Subsection (a) is amended by adding the following sentence at the end thereof:

"The Secretary is authorized to require a State agency to issue photo-identification cards to households certified to participate in the food stamp program."

(b) Subsection (c) is amended by deleting the period at the end of the first sentence and adding the following language:





"Provided, That the Secretary is authorized to require a State agency to issue coupons which include signature blocks to be signed by the recipient at the time of issuance and at the time of use at the retail food store."

SEC. 6 Section 7 of the Food Stamp Act of 1964, as amended, is amended as follows:

(a) Subsection (a) is amended to read:

"(a) The face value of the coupon allotment which State agencies shall be authorized to issue to any households certified as eligible to participate in the food stamp program shall be in such amount as will provide such households a coupon allotment sufficient to allow them to purchase a nutritionally adequate diet as defined in section 3(n) of this Act: Provided, That in no event shall the face value of the coupon allotments so used in Puerto Rico, the Virgin Islands, and Guam exceed those in the fifty States. The face value of the coupon allotment shall be adjusted semi-annually by the nearest dollar increment that is a multiple of two to reflect changes in the prices of food published by the Bureau of Labor Statistics in the Department of Labor. Such changes shall be made in January and July of each year based upon the cost of food in the preceding August and February, respectively. In no event shall such adjustments be made for households of a given size unless the increase in the face value of the coupon allotment for such households, as calculated above, is a minimum of \$2.00."

(b) Subsection (b) is amended to read:

"(b) Notwithstanding any other provision of law, households shall be charged for the coupon allotment issued to them, and the amount of such charge



shall be 30 per centum of the household's income, as determined in accordance with Section 5(b): Provided, however, That each household shall receive a minimum food stamp benefit of \$10.00."

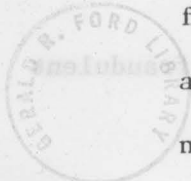
SEC. 7. Section 10 of the Food Stamp Act of 1964, as amended, is amended as follows:

(a) Subsection (b) is amended by inserting in the first sentence immediately after "the issuance of coupons" and immediately before the proviso, the words "and the control and accountability thereof".

(b) Subsection (e) is amended by revising clause (5) to read:

"(5) That the State agency shall carry out a reasonable program, including the use of services provided by other federally funded agencies and organizations to inform low-income households concerning the availability and benefits of the food stamp program.

(c) Subsection (e) is further revised by inserting in clause (7), after the word "law", the following: ", and at the option of the State agency,"; by deleting "and" preceding clause (8) and striking the period at the end of clause (8); adding the following new clause (9): "; (9) for the payment to households of the bonus value of any coupon allotment which has been wrongfully denied, delayed, or terminated as a result of any administrative error on the part of the State agency; and adding the following new clause (10): "; and (10) the establishment of an earnings clearance system (which system shall be consistent with the Privacy Act of 1974, (5 U.S.C. 552a) insofar as it provides for the use of information from records of Federal agencies, and with any other applicable privacy law insofar as it provides for the use of information from non-Federal records) for the purpose of checking the actual income and assets of a household against those reported by such household, except that the Secretary



may exempt any State from the requirement of this clause if the Secretary determines that it would be impracticable or impossible for such State to comply with it."

(d) Subsection (f) is amended to read as follows:

"(f) If the Secretary determines that in the administration of the program there is a failure by a State agency to comply with the provisions of this Act, or with the regulations issued pursuant to this Act, or with the State plan of operation, he shall inform such State agency of such failure and shall allow the State agency a designated period of time for the correction of such failure. If the State agency does not correct such failure within such specified period of time, the Secretary may alternatively or concurrently: (1) refer the matter to the Attorney General with a request that an injunction be sought to require compliance by the State agency and, at the suit of the Attorney General in an appropriate U. S. District Court the State agency may be so enjoined, or (2) direct that there be no further issuance of coupons in the political subdivisions where such failure has occurred until such time as satisfactory corrective action has been taken.

(e) Subsection (g) is amended by striking the word "gross" in the first sentence thereof.

(f) Subsection (i) is deleted.

SEC. 8. Section 12 of the Food Stamp Act of 1964, as amended, is amended by adding at the end thereof the following:

"Such claims include, but are not limited to, claims arising from fraudulent and non-fraudulent overissuances to recipients."

SEC. 9. Subsection (b) and (c) of Section 14 of the Food Stamp Act of 1964, as amended, are amended by striking out "\$5,000" and inserting in lieu thereof "\$1,000".

SEC. 10. Section 15 of the Food Stamp Act of 1964, as amended, is amended as follows:

(a) Subsection (b) is amended by inserting the following wording at the end of clause (1) and immediately before the semi-colon: ", exclusive of those households in which all members are receiving assistance under federally aided public assistance programs;".

(b) A new subsection (c) is added to read:

"(c) Notwithstanding any other provision of this Act, the Secretary is authorized to pay to each State agency an amount equal to 75 per centum of all direct costs of State food stamp program investigations, prosecutions, and State activities related to recovering losses sustained in the food stamp program, except for the costs of such activities with respect to households in which all members are receiving assistance under federally aided public assistance programs.

SEC. 11. The Food Stamp Act of 1964, as amended, is further amended by adding thereto a new section 18 to read as follows:

"CIVIL MONEY PENALTIES"

"Sec. 18 (a) Any person, including any State agency, other than a member of a household eligible to participate in the program or a retail food store authorized to accept or redeem food coupons for food or meals, who violates any provision of this Act or the regulations issued pursuant to this Act may be



assessed a civil money penalty. The penalty shall not exceed \$10,000 for each violation. The penalty shall be assessed by the Secretary, or his delegate, by written notice.

"(b) In determining the amount of the penalty, the Secretary shall take into account the gravity of the violation, degree of culpability, any history of prior offenses, ability to pay, and such other matters as justice may require.

"(c) The person assessed shall be afforded an opportunity for an agency hearing, upon request made within thirty days after issuance of the notice of assessment. In such hearing, all issues shall be determined upon the record pursuant to section 554 of Title 5. The agency determination shall be made by final order which may be reviewed only as provided in subsection (d). If no hearing is requested as provided herein, the assessment shall constitute a final and unappealable order.

"(d) Any person against whom an order imposing a civil money penalty has been entered after agency hearing under this section may obtain review by the United States Court of Appeals for the Circuit in which the person resides or does business by filing a written notice of appeal in such court within sixty days from the date of such order, and simultaneously sending a copy of such notice by registered or certified mail to the Secretary. The Secretary shall promptly certify and file in such court the record upon which the penalty was imposed, as provided in section 2112 of Title 28. The findings of the Secretary shall be set aside if found to be unsupported by substantial evidence as provided by section 706(2)(e) of Title 5. Where the court upholds the Secretary's order, it shall enter judgment in favor of the United States in the amount of the



penalty, which judgment may be registered in any United States District Court in accordance with the provisions of section 1963 of Title 28, United States Code.

"(e) If any person fails to pay an assessment after it has become a final and unappealable order, the Secretary shall refer the matter to the Attorney General, who shall recover the amount assessed by action in the appropriate United States District Court. In such action the validity and appropriateness of the final order imposing the penalty shall not be subject to review.

"(f) The Secretary may, in his discretion, compromise, modify or remit any civil penalty which is subject to imposition or has been imposed under this section.

"(g) The Secretary shall promulgate regulations establishing procedures necessary to implement this section."





A BILL

To reform the Food Stamp Act of 1964 by improving the provisions relating to eligibility, simplifying administration, and tightening accountability, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SEC. 1. This Act may be cited as the "National Food Stamp Reform Act of 1975".

SEC. 2. Section 3 of the Food Stamp Act of 1964, as amended, is amended as follows:

(a) Subsection (e) is amended to read:

"(e) The term 'household' shall mean a group of individuals who are sharing common living quarters, but who are not residents of an institution or boarding house, and who have access to cooking facilities and for whom food is customarily purchased in common: Provided, That residents of federally subsidized housing for the elderly, built under either Section 202 of the Housing Act of 1959 (12 U. S. C. 1701q) or Section 236 of the National Housing Act (12 U. S. C. 1715z-1) shall not be considered residents of an institution or boarding house. The term 'household' shall also mean (1) a single individual living alone who has cooking facilities and who purchases food for home consumption, or (2) an elderly person who meets the requirements of Section 10(h) of this Act."

(b) The second sentence of subsection (f) is revised to read: "It shall also mean a political subdivision or a private nonprofit organization or institution that meets the requirements of Section 10(h) of this Act."



To reform the Food Stamp Act of 1964 by improving the provisions

(c) The present subsection (n) is deleted and the following language is substituted:

"(n) The term 'nutritionally adequate diet' means a diet costing no more than the value of the food required to feed a family of four persons consisting of a man and a woman 20-54; a child 6-8; and a child 9-11 years of age, determined in accordance with the thrifty food plan developed in 1975 by the Secretary. The cost of such diet shall be the basis for uniform coupon allotments for all households, regardless of composition, except for household size adjustments and adjustments to reflect economies of scale set forth in the thrifty food plan."

SEC. 3 Section 4(b) of the Food Stamp Act of 1964, as amended, is amended to read:

"(b) In areas where the food stamp program is in operation, there shall be no distribution of federally donated foods to households under the authority of any other law except that distribution thereunder may be made for such period of time as the Secretary determines necessary to effect an orderly transition on an Indian reservation on which the distribution of federally donated foods to households is being replaced by a food stamp program: Provided, That the Secretary shall not approve any plan submitted under this Act which permits any household to simultaneously participate in both the Food Stamp Program and the distribution of federally donated foods: Provided further, That households may continue to receive such donated foods under separately authorized programs which permit commodity distribution on a temporary basis to meet disaster relief needs."

SEC. 4. Section 5 of the Food Stamp Act of 1964, as amended, is amended as follows:

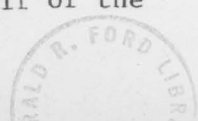
(a) Subsection (b) is amended to read:

"(b) The Secretary shall establish uniform national standards of eligibility for participation by households in the food stamp program and no plan of operation submitted by a State agency shall be approved unless the standards of eligibility meet those established by the Secretary.

The income standards of eligibility shall be the income poverty guidelines prescribed by the Office of Management and Budget adjusted pursuant to section 625 of the Economic Opportunity Act of 1964, as amended, (42 U.S.C.

2971d): Provided, That in no event shall the standards of eligibility for Puerto Rico, the Virgin Islands, and Guam exceed those in the fifty States.

The Secretary shall utilize the preceding ninety day period in determining income for purposes of eligibility and benefit levels of households, provided that a longer period may be used as determined by the Secretary for households in which all members receive income from such sources as self-employment, agriculture, contract-work, and educational scholarships. The Secretary shall also prescribe additional standards of eligibility which shall include, but not be limited to, the amounts of liquid and nonliquid assets. Household income for purposes of the food stamp program shall be the gross income of the household less (1) a standard deduction of \$100 a month applicable to all households; and (2) an additional deduction of \$25 a month for any household in which there is at least one member who is age sixty or older. Gross income, for the purposes of the food stamp program, shall include, but not be limited to, all money payments, except those for medical costs, made on behalf of the



household: Provided, That the term shall not include payments in kind received by the household and the cost of producing self-employed income; and any monies which other Federal legislation specifically excludes from consideration as income for the purpose of determining eligibility for the food stamp program.

The Secretary may also establish temporary emergency standards of eligibility for the duration of the emergency, without regard to income and other financial resources, for households that are victims of a disaster which disrupts commercial channels of food distribution when he determines that such households are in need of temporary food assistance, and that commercial channels of food distribution have again become available to meet the temporary food needs of such households.

(b) The first sentence of subsection (c) is amended by (1) deleting the word "sixty-five" and inserting in its place the word "sixty"; (2) by inserting immediately after "dependent children" and immediately before "or of incapacitated adults", the words "under the age of six"; (3) by designating clause (a) as clause (b), deleting the word "or" at end of the newly designated clause (b) and inserting a new clause (a) to read as follows:

"(a) Had a job covered by and is eligible under any State or Federal unemployment compensation law (including but not limited to the Railroad Unemployment Insurance Act, as amended), Title II of the Emergency Jobs and Unemployment Assistance Act of 1974, the Emergency Compensation and Special Unemployment Assistance Extension Act of 1975, the Hawaii Agricultural



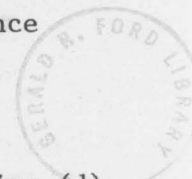
Unemployment Compensation Law, Virgin Island Unemployment Compensation Law, the unemployment law of Canada, or is entitled to a weekly assistance payment or an allowance with respect to unemployment under the Trade Act of 1974, the Disaster Relief Act of 1974, the Public Works and Economic Development Act of 1974, or any successor or similar legislation as determined by the Secretary, and is under a disqualification pursuant to any such law because of voluntarily leaving any job (or would be eligible for such payments but for such disqualification) unless the household of which such person is a member was certified for benefits under this Act immediately prior to such unemployment"; (5) by redesignating the current clause (b) as clause (c); (6) by deleting the period at the end of the first full sentence and inserting ", or" and a new clause (d) to read as follows:

"(d) Fails to inquire regularly about employment with prospective employers or otherwise fails to engage regularly in activities directly related to securing employment, as required by regulations issued by the Secretary."

(c) Subsection (c) is further amended by deleting the last sentence thereof.

(d) Section 5 of said Act is further amended by deleting subsection (d) and adding the following new subsections (d), (e), (f), (g), (h), and (i).

"(d) No individual shall be eligible to participate in the food stamp program unless he is a resident of the United States, and is either (1) a citizen or, (2) an alien lawfully admitted for permanent residence or otherwise permanently residing in the United States under color of law (including any alien who is lawfully present in the United States as a result of the application of the provisions of section 203(a)(7) or section 212(d)(5) of the Immigration





and Nationality Act). If, in the application process, it becomes known or the State agency has reason to believe that an alien has entered or remained in the United States illegally, the State agency shall submit to the Department of Justice information indicating that a program applicant may be an illegally present alien."

"(e) No household shall be eligible to participate, or to continue to participate, in the food stamp program if it refuses to submit to the State agency information which will permit a determination as to its eligibility to participate or its level of participation in the program. The State agency shall disqualify from participation in the program any household which is found to have fraudulently obtained coupons: Provided, That such period of disqualification shall not exceed one year. The Secretary shall prescribe regulations setting forth the conditions under which households receiving benefits under this Act may be required to report changes in households circumstances, including, but not limited to, income, household size, and resources, once each month."

"(f) No individual shall be considered a household member for food stamp program purposes if such individual: (1) has reached his 18th birthday; (2) is enrolled in an institution of higher education; and (3) is properly claimed as a dependent child for Federal income tax purposes by a taxpayer who is not a member of an eligible household."

"(g) No individual who is a minor in the State where application is made shall be considered a household member for the food stamp program if such minor resides in a household in which no other member has a legal duty to support such minor, unless (1) the individual who has a duty to support such minor cannot be

located or is financially unable to perform that duty; or (2) no individual with such duty exists."

"(h) No household that knowingly transfers liquid or non-liquid assets for the purpose of qualifying or attempting to qualify for the food stamp program shall be eligible to participate in the program for such period of time as may be determined in accordance with regulations issued pursuant to this Act, but in no event shall such period of time be less than thirty days from the date of discovery of the transfer.

"(i) No recipient of supplemental security income shall be eligible to participate in the food stamp program if he resides in a State which provides State supplementary payments of the type described in section 1616(a) of the Social Security Act, the level of which has been found by the Secretary of Health, Education and Welfare pursuant to section 8 of Public Law 93-233 to have been specifically increased so as to include the bonus value of food stamps.

SEC. 5 Section 6 of the Food Stamp Act of 1964, as amended, is amended as follows:

(a) Subsection (a) is amended by adding the following sentence at the end thereof:

"The Secretary is authorized to require a State agency to issue photo-identification cards to households certified to participate in the food stamp program."

(b) Subsection (c) is amended by deleting the period at the end of the first sentence and adding the following language:



"Provided, That the Secretary is authorized to require a State agency to issue coupons which include signature blocks to be signed by the recipient at the time of issuance and at the time of use at the retail food store."

SEC. 6 Section 7 of the Food Stamp Act of 1964, as amended, is amended as follows:

(a) Subsection (a) is amended to read:

"(a) The face value of the coupon allotment which State agencies shall be authorized to issue to any households certified as eligible to participate in the food stamp program shall be in such amount as will provide such households a coupon allotment sufficient to allow them to purchase a nutritionally adequate diet as defined in section 3(n) of this Act: Provided, That in no event shall the face value of the coupon allotments so used in Puerto Rico, the Virgin Islands, and Guam exceed those in the fifty States. The face value of the coupon allotment shall be adjusted semi-annually by the nearest dollar increment that is a multiple of two to reflect changes in the prices of food published by the Bureau of Labor Statistics in the Department of Labor. Such changes shall be made in January and July of each year based upon the cost of food in the preceding August and February, respectively. In no event shall such adjustments be made for households of a given size unless the increase in the face value of the coupon allotment for such households, as calculated above, is a minimum of \$2.00."

(b) Subsection (b) is amended to read:

"(b) Notwithstanding any other provision of law, households shall be charged for the coupon allotment issued to them, and the amount of such charge

shall be 30 per centum of the household's income, as determined in accordance with Section 5(b): Provided, however, That each household shall receive a minimum food stamp benefit of \$10.00."

SEC. 7. Section 10 of the Food Stamp Act of 1964, as amended, is amended as follows:

(a) Subsection (b) is amended by inserting in the first sentence immediately after "the issuance of coupons" and immediately before the proviso, the words "and the control and accountability thereof".

(b) Subsection (e) is amended by revising clause (5) to read:

"(5) That the State agency shall carry out a reasonable program, including the use of services provided by other federally funded agencies and organizations to inform low-income households concerning the availability and benefits of the food stamp program.

(c) Subsection (e) is further revised by inserting in clause (7), after the word "law", the following: ", and at the option of the State agency,"; by deleting "and" preceding clause (8) and striking the period at the end of clause (8); adding the following new clause (9): "; (9) for the payment to households of the bonus value of any coupon allotment which has been wrongfully denied, delayed, or terminated as a result of any administrative error on the part of the State agency; and adding the following new clause (10): "; and (10) the establishment of an earnings clearance system (which system shall be consistent with the Privacy Act of 1974, (5 U.S.C. 552a) insofar as it provides for the use of information from records of Federal agencies, and with any other applicable privacy law insofar as it provides for the use of information from non-Federal records) for the purpose of checking the actual income and assets of a household against those reported by such household, except that the Secretary



may exempt any State from the requirement of this clause if the Secretary determines that it would be impracticable or impossible for such State to comply with it."

(d) Subsection (f) is amended to read as follows:

"(f) If the Secretary determines that in the administration of the program there is a failure by a State agency to comply with the provisions of this Act, or with the regulations issued pursuant to this Act, or with the State plan of operation, he shall inform such State agency of such failure and shall allow the State agency a designated period of time for the correction of such failure. If the State agency does not correct such failure within such specified period of time, the Secretary may alternatively or concurrently: (1) refer the matter to the Attorney General with a request that an injunction be sought to require compliance by the State agency and, at the suit of the Attorney General in an appropriate U. S. District Court the State agency may be so enjoined, or (2) direct that there be no further issuance of coupons in the political subdivisions where such failure has occurred until such time as satisfactory corrective action has been taken.

(e) Subsection (g) is amended by striking the word "gross" in the first sentence thereof.

(f) Subsection (i) is deleted.

SEC. 8. Section 12 of the Food Stamp Act of 1964, as amended, is amended by adding at the end thereof the following:

"Such claims include, but are not limited to, claims arising from fraudulent and non-fraudulent overissuances to recipients."



SEC. 9. Subsection (b) and (c) of Section 14 of the Food Stamp Act of 1964, as amended, are amended by striking out "\$5,000" and inserting in lieu thereof "\$1,000".

SEC. 10. Section 15 of the Food Stamp Act of 1964, as amended, is amended as follows:

(a) Subsection (b) is amended by inserting the following wording at the end of clause (1) and immediately before the semi-colon: ", exclusive of those households in which all members are receiving assistance under federally aided public assistance programs;".

(b) A new subsection (c) is added to read:

"(c) Notwithstanding any other provision of this Act, the Secretary is authorized to pay to each State agency an amount equal to 75 per centum of all direct costs of State food stamp program investigations, prosecutions, and State activities related to recovering losses sustained in the food stamp program, except for the costs of such activities with respect to households in which all members are receiving assistance under federally aided public assistance programs.

SEC. 11. The Food Stamp Act of 1964, as amended, is further amended by adding thereto a new section 18 to read as follows:

"CIVIL MONEY PENALTIES"

"Sec. 18 (a) Any person, including any State agency, other than a member of a household eligible to participate in the program or a retail food store authorized to accept or redeem food coupons for food or meals, who violates any provision of this Act or the regulations issued pursuant to this Act may be



assessed a civil money penalty. The penalty shall not exceed \$10,000 for each violation. The penalty shall be assessed by the Secretary, or his delegate, by written notice.

"(b) In determining the amount of the penalty, the Secretary shall take into account the gravity of the violation, degree of culpability, any history of prior offenses, ability to pay, and such other matters as justice may require.

"(c) The person assessed shall be afforded an opportunity for an agency hearing, upon request made within thirty days after issuance of the notice of assessment. In such hearing, all issues shall be determined upon the record pursuant to section 554 of Title 5. The agency determination shall be made by final order which may be reviewed only as provided in subsection (d). If no hearing is requested as provided herein, the assessment shall constitute a final and unappealable order.

"(d) Any person against whom an order imposing a civil money penalty has been entered after agency hearing under this section may obtain review by the United States Court of Appeals for the Circuit in which the person resides or does business by filing a written notice of appeal in such court within sixty days from the date of such order, and simultaneously sending a copy of such notice by registered or certified mail to the Secretary. The Secretary shall promptly certify and file in such court the record upon which the penalty was imposed, as provided in section 2112 of Title 28. The findings of the Secretary shall be set aside if found to be unsupported by substantial evidence as provided by section 706(2)(e) of Title 5. Where the court upholds the Secretary's order, it shall enter judgment in favor of the United States in the amount of the

penalty, which judgment may be registered in any United States District Court in accordance with the provisions of section 1963 of Title 28, United States Code.

"(e) If any person fails to pay an assessment after it has become a final and unappealable order, the Secretary shall refer the matter to the Attorney General, who shall recover the amount assessed by action in the appropriate United States District Court. In such action the validity and appropriateness of the final order imposing the penalty shall not be subject to review.

"(f) The Secretary may, in his discretion, compromise, modify or remit any civil penalty which is subject to imposition or has been imposed under this section.

"(g) The Secretary shall promulgate regulations establishing procedures necessary to implement this section."



THE NATIONAL FOOD STAMP REFORM ACT OF 1975

SECTION-BY-SECTION ANALYSIS<sup>1</sup>

SECTION 2

This section of the bill amends subsections (e), (f), and (n) of Section 3 of the Food Stamp Act of 1964, as amended. Section 3 defines the terms used in the Act.

Subsection 3(e) which defines the term "household" is amended to delete the requirement that household members under age 60 be related in order to qualify for the Food Stamp Program. This requirement was ruled unconstitutional by the Supreme Court in its decision in the case of Moreno v. USDA, 413 U.S. 528. The amendment will bring the Act into conformance with the Supreme Court decision.

The revised language eliminates the requirement that a household consist of an economic unit so that a household will for the purposes of the Act, be persons who share common living quarters and purchase food in common. The deletion of the "economic unit" criterion of eligibility will simplify the determination of which individuals constitute a household and will minimize the problem of individuals or groups of individuals living together applying as "separate" households.

The subsection retains as a household single persons living alone and purchasing food for home consumption, elderly persons eligible to purchase delivered meals or meals prepared by a designated private or public non-profit organization. Residents of federally subsidized housing for the elderly will also continue to be deemed not to be residents of institutions for the purposes of the Food Stamp Program.



The revised language further deletes from the household definition the language making eligible narcotic addicts or alcoholics who reside in a treatment or rehabilitation center. The provision is deleted in light of the difficulties in administering the Food Stamp Program in an institutionalized setting and the high potential for program abuse as a result of the misuse of coupons by center personnel.

The revised language also deletes the provision concerning Supplemental Security Income recipients.

Subsection 3(f) is revised to delete reference to Section 10(i) of the Act which refers to participation of addict and alcoholic treatment and rehabilitation centers in the food stamp program.

The definition in subsection 3(n) of a "drug addiction or alcoholic treatment and rehabilitation program" is deleted consistent with the revised household definition in subsection 3(e). The revised subsection 3(n) defines a "nutritionally adequate diet" as one that is based on the thrifty food plan developed in 1975 by the Department.

This section of the bill revises subsection (b) in Section 4 of the Food Stamp Act of 1964, as amended.

Subsection 4(b) has been revised to permit concurrent operation of the food stamp and food distribution programs on Indian reservations for a period of transition from the distribution to the stamp program. The present Act provides authority to operate both programs in an area (1) during a period of transition from commodities to food stamps, (2) on request of the State agency, and (3) during temporary emergency situations. Since the food distribution program is being replaced by the food stamp program, authority for the simultaneous operation of both programs at the request of the State agency is unnecessary. However, a number of Indian reservations encountered difficulty implementing the food stamp program on the reservations by July 1, 1974, so authority for concurrent operation of the food stamp and food distribution programs is justified during the transitional period on such reservations.

In the case of disasters, authority is provided under other law to make commodities available under programs under which commodities are distributed on an emergency or temporary basis to meet disaster relief needs.

## SECTION 4

This section of the bill revises subsections (b) and (c), deletes subsection (d); and adds new subsections (d), (e), (f), (g), (h) and (i) to Section 5 of the Act.

The revised subsection 5(b) authorizes the Secretary to establish uniform national standards of eligibility for the food stamp program. It also requires that the income standards of eligibility be the income poverty guidelines prescribed by the Office of Management and Budget adjusted pursuant to section 625 of the Economic Opportunity Act of 1964, as amended, (42 U.S.C. 2971d). Application of these guidelines will, in effect, terminate categorical eligibility of public assistance households whose income is above such guidelines. These poverty guidelines replace the current method of determining maximum income levels as the point at which the coupon allotment equals 30 percent of net income.

The revised subsection provides that the Secretary will use the average monthly income actually received during the 90-day period prior to application in determining income of households, but permits longer periods to be used for individuals who receive income from such sources as self-employment, contract work, and educational scholarships and grants. The use of prior months' income combined with a monthly reporting requirement would replace the current method of anticipating a household's circumstances and relying on households to voluntarily report changes.

The revised language also provides a definition of gross income to be used for program purposes. The definition includes vendor payments, except for medical vendor payments, and excludes the costs of producing self-employment income. In-kind benefits are excluded including the present

statutory provisions for the housing payments-in-kind. Also, Federal legislation which specifically exempts payments from food stamp income is recognized.

A monthly standard deduction of \$100 replaces the itemized deductions now allowed by regulation, such as expenses for medical and educational fees, child care, support payments, and excess shelter costs. A standard deduction will make more equitable the distribution of benefits among food stamp households.

The revised section also provides for an additional deduction of \$25 for any household containing at least one individual age 60 or over in recognition of the needs of the elderly whose limited earning capacity prevents them from meeting special expenses incurred at this age.

Consultation with the Secretary of DHEW on national standards of eligibility is no longer required since categorical eligibility of SSI recipients is removed.

This revision of subsection 5(b) also eliminates the present statutory mechanical disaster provision. Under this provision State agencies are required to provide emergency assistance to households who are unable to purchase coupons because their authorization-to-purchase cards have not been produced on a timely basis due to a mechanical failure of the equipment used to produce such cards. As an alternative, the credits for lost benefits provision proposed in subsection 10(e)(9) can be used to recompense food stamp recipients who have lost benefits because of a mechanical disaster.

The revision of subsection 5(b) conforms the subsection to the decision of the Supreme Court in the case of Murry v. USDA, 413 U.S. 508, which



concluded that the 1971 "tax dependency" provision of the Act was overly broad and therefore unconstitutional, and unenforceable.

The revision of subsection 5(c) will reduce the age requirement for work registration from 65 to 60. Use of age 60 is consistent with the definition of elderly in other portions of the Act. It will alleviate a common problem of States by not requiring registration of retired or elderly persons whose opportunities for employment are limited.

The categories of people required to register for work would be more clearly defined by specifying that the term "dependent children" means children under the age of six. A provision has been added to the subsection which will make ineligible any household which includes an able-bodied person who would be eligible for unemployment compensation or assistance but for disqualification under applicable statutes as a result of voluntarily leaving any job. This will not apply if the household involved was certified to participate in the food stamp program immediately prior to the unemployment of such person. The subsection, as revised, also requires work registrants to establish that they are actively seeking employment.

The exemption provided by Public Law 93-86 for addicts and alcoholics is also deleted by the revised language consistent with amendments to Section 3 of the Act deleting the special eligibility of addicts and alcoholics participating in approved treatment programs.

Subsection 5(d) which provides for uniform national standards of eligibility for addicts and alcoholics participating in treatment and rehabilitation programs is deleted consistent with the revision of Section 3(e) of the Act.

A new subsection 5(d) provides that illegally and temporarily present aliens may not participate in the program. The current Act does not contain such a provision; however, this requirement is consistent with the public assistance requirements of the Department of Health, Education and Welfare, and the supplemental security income statutory provision. In addition, this provision requires the State agency to disclose information regarding illegally present aliens to the Department of Justice.

A new subsection 5(e) delineates recipient's responsibilities under the program. This provision specifically requires recipients to provide information needed for the certification process and any subsequent audit or quality control review. If an applicant household refuses to cooperate in providing information necessary for making a determination of eligibility or ineligibility or to complete a quality control review, the household may be subject to denial of further and/or future food stamp benefits.

Subsection 5(e) also provides for a monthly client reporting system. Clients would be required to provide the food stamp office with an updating of circumstances affecting their eligibility. Such a reporting system will give more accurate data on a household's circumstances.

A new subsection 5(f) provides permanent statutory authority to establish tax dependency criteria for food stamp eligibility of students. The language is consistent with that contained in the Agriculture-Environmental and Consumer Protection Appropriation Act of 1975 (Public Law 93-563, 88 Stat. 1841). This language requires that the determination of tax dependency be made in the year the family support is being received, not the year in which the tax return is actually filed.

A new subsection 5(g) prohibits a minor from being considered a member of a household if no other member of the household is under a legal duty to support the minor, the minor can establish that the person responsible for his support is financially unable to provide such support, the person responsible for his support cannot be located, or there is no person with such responsibility.

A new subsection (h) makes ineligible any household which purposely transfers ownership of a resource in order to meet the program's assets test. The Secretary can set by regulation the period of such ineligibility provided it lasts at least thirty days.

Finally, a new subsection (i) is added to continue the ineligibility of any recipient of Supplemental Security Income payments in a State which has specifically increased its supplementary payments to include the bonus value of food stamps.

## SECTION 5

This section of the bill amends subsections (a) and (c) of Section 6 of the Food Stamp Act of 1964, as amended.

Subsection 6(a) is revised to include authority for the Secretary to require a State agency to issue photo-identification cards to all households certified for the food stamp program.

Subsection 6(c) is revised to authorize the Secretary to require a State agency to issue food coupons which are designed in order to require recipients to sign coupons both at the time of issuance and when using the coupons at retail food stores.



## SECTION 6

This section of the bill revises subsections (a) and (b) of Section 7 of the Act.

Revised Section 7(a) provides that the total value of the coupons to be issued to a participating household shall be calculated on the basis of a family of 4 persons described in Sec. 3(n). This revised language is intended to allow the Department to utilize an averaging system to establish a standard coupon allotment for each household size. This average allotment will be adjusted to reflect economies of scale for different size households. Atypical households would receive allotments which vary from their specific needs.

The revised language of subsection (b) establishes the amount that a household shall be charged for its coupon allotment as 30 percent of income after the standard deduction from gross income. The revised language also assures that each participating household would receive a food stamp benefit, or what is commonly referred to as the "bonus", of at least \$10.

This revision also eliminates the present statutory provision that households with incomes of less than \$30 per month shall not be charged for their coupon allotment because the proposed standard deduction will be higher than \$30 per month for all households.

The variable purchase provision is deleted since the same intent is now met through clause (6) of Section 10(e) of the Act, which requires States to offer households the option of purchasing stamps twice a month.

## SECTION 7

This section of the bill revises Section 10 of the Act.

The present subsections (b), (e)(5), and (e)(7) are revised; new subsections (e)(9) and (e)(10) are added; subsections (f) and (g) are revised; and subsection (i) is deleted.

Subsection 10(b) presently provides that the State agency shall be responsible for the certification of applicant households and for the issuance of coupons. It further permits a State agency to delegate its responsibility in the issuance of coupons. However, the State agency is held financially liable for any cash or coupon losses or shortages. The revised language is intended to emphasize that while the issuance function may be delegated, the State agency shall retain responsibility for accounting to the Secretary for issuance activities.

Clause (5) of Section 10(e) presently requires State agencies to take effective action to "inform" low-income households and to "insure" the participation of those that are eligible. The revised clause (5) would clarify the program outreach responsibilities but delete the requirement to "insure" participation because of the unintended burden it has placed on the State agencies in effectively administering the provision.

Subsection 10(e)(7) is revised to give a State agency an option to establish a system under which a food stamp household may elect to have its charge for the coupon allotment withheld from its public assistance check. The Act now mandates a State agency to offer such a system. An optional approach would

permit a State to operate the system in an area where it would be helpful, such as rural localities lacking adequate transportation.

A new clause (9) is added to Section 10(e) to facilitate compliance with the U. S. District Court ruling Bermudez v. USDA, 348 F. Supp. 1279, (D.D.C., 1972), that USDA must provide retroactive benefits to households who have had their food stamp allotment wrongfully delayed, denied, or terminated as a result of administrative errors by State agencies. Presently, such benefits are restored by reducing the household's subsequent purchase requirements until full compensation has been made. This method was prescribed by the courts. This revision provides legislative authority for direct cash payments to households for the amount of bonus coupons lost.

A new clause (10) is added to Section 10(e) which establishes a system for verifying the earnings of applicants and participants with proper protections for the privacy of individuals.

Subsection 10(f) provides the Department another remedy to cope with a State's noncompliance with provisions of the Food Stamp Act and Regulations. This remedy will allow the Department of Agriculture, through the Department of Justice, to bring an injunctive action in a U. S. District Court to require compliance by the State.

Subsection 10(g) presently imposes upon State agencies liability to the Federal Government for the value of bonus coupons issued through "gross negligence" in the certifying of applicant households. The revised subsection would reduce this standard to "negligence." Proof of negligence would constitute a basis for asserting a claim and would permit a fair application of this provision.

Subsection 10(1) is deleted consistent with the revision of Section 3(e). That subsection permitted the use of coupons to purchase meals prepared by addict or alcoholic treatment and rehabilitation centers.



## SECTION 8

The present language in Section 12 is not clear as to whether procedures for recipient claims arising from food stamp overissuances are at the discretion of the Secretary or must be governed by the rules and procedures of the General Accounting Office. The proposed language specifies such procedures will be up to the Secretary.

## SECTION 9

This section of the bill amends Section 14 of the Act.

Subsections 14(b) and 14(c) are amended to reduce the maximum penalty for misdemeanors from the current \$5,000 to \$1,000. A reduction of the penalties would permit misdemeanors to be prosecuted before magistrates under the Federal Magistrates Act. Minor recipient and retailer-type violations would be subject to faster and more frequent prosecution and thus would be more effectively deterred.

## SECTION 10

Section 15(b) of the Food Stamp Act, as amended, is amended to clarify that the Secretary will pay the Federal share of State agency certification costs for nonpublic assistance households only and a new Section 15(c) is added to provide authority for the Secretary to pay to State agencies 75 percent of the direct costs incurred in prosecutions and related activities as they concern nonpublic assistance households.

## SECTION 11

This proposed new Section 18 provides authority for the Secretary to impose civil money penalties in areas of specific program violations. Under this authority, the Secretary will be able to take action against program violators, such as ineligible recipients and unauthorized retailers. In addition, the Secretary will be empowered to assess penalties against State agencies whose actions violate the Food Stamp Act or Regulations. This type of authority can be extremely useful in enforcing compliance with program requirements for recipient service and prompt action by the State agency.

THE NATIONAL FOOD STAMP REFORM ACT OF 1975

SECTION-BY-SECTION ANALYSIS<sup>1</sup>

SECTION 2

This section of the bill amends subsections (e), (f), and (n) of Section 3 of the Food Stamp Act of 1964, as amended. Section 3 defines the terms used in the Act.

Subsection 3(e) which defines the term "household" is amended to delete the requirement that household members under age 60 be related in order to qualify for the Food Stamp Program. This requirement was ruled unconstitutional by the Supreme Court in its decision in the case of Moreno v. USDA, 413 U.S. 528. The amendment will bring the Act into conformance with the Supreme Court decision.

The revised language eliminates the requirement that a household consist of an economic unit so that a household will for the purposes of the Act, be persons who share common living quarters and purchase food in common. The deletion of the "economic unit" criterion of eligibility will simplify the determination of which individuals constitute a household and will minimize the problem of individuals or groups of individuals living together applying as "separate" households.

The subsection retains as a household single persons living alone and purchasing food for home consumption, elderly persons eligible to purchase delivered meals or meals prepared by a designated private or public non-profit organization. Residents of federally subsidized housing for the elderly will also continue to be deemed not to be residents of institutions for the purposes of the Food Stamp Program.





The revised language further deletes from the household definition the language making eligible narcotic addicts or alcoholics who reside in a treatment or rehabilitation center. The provision is deleted in light of the difficulties in administering the Food Stamp Program in an institutionalized setting and the high potential for program abuse as a result of the misuse of coupons by center personnel.

The revised language also deletes the provision concerning Supplemental Security Income recipients.

Subsection 3(f) is revised to delete reference to Section 10(i) of the Act which refers to participation of addict and alcoholic treatment and rehabilitation centers in the food stamp program.

The definition in subsection 3(n) of a "drug addiction or alcoholic treatment and rehabilitation program" is deleted consistent with the revised household definition in subsection 3(e). The revised subsection 3(n) defines a "nutritionally adequate diet" as one that is based on the thrifty food plan developed in 1975 by the Department.

This section of the bill revises subsection (b) in Section 4 of the Food Stamp Act of 1964, as amended.

Subsection 4(b) has been revised to permit concurrent operation of the food stamp and food distribution programs on Indian reservations for a period of transition from the distribution to the stamp program. The present Act provides authority to operate both programs in an area (1) during a period of transition from commodities to food stamps, (2) on request of the State agency, and (3) during temporary emergency situations. Since the food distribution program is being replaced by the food stamp program, authority for the simultaneous operation of both programs at the request of the State agency is unnecessary. However, a number of Indian reservations encountered difficulty implementing the food stamp program on the reservations by July 1, 1974, so authority for concurrent operation of the food stamp and food distribution programs is justified during the transitional period on such reservations.

In the case of disasters, authority is provided under other law to make commodities available under programs under which commodities are distributed on an emergency or temporary basis to meet disaster relief needs.

SECTION 4

This section of the bill revises subsections (b) and (c), deletes subsection (d); and adds new subsections (d), (e), (f), (g), (h) and (i) to Section 5 of the Act.

The revised subsection 5(b) authorizes the Secretary to establish uniform national standards of eligibility for the food stamp program. It also requires that the income standards of eligibility be the income poverty guidelines prescribed by the Office of Management and Budget adjusted pursuant to section 625 of the Economic Opportunity Act of 1964, as amended, (42 U.S.C. 2971d). Application of these guidelines will, in effect, terminate categorical eligibility of public assistance households whose income is above such guidelines. These poverty guidelines replace the current method of determining maximum income levels as the point at which the coupon allotment equals 30 percent of net income.

The revised subsection provides that the Secretary will use the average monthly income actually received during the 90-day period prior to application in determining income of households, but permits longer periods to be used for individuals who receive income from such sources as self-employment, contract work, and educational scholarships and grants. The use of prior months' income combined with a monthly reporting requirement would replace the current method of anticipating a household's circumstances and relying on households to voluntarily report changes.

The revised language also provides a definition of gross income to be used for program purposes. The definition includes vendor payments, except for medical vendor payments, and excludes the costs of producing self-employment income. In-kind benefits are excluded including the present

statutory provisions for the housing payments-in-kind. Also, Federal legislation which specifically exempts payments from food stamp income is recognized.

A monthly standard deduction of \$100 replaces the itemized deductions now allowed by regulation, such as expenses for medical and educational fees, child care, support payments, and excess shelter costs. A standard deduction will make more equitable the distribution of benefits among food stamp households.

The revised section also provides for an additional deduction of \$25 for any household containing at least one individual age 60 or over in recognition of the needs of the elderly whose limited earning capacity prevents them from meeting special expenses incurred at this age.

Consultation with the Secretary of DHEW on national standards of eligibility is no longer required since categorical eligibility of SSI recipients is removed.

This revision of subsection 5(b) also eliminates the present statutory mechanical disaster provision. Under this provision State agencies are required to provide emergency assistance to households who are unable to purchase coupons because their authorization-to-purchase cards have not been produced on a timely basis due to a mechanical failure of the equipment used to produce such cards. As an alternative, the credits for lost benefits provision proposed in subsection 10(e)(9) can be used to recompense food stamp recipients who have lost benefits because of a mechanical disaster.

The revision of subsection 5(b) conforms the subsection to the decision of the Supreme Court in the case of Murry v. USDA, 413 U.S. 508, which

concluded that the 1971 "tax dependency" provision of the Act was overly broad and therefore unconstitutional, and unenforceable.

The revision of subsection 5(c) will reduce the age requirement for work registration from 65 to 60. Use of age 60 is consistent with the definition of elderly in other portions of the Act. It will alleviate a common problem of States by not requiring registration of retired or elderly persons whose opportunities for employment are limited.

The categories of people required to register for work would be more clearly defined by specifying that the term "dependent children" means children under the age of six. A provision has been added to the subsection which will make ineligible any household which includes an able-bodied person who would be eligible for unemployment compensation or assistance but for disqualification under applicable statutes as a result of voluntarily leaving any job. This will not apply if the household involved was certified to participate in the food stamp program immediately prior to the unemployment of such person. The subsection, as revised, also requires work registrants to establish that they are actively seeking employment.

The exemption provided by Public Law 93-86 for addicts and alcoholics is also deleted by the revised language consistent with amendments to Section 3 of the Act deleting the special eligibility of addicts and alcoholics participating in approved treatment programs.

Subsection 5(d) which provides for uniform national standards of eligibility for addicts and alcoholics participating in treatment and rehabilitation programs is deleted consistent with the revision of Section 3(e) of the Act.



A new subsection 5(d) provides that illegally and temporarily present aliens may not participate in the program. The current Act does not contain such a provision; however, this requirement is consistent with the public assistance requirements of the Department of Health, Education and Welfare, and the supplemental security income statutory provision. In addition, this provision requires the State agency to disclose information regarding illegally present aliens to the Department of Justice.

A new subsection 5(e) delineates recipient's responsibilities under the program. This provision specifically requires recipients to provide information needed for the certification process and any subsequent audit or quality control review. If an applicant household refuses to cooperate in providing information necessary for making a determination of eligibility or ineligibility or to complete a quality control review, the household may be subject to denial of further and/or future food stamp benefits.

Subsection 5(e) also provides for a monthly client reporting system. Clients would be required to provide the food stamp office with an updating of circumstances affecting their eligibility. Such a reporting system will give more accurate data on a household's circumstances.

A new subsection 5(f) provides permanent statutory authority to establish tax dependency criteria for food stamp eligibility of students. The language is consistent with that contained in the Agriculture-Environmental and Consumer Protection Appropriation Act of 1975 (Public Law 93-563, 88 Stat. 1841). This language requires that the determination of tax dependency be made in the year the family support is being received, not the year in which the tax return is actually filed.

A new subsection 5(g) prohibits a minor from being considered a member of a household if no other member of the household is under a legal duty to support the minor, the minor can establish that the person responsible for his support is financially unable to provide such support, the person responsible for his support cannot be located, or there is no person with such responsibility.

A new subsection (h) makes ineligible any household which purposely transfers ownership of a resource in order to meet the program's assets test. The Secretary can set by regulation the period of such ineligibility provided it lasts at least thirty days.

Finally, a new subsection (i) is added to continue the ineligibility of any recipient of Supplemental Security Income payments in a State which has specifically increased its supplementary payments to include the bonus value of food stamps.

## SECTION 5

This section of the bill amends subsections (a) and (c) of Section 6 of the Food Stamp Act of 1964, as amended.

Subsection 6(a) is revised to include authority for the Secretary to require a State agency to issue photo-identification cards to all households certified for the food stamp program.

Subsection 6(c) is revised to authorize the Secretary to require a State agency to issue food coupons which are designed in order to require recipients to sign coupons both at the time of issuance and when using the coupons at retail food stores.

## SECTION 6

This section of the bill revises subsections (a) and (b) of Section 7 of the Act.

Revised Section 7(a) provides that the total value of the coupons to be issued to a participating household shall be calculated on the basis of a family of 4 persons described in Sec. 3(n). This revised language is intended to allow the Department to utilize an averaging system to establish a standard coupon allotment for each household size. This average allotment will be adjusted to reflect economies of scale for different size households. Atypical households would receive allotments which vary from their specific needs.

The revised language of subsection (b) establishes the amount that a household shall be charged for its coupon allotment as 30 percent of income after the standard deduction from gross income. The revised language also assures that each participating household would receive a food stamp benefit, or what is commonly referred to as the "bonus", of at least \$10.

This revision also eliminates the present statutory provision that households with incomes of less than \$30 per month shall not be charged for their coupon allotment because the proposed standard deduction will be higher than \$30 per month for all households.

The variable purchase provision is deleted since the same intent is now met through clause (6) of Section 10(e) of the Act, which requires States to offer households the option of purchasing stamps twice a month.

## SECTION 7

This section of the bill revises Section 10 of the Act.

The present subsections (b), (e)(5), and (e)(7) are revised; new subsections (e)(9) and (e)(10) are added; subsections (f) and (g) are revised; and subsection (i) is deleted.

Subsection 10(b) presently provides that the State agency shall be responsible for the certification of applicant households and for the issuance of coupons. It further permits a State agency to delegate its responsibility in the issuance of coupons. However, the State agency is held financially liable for any cash or coupon losses or shortages. The revised language is intended to emphasize that while the issuance function may be delegated, the State agency shall retain responsibility for accounting to the Secretary for issuance activities.

Clause (5) of Section 10(e) presently requires State agencies to take effective action to "inform" low-income households and to "insure" the participation of those that are eligible. The revised clause (5) would clarify the program outreach responsibilities but delete the requirement to "insure" participation because of the unintended burden it has placed on the State agencies in effectively administering the provision.

Subsection 10(e)(7) is revised to give a State agency an option to establish a system under which a food stamp household may elect to have its charge for the coupon allotment withheld from its public assistance check. The Act now mandates a State agency to offer such a system. An optional approach would

permit a State to operate the system in an area where it would be helpful, such as rural localities lacking adequate transportation.

A new clause (9) is added to Section 10(e) to facilitate compliance with the U. S. District Court ruling Bermudez v. USDA, 348 F. Supp. 1279, (D.D.C., 1972), that USDA must provide retroactive benefits to households who have had their food stamp allotment wrongfully delayed, denied, or terminated as a result of administrative errors by State agencies. Presently, such benefits are restored by reducing the household's subsequent purchase requirements until full compensation has been made. This method was prescribed by the courts. This revision provides legislative authority for direct cash payments to households for the amount of bonus coupons lost.

A new clause (10) is added to Section 10(e) which establishes a system for verifying the earnings of applicants and participants with proper protections for the privacy of individuals.

Subsection 10(f) provides the Department another remedy to cope with a State's noncompliance with provisions of the Food Stamp Act and Regulations. This remedy will allow the Department of Agriculture, through the Department of Justice, to bring an injunctive action in a U. S. District Court to require compliance by the State.

Subsection 10(g) presently imposes upon State agencies liability to the Federal Government for the value of bonus coupons issued through "gross negligence" in the certifying of applicant households. The revised subsection would reduce this standard to "negligence." Proof of negligence would constitute a basis for asserting a claim and would permit a fair application of this provision.



Subsection 10(1) is deleted consistent with the revision of Section 3(e).  
That subsection permitted the use of coupons to purchase meals prepared by  
addict or alcoholic treatment and rehabilitation centers.

**SECTION 8**

The present language in Section 12 is not clear as to whether procedures for recipient claims arising from food stamp overissuances are at the discretion of the Secretary or must be governed by the rules and procedures of the General Accounting Office. The proposed language specifies such procedures will be up to the Secretary.

## SECTION 9

This section of the bill amends Section 14 of the Act.

Subsections 14(b) and 14(c) are amended to reduce the maximum penalty for misdemeanors from the current \$5,000 to \$1,000. A reduction of the penalties would permit misdemeanors to be prosecuted before magistrates under the Federal Magistrates Act. Minor recipient and retailer-type violations would be subject to faster and more frequent prosecution and thus would be more effectively deterred.

## SECTION 10

Section 15(b) of the Food Stamp Act, as amended, is amended to clarify that the Secretary will pay the Federal share of State agency certification costs for nonpublic assistance households only and a new Section 15(c) is added to provide authority for the Secretary to pay to State agencies 75 percent of the direct costs incurred in prosecutions and related activities as they concern nonpublic assistance households.

## SECTION 11

This proposed new Section 18 provides authority for the Secretary to impose civil money penalties in areas of specific program violations. Under this authority, the Secretary will be able to take action against program violators, such as ineligible recipients and unauthorized retailers. In addition, the Secretary will be empowered to assess penalties against State agencies whose actions violate the Food Stamp Act or Regulations. This type of authority can be extremely useful in enforcing compliance with program requirements for recipient service and prompt action by the State agency.

94TH CONGRESS  
1ST SESSION

# H. R. 1589

## IN THE HOUSE OF REPRESENTATIVES

JANUARY 17, 1975

Mr. BERGLAND (for himself, Mr. FRASER, Mr. KOCH, Mr. PEYSER, and Mr. WEAVER) introduced the following bill; which was referred to the Committee on Agriculture

## A BILL

To amend the Food Stamp Act of 1964.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 SECTION 1. Section 7 (b) of the Food Stamp Act of  
4 1964, as amended, is amended, by deleting: "But in no  
5 event more than 30 per centum of the household's income"  
6 and inserting in lieu thereof the following: "But in no event  
7 more than the lesser of (1) the per centum charged a house-  
8 hold with that income January 1, 1975, or (2) 25 per  
9 centum of the household's income".

10 SEC. 2. Section 3 (e) of the Food Stamp Act of 1964,





1 as amended is amended by deleting the following: "related  
2 individuals (including legally adopted children and legally  
3 assigned foster children) or non-related individuals over age  
4 60" and insert in lieu thereof the word: "individuals".

5 SEC. 3. Section 5 (b) of the Food Stamp Act of 1964, as  
6 amended, is amended to read as follows:

7 "(b) The Secretary, in consultation with the Secre-  
8 tary of Health, Education, and Welfare, shall establish uni-  
9 form national standards of eligibility for participation by  
10 households in the food stamp program and no plan of opera-  
11 tion submitted by a State agency shall be approved unless  
12 the standards of eligibility meet those established by the Sec-  
13 retary. The standards established by the Secretary, at a  
14 minimum, shall prescribe the amounts of household income  
15 and other financial resources, including both liquid and  
16 nonliquid assets, to be used as criteria of eligibility. The  
17 Secretary may also establish temporary emergency standards  
18 of eligibility for the duration of the duration of the emer-  
19 gency without regard to income and other financial re-  
20 sources, for households that are victims of a mechanical  
21 disaster which disrupts the distribution of coupons, and for  
22 households that are in need of temporary food assistance, and  
23 that commercial channels of food distribution have again  
24 become available to meet the temporary food needs of such  
25 households: *Provided*, That the Secretary shall in the case

1 of Puerto Rico, Guam, and the Virgin Islands, establish  
2 special standards of eligibility and coupon allotment sched-  
3 ules which reflect the average per capita income and cost of  
4 obtaining a nutritionally adequate diet in Puerto Rico and  
5 the respective territories, except that in no event shall the  
6 standards of eligibility or coupon allotment schedules so  
7 used exceed those in the fifty States."

8 SEC. 4. Section 10 of the Food Stamp Act of 1964, as  
9 amended, is amended as follows: Subsection (e) is amended  
10 by inserting in clause (7), after the word "law", the fol-  
11 lowing: ", and at the option of the State agency,".

12 SEC. 5. The Food Stamp Act of 1964, as amended, is  
13 amended by (a) deleting in section 3 (e) the following:  
14 "No individual who receives supplemental security income  
15 benefits under title XVI of the Social Security Act shall  
16 be considered to be a member of a household or an elderly  
17 person for any purpose of this Act for any month if such  
18 person receives for such month, as part of his supplemental  
19 security income benefits or payments described in sec-  
20 tion 1616 (a) of the Social Security Act (if any), an  
21 amount equal to the bonus value of food stamps (according  
22 to the Food Stamp Schedule effective for July 1973) in  
23 addition to the amount of assistance such individual would  
24 be entitled to receive for such month under the provisions of  
25 the plan of the State approved under title I, X, XIV, or

1 XVI, as appropriate, in effect for December 1973, assuming  
 2 such plan were in effect for such month and such individual  
 3 were aged, blind, or disabled, as the case may be, under the  
 4 provisions of such State plan or under Public Law 92-603,  
 5 as amended. The Secretary of Health, Education, and Wel-  
 6 fare shall issue regulations for the implementation of the fore-  
 7 going sentence after consultation with the Secretary of  
 8 Agriculture.”.

9 (b) Adding a new subsection 5 (e) as follows:  
 10 “(e) Effective July 1, 1975, households in which all  
 11 members receive supplemental security income benefits under  
 12 title XVI of the Social Security Act, or households in which  
 13 all members are included in a federally aided public assist-  
 14 ance or general assistance grant shall be certified for partici-  
 15 pation in the food stamp program under this Act. Certifica-  
 16 tion of all other households shall be based on the uniform  
 17 national standards established pursuant to subsection (b).”.

18 SEC. 6. Section 10 (h) of the Food Stamp Act of 1964,  
 19 as amended, is amended by deleting the first two sentences  
 20 and inserting in lieu thereof the following: “Subject to such  
 21 terms and conditions as may be prescribed by the Secretary  
 22 in the regulations issued pursuant to this Act, household  
 23 members or persons who are housebound, feeble, physically  
 24 handicapped, or otherwise disabled, to the extent that they  
 25 are unable to adequately prepare all of their meals, may use

1 coupons issued to them to purchase meals prepared for and  
 2 delivered to them by a political subdivision or by a private  
 3 nonprofit organization which (1) is not receiving federally  
 4 donated foods from the United States Department of Agri-  
 5 culture for use in the preparation of such meals; and (2) is  
 6 operated in a manner consistent with the purposes of this  
 7 Act; and (3) is recognized as a tax exempt organization by  
 8 the Internal Revenue Service. Meals served pursuant to this  
 9 subsection shall be deemed ‘food’ for the purposes of this  
 10 Act.”.



94<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

**H. R. 1589**

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**A BILL**

To amend the Food Stamp Act of 1964.

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By Mr. BERGLAND, Mr. FRASER, Mr. KOCH, Mr.  
PEYSER, and Mr. WEAVER

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JANUARY 17, 1975

Referred to the Committee on Agriculture

THE WHITE HOUSE

WASHINGTON

January 30, 1975

MEMORANDUM FOR: MAX L. FRIEDERSDORF  
FROM: VERN LOEN *VL*  
SUBJECT: H. R. 1589, Food Stamp Extension

House Agriculture Committee today reported, 33-2, the above bill extending the food stamp program as is through December 31, 1975.

The Administration (USDA) had proposed, in response to OMB budgetary pressures, to require all food stamp recipients to contribute 30 percent of their net incomes, up from 27 percent, effective March 1. USDA now is enjoined by court action from implementing the decision as scheduled.

This bill will pass the House overwhelmingly with much demagoguery. USDA witnesses were badgered -- and even laughed at - this morning.

Senate Agriculture Committee has scheduled a single hearing next Wednesday to report similar legislation. It will be down here probably by end of next week.

The President is aware of the situation and concurred in the increased contribution, despite Butz's report on adverse reaction during comment period. It amounts to only a dollar a month for a typical low-income family of four, I am told by Norm Ross. Savings is around \$630 million a year.

Paul O'Neill met with the President on this today and the President asked him to prepare a paper with case studies showing just how it would impact on the poor. Apparently, he intends to defend the decision.

So far USDA has taken the heat on this, not the President. It is likely, that we will be unable to sustain a veto. USDA and Domestic Council probably will recommend signing.

Question is: Do we let Congress roll us on this popular program or stay pure by vetoing? If latter, we should give early signal. Understand President feels strongly on this!

*cc: CR Staff*

THE WHITE HOUSE

WASHINGTON

February 3, 1975

MEMORANDUM FOR: COUNSELLOR JACK MARSH  
THRU: MAX FRIEDERSDORF  
FROM: VERN LOEN  
SUBJECT: Food Stamp Extension bill

This measure will shoot through the House under suspension Tuesday afternoon. It was reported from Agriculture Committee 33 - 2.

Senate is set to act Wednesday and it will be down here by the end of the week.

There will be much demagoguery and blame will be heaped upon the Administration for "taking \$600 million away from poor people's stomachs so we can send more aid down the drain in Vietnam and Cambodia."

In all likelihood, the press will play it up as a major setback for the President in the first major test of the new Congress. If he signs it, he will get no credit because of the overwhelming votes likely in both houses. If he vetoes it, our troops will scream that it can't be sustained. In addition, a veto would be used against him from now through the 1976 election - "no compassion for the poor" and such.

The President has not been directly linked with this decision on the Hill as yet, with OMB & USDA taking most of the guff. He could make this a hollow victory by announcing before Tuesday noon that he is overturning this budgetary decision on the grounds that the poor should not be asked to take a cut in spendable income, no matter how slight, when he already has promised federal employees and annuitants increases of up to 5 per cent. Furthermore, he could announce a crackdown on the cheaters in the program and accomplish savings in this way.

Then we could draw the focus back to his expected veto of the 90-day tariff delay, which we have a reasonable chance of sustaining. It would take the heat off House and Senate Republicans -- particularly the freshmen forced to cast their first vote against the President. This in turn would make them more reluctant to vote against him a second time on Wednesday, when the Green bill is considered. Much of that debate will center on the poor peoples' inability to pay higher costs for heating fuel and gasoline under the President's proposal - another example of his "callousness," they will say.

If we get a sustainable one-third or more in one or both houses, we could claim the first major victory of the year in the face of the overwhelming Democratic majorities. Our personal head count indicates a much better chance to sustain than does the whip check. Many who vote for the Green bill will not vote to over-ride. With help from Waggonner, Rostenkowski, etal, plus the energies the President is devoting to this drive, we could well win this really major test, if only by sustaining the veto.





## Office of the White House Press Secretary

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THE WHITE HOUSE

## STATEMENT BY THE PRESIDENT

I am announcing today that I will allow to become law without my signature H.R. 1589 which prohibits for a full year basic reforms of the food stamp program through administrative action. The Congress passed this bill by large majorities in both Houses to block reforms which I consider reasonable and necessary.

In the first full year of its existence, this program cost \$14 million. The costs have grown to \$3.7 billion in 13 years. This action by the Congress to prohibit administrative reform will add over \$650 million to the costs of the program next year. Without the basic reforms I have requested, spending for this program could reach \$8 billion by 1980.

The reform which I proposed would have required people who receive food stamps to share with taxpayers the cost of recent real increases in benefits by spending on the average, 16% of their total income for food before becoming eligible for free stamps.

The proposed increase in the purchase price of food stamps was greatly exaggerated by those who opposed this reform. Percentage increases were cited and allowable deductions for medical, excess housing, child care and work expenses were not counted as a part of income; neither were other Federal benefits such as public housing and free food stamps.

In fact, the maximum reduction in free food stamps in the most heavily affected households would have been \$15 a month.

In short, this reform would have saved the taxpayers \$650 million each year.

When I first addressed the Congress as President, I said I wanted a good marriage between the executive and legislative branches. I believe I have made an honest effort to live up to this pledge.

In any good marriage, neither side gets its way all the time. However, each has the duty not to reject constructive proposals without offering some alternatives to achieve the common goal. In this case, that goal is the public interest in limiting spending to the amounts absolutely necessary to restore and assure active economic growth, to continue assistance to the needy and to provide for the defense of the country.

On the program reform which this bill prohibits, we disagree. However, I will implement the clear will of the Congress while working to develop legislative recommendations to improve the program. In a major test of my efforts to offer constructive reforms and reasonable savings, I am disappointed that the Congress has not only rejected this plan but has failed to advance a constructive proposal of its own.

(MORE)

The Congress and the President share the responsibility of finding ways to limit the spending of taxpayers' money to levels no greater than necessary to meet our needs. So far, most of the major proposals for restraining spending for domestic programs have been initiated by the Executive Branch.

If this Congress simply rejects these proposals without coming forward with good and timely alternatives, an unthinkable deficit will result and there will be no mistaking where the responsibility lies.

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FEBRUARY 13, 1975

## Office of the White House Press Secretary

THE WHITE HOUSE

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JULY 25, 1975

Office of the White House Press Secretary

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THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

Due to the existing law which invites almost unlimited expansion of the Food Stamp program, the cost of the program has nearly doubled in the past six months. The unemployment rate has also been a factor in the increase. To continue the Food Stamp program for the remainder of this fiscal year, I am forced to ask the Congress for an additional \$3 billion over the \$3.8 billion which I requested in my budget submitted in February.

Accordingly, I am today transmitting to the Congress a budget amendment requesting these additional funds.

The flaws in the existing law easily can be seen. Only 10 years ago, there were fewer than 500,000 people participating in the program at a cost of \$36 million. Today, the number of participants has expanded to 20 million and the cost to \$6.8 billion. Furthermore, if all those presently eligible under current law suddenly signed up for the program, estimates are that between 40 and 60 million persons would be receiving food stamps.

In short, what has evolved in just 10 years is another massive, multi-billion dollar program, almost uncontrolled and fully supported by Federal taxpayers.

Some claim that the Food Stamp program cannot be controlled and that ever-increasing costs are inevitable. I refuse to accept that proposition. Every public program is controllable. The Food Stamp Act was placed on the Statute books by the Congress which has the power and authority to amend the law.

Earlier this year, I submitted a proposal which would have required all participants in this program to pay a proportionate share of their total income for food stamps. This plan would have continued assistance to those in need and would have distributed benefits on an equitable basis. This reform was rejected by the Congress. Had it been approved, a savings of \$1 billion in fiscal year 1976 at the current rate of participation would have resulted.

In submitting this revised budget request, made necessary by the existing law, I once again ask the Congress to work with me on needed changes. We must work toward two goals:

- In fairness to those truly in need, we must focus food stamp assistance on them;
- In fairness to the overburdened taxpayers who must pay the bills, we must tighten eligibility and participation requirements.

More than 70 members of the Congress already have joined in supporting legislation which would recognize the need for

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changes in the Food Stamp Act. Their proposal would concentrate resources on assistance to low-income Americans and relate the Food Stamp program to other assistance programs directed toward these same families. It would introduce a number of positive objectives which should be supported by everyone who shares the desire to assist those truly in need and to control costs.

I urge in the strongest terms possible that the Congress begin hearings on these proposals at the earliest possible date. If this program is to be contained, even within its current bounds action must be taken immediately.

GERALD R. FORD

THE WHITE HOUSE,

July 25, 1975.

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## Office of the White House Press Secretary

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THE WHITE HOUSEFACT SHEETNATIONAL FOOD STAMP REFORM ACT OF 1975

The President is transmitting to Congress today the National Food Stamp Reform Act of 1975. This legislation will correct serious problems in the current Food Stamp program, assure that Food Stamp benefits are available only to the needy, and make the program simpler and less costly to administer. It will reduce the costs of the program by approximately \$1.2 billion.

Background

The Food Stamp program has grown very rapidly. From total Federal outlays of \$30 million in fiscal year 1964, and 360,000 participants, it grew to \$4.7 billion in 1975 and is currently projected at \$6 billion and 19 million participants. Through an array of deductions currently allowed, families with incomes in excess of \$12,000 can participate in the program. The program is complex and expensive to administer.

Highlights of the National Food Stamp Reform Act of 1975

The President has proposed the following major changes to concentrate benefits on those truly in need and to simplify administration of the program:

- Any family whose net income is below the poverty level would be eligible for benefits. The poverty income level, \$5050 for a family of four, is a computation at which a household can meet all of its needs including a nutritionally adequate diet. This provision would assure that benefits would only be available to those who truly need them.
- Families would receive a \$100 monthly deduction from gross income in computing net income. Families consisting of at least one member over 60 years of age would receive a \$125 deduction. A standard deduction would simplify the present set of itemized deductions which are used to compute eligibility for food stamps. Households with the lowest incomes would receive additional aid since the standard deduction would represent a higher deduction than is now claimed. In addition, relatively high income households would not be able to become eligible by accumulating a large series of deductions.
- Income would be calculated on the basis of actual income during the previous 90 days. Household eligibility is now determined by computing an estimate of future income anticipated during the upcoming months. This estimating approach is inaccurate, cumbersome, and administratively complex. Retrospective accounting would apply an income determination to the previous 90-days producing an average applied monthly income for purposes of eligibility. This would allow for more precision and quality control since it is a better measure of income a family has available to purchase food.

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- All households receiving food stamps will pay a standard 30 percent of net monthly income for their Food Stamp allotment. Those participating households with no income would continue to be eligible for free stamps. This proposal is consistent with current law which provides that the amount a household pays for its Food Stamps should not exceed 30 percent of the household's income. Every household of the same size with the same income would have the same purchase requirement.
- Participants in other welfare programs would no longer be automatically eligible for Food Stamps. The practice of automatically making recipients of Aid to Families with Dependent Children (AFDC) and Supplemental Security Income (SSI) eligible for Food Stamps creates an inequity, especially since working families may receive less income than welfare recipients and yet not be able to obtain Food Stamps which are automatically available to the welfare recipients. Income would be treated alike whether derived from public assistance or non-assistance sources. Moreover, this proposal will simplify the computation of eligibility since certification workers need only compute one level of eligibility.
- Food Stamp allotments will increase slightly and will continue to be adjusted for increases in the cost of food semi-annually. The value of food stamps for an eligible family of four will go from \$162 to \$166 a month.
- College students who are considered dependents by their families will only be eligible for Food Stamps if their families are eligible for Food Stamps. In addition, the legislation establishes the age of majority in each state as the minimum age for qualification as a separate household.

#### Summary

These reforms will achieve the following net effect upon the Food Stamp program:

- Will serve only the needy.
- Significantly increase benefits for those truly in need.
- Estimated reduction in Federal program costs are approximately \$1.2 billion.
- Significantly improve program administration.

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## Office of the White House Press Secretary

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THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

I am pleased to submit to the Congress today the National Food Stamp Reform Act of 1975.

I call to the attention of the Congress the particular importance of this reform proposal for two reasons:

First, we -- the Executive Branch and the Congress -- have an obligation to work together to reform a Federal assistance program that has been widely abused.

Second, we -- the Executive Branch and the Congress -- must begin now to work together to make those changes which will enable us to hold down federal spending in fiscal year 1976 and meet the spending ceiling of \$395 billion for fiscal year 1977.

My recommendations for dealing with the Food Stamp assistance program follow a fundamental principle on which I stand: The Federal government should help, within the limits of national resources, those who are in need; but we should not give one dollar of Federal assistance to those not in need.

It is in that spirit, the spirit of providing dignified and humane help to those who are in need, but none to those who are not or should not be, that I recommend the enactment of the "National Food Stamp Reform Act of 1975", which would:

1. Reduce costs by more than \$1.2 billion per year.
2. Limit eligibility to those whose gross income less the standard deduction is below the poverty level (\$5050 for a family of four).
3. Make the program more realistic by measuring actual income over the preceding 90 days for purposes of eligibility determinations, rather than estimating future income, and requiring recipients to report their financial status on a monthly basis.
4. Increase benefits only for those at the very lowest income level.
5. Eliminate legal abuses and cut the cost of administration by replacing current variable and complex deductions with a standard deduction of \$100 a month.

more

6. Set a standard deduction of \$125 a month for households with elderly members.
7. Establish a minimum age for qualification as a separate household.
8. Require able-bodied recipients to seek, accept and retain gainful employment.
9. Eliminate categorical eligibility for recipients of public assistance.
10. Require any family which receives food stamps to spend 30 percent of household income for the stamps.

These proposed changes are based on extensive review by Executive Departments involved in administering and supervising the Food Stamp program and on consultations with a bipartisan coalition of members of the Senate and House of Representatives concerned with Food Stamp abuses. They are essential to real reform.

The need to control the growth and abuse of the Food Stamp program is broadly recognized.

What we need now is action by Congress.

GERALD R. FORD

THE WHITE HOUSE,

October 20, 1975.

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# 43,000 Families With \$18,000-Plus Got Food Stamps

By Brian B. King

Associated Press

The Treasury Department has calculated through income-tax information and census data that 43,000 American families with incomes above \$18,000 a year received food stamps at some point last

per cent of the recipients earning more than \$9,000 a year in gross earnings.

THE TREASURY figures show that 9.8 percent of the participants earned more than \$9,000 a year, about 17.8 percent earned between \$6,000 and \$9,000 and

## Office of the White House Press Secretary

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THE WHITE HOUSE

## STATEMENT BY THE PRESIDENT

I have signed with considerable reluctance H.R. 14514, a bill which would permit the State of California to provide direct financial assistance rather than food stamps to beneficiaries of the Supplemental Security Income program in that State, under certain conditions. The Supplemental Security Income program and the food stamp program are both national in scope, and it should not be necessary to enact a special bill because of the situation in a particular State.

The Congress has for many years been aware of the deficiencies in legislation affecting the eligibility for food stamps of Supplemental Security Income recipients. The situation in California is only one result of the failure of the Congress to enact my comprehensive food stamp reform bill which is essential for improved administration of the food stamp program in all States. Making exceptions for special situations is a poor substitute for definitive corrective legislative action on the food stamp program.

Another disturbing aspect of H.R. 14514 is that if California elects to continue to provide cash instead of food stamps after 1976, the bill would require that the State pass through to SSI recipients all cost-of-living increases in the Federal SSI amount. My Administration has opposed the principle of a mandatory pass-through for States in the past, because it would limit the States' discretion to decide their own supplementary benefit levels. I recognize that this legislation would permit California to remove itself from the congressionally imposed restriction upon action by the State legislature. Nevertheless, I do not believe that the Federal Government should mandate varying levels of SSI benefits in all States simply because a few States in prior years elected to give recipients cash in place of food stamps.

I recognize that some interim resolution of the uncertain situation in California is necessary, in the interest of the senior citizens and other SSI recipients. Therefore, I am signing this bill. I must, however, state my strong objection to the use of such narrowly focused remedies instead of proceeding with the broad reforms that are needed.

I urge the Congress to act without further delay on my food stamp reform proposals that have been before it since October 1975.

# # #