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THE WHITE HOUSE  
WASHINGTON

ACTION

February 19, 1976

MEMORANDUM FOR THE PRESIDENT

FROM: JIM CANNON

SUBJECT: Food Stamp Letters to Senator Talmadge  
and Congressman Foley

Attached for your signature are letters to Senator Talmadge and Congressman Foley that we have discussed recently with you. The letters have been reviewed by Secretary Butz, Max Friedersdorf and Paul O'Neill. The text has been approved by Robert T. Hartmann (Doug Smith).

RECOMMENDATION

I recommend that you sign both letters before your departure today and that they be sent to Senator Talmadge and Congressman Foley tomorrow morning.



THE WHITE HOUSE

WASHINGTON

Dear Congressman Foley:

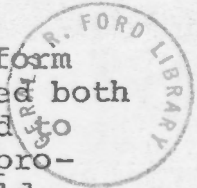
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Last October I sent to Congress legislation to reform the Food Stamp program. My proposals were designed both to concentrate benefits on those truly in need and to correct the abuses and inequities of the current program. Under my plan, 24% of the participants would receive increased benefits. This represents nearly 5 million of our neediest citizens with incomes below the poverty level. At the same time, overall program costs would be reduced by \$1.2 billion because most abuses would be eliminated and those with incomes well above the poverty level would no longer be eligible.

As you know, the Food Stamp appropriation passed by Congress in December clearly anticipated implementation of substantial reform. Indeed, that appropriation bill contained the assumption that reform would take place promptly and therefore the amounts provided to pay program benefits were reduced accordingly. Without action it is clear that the funds appropriated will not be adequate to meet the costs of the program. But no action has yet been taken by Congress to implement real reform. Each day that goes by without enactment of the reforms which I have proposed costs the taxpayers more than \$3.25 million.

My budget anticipated legislative reform action by February 1, 1976. We have passed that date and time is running out.

While statutory changes by the Congress would be the most desirable course of action, we can no longer afford to wait. Since the Congress has not acted, there are only two courses open to me: to ask for more funds to continue the program as it is, or to direct the Secretary of Agriculture to proceed administratively to reform the program through changes in regulations.



The first course is unacceptable to me because I believe the taxpayers have waited far too long for reform of this program. Therefore, since the Congress has not enacted Food Stamp reform, I have directed the Secretary of Agriculture to issue regulations which will set in motion the reforms needed to eliminate abuses, control costs and concentrate benefits on those truly in need.

Sincerely,

The Honorable Thomas S. Foley  
House of Representatives  
Washington, D.C. 20515





THE WHITE HOUSE

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Sincerely,

The Honorable Herman E. Talmadge  
United States Senate  
Washington, D.C. 20510



February 19, 1976

SUBJECT: FSP Accountability Status Report

Food stamps are issued through about 14,240 outlets. They consist of:

| <u>Type</u>                        | <u>Number of Outlets</u> |
|------------------------------------|--------------------------|
| State and Local Government Offices | 3,706                    |
| Banks                              | 7,312                    |
| Post Offices                       | 2,115                    |
| 1/ Other                           | 1,107                    |



1/ These are commonly referred to as "vendors" and consist of currency exchanges, check cashers, credit unions, community action agencies, etc.

These issuance agents are required to collect the purchase requirement from food stamp recipients and deposit these funds in one of the Federal Reserve Banks (FRB's) to the account of USDA, whenever collections total \$1,000 or more, weekly, and, for any amount, on the last issuance day of the month. FRB's notify FNS of the amounts of each deposit an issuance agent makes. FNS has a computer system designed to compare these deposits to those amounts the issuance agents tell FNS have been deposited in monthly accountability reports.

In October 1975, we found that an issuance agent had not deposited with the FRB about \$2 million in cash collections that he had reported as deposited to FNS. As a result, a nationwide audit of all issuance agents, except post offices, was started to determine whether cash collections have been deposited according to USDA requirements. The review was limited to transactions occurring between July 1974 and October 1975. Audit has identified 1,310 suspect issuance agents to date from records available at FNS Headquarters. These were categorized as:

| <u>Unconfirmed Deposits 1/</u> |               | <u>Delayed Deposits 2/</u> |               |
|--------------------------------|---------------|----------------------------|---------------|
| <u>No. of Agents</u>           | <u>Amount</u> | <u>No. of Agents</u>       | <u>Amount</u> |
| 207                            | \$6,467,986   | 1,103                      | \$14,687,648  |

1/ Unconfirmed Deposits -- Where FNS printouts and FRB listings of confirmed deposits do not verify that deposits reported by issuance agents were actually made. (Some of these deposits may have been made and dropped or miscoded by FNS, or not reported by FRB.)

2/ Delayed Deposits -- These are cases where deposits are made, but are not made in accordance with Federal requirements. In most instances, the money collected is held back and deposited at a later date; thus, the issuing office has money that rightfully should have been deposited with the U. S. Government.

Audit verification of this data at FNS Headquarters and about 50 issuance agents suspected of not depositing the largest amounts has resulted in:

|   | <u>Unconfirmed Deposits</u> |               | <u>Delayed Deposits</u> |               |
|---|-----------------------------|---------------|-------------------------|---------------|
|   | <u>No. of Agents</u>        | <u>Amount</u> | <u>No. of Agents</u>    | <u>Amount</u> |
| Confirmed and Referred to OI              | 12                          | \$5,669,840   | 14                      | \$6,831,428   |
| Referred to FNS for administrative action |                             |               | 986                     | Undetermined  |

Audit is continuing to examine later and more refined deposit data at FNS Headquarters for 86 other issuance agents to determine whether these are actual violations or system errors in accounting for deposits. Visits to about 190 other issuance agents will be made.

All confirmations have been referred for investigation. Eighteen issuance agents are under active investigation. The assistant U. S. Attorneys in St. Louis, Cleveland, New York City, Pittsburgh and the District of Columbia are actively involved in five of these cases.

Funds recovered to date consist of:

| <u>Unconfirmed Deposits 1/</u> |                           | <u>Delayed Deposits</u> |                           |
|--------------------------------|---------------------------|-------------------------|---------------------------|
| <u>No.</u>                     | <u>Approximate Amount</u> | <u>No.</u>              | <u>Approximate Amount</u> |
| 2                              | \$1,100,000               | 7                       | \$3,400,000               |



1/ FNS has not attempted recovery of amounts owed by all agents in this category due to the belief that administrative action may jeopardize prosecution.

Audit is also taking physical inventories of food coupons at 235 individual issuance agents classified as "vendors" and at the banks in New York City and Chicago who deal with check cashers and currency exchanges to assure that present controls are adequate. No. significant problems have been identified to date in this review.

THE WHITE HOUSE

ACTION

WASHINGTON

February 19, 1976

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Pool Owners

Tommy -

2/20/76

Foley

Ch.

Doe

WAMPLER

BUCKLEY

MICHEL

SCOTT

GILFILLAN

RHOES

HYDE MURRAY



*J. Cannon*  
THE WHITE HOUSE  
WASHINGTON

Feb. 21, '76

MEMORANDUM FOR THE FILE

FROM : JIM CANNON

I called Howard Simons at the  
Washington Post this date to  
protest the attached article  
re: food stamps.

Attachment



Some items in this folder were not digitized because it contains copyrighted materials. Please contact the Gerald R. Ford Presidential Library for access to these materials.



Called  
Howard  
Sworn

THE WHITE HOUSE  
WASHINGTON

February 19, 1976

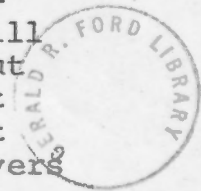
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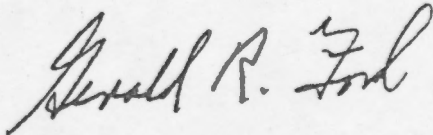


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Sincerely,

A handwritten signature in cursive script, reading "Gerald R. Ford". The signature is written in dark ink and is positioned below the word "Sincerely,".

The Honorable Thomas S. Foley  
House of Representatives  
Washington, D.C. 20515

# 2/21/76 Food Aid Program Reduced

## Stamps Cuts By Ford Hit As 'Political'

By Dan Morgan  
Washington Post Staff Writer

President Ford announced yesterday that he would issue new regulations to...

Sen. Robert Dole (R-Kan.), author of a food stamp bill that would allow more people to receive stamps than a proposed administration measure, said: "There's a certain amount of politics involved in food stamp reform, and I think the President would like to get in on the action."

Dole sent a telegram to the President calling for "restraint" and asking him to set up a meeting with congressional leaders.

Mr. Ford had submitted a bill to Congress that would cut \$1.2 billion in food stamp spending by limiting the program to people or families whose income falls below a poverty level set by the government. For instance, no nonfarm family of four with gross income over \$6,253 could qualify. Under the present complex

# Ford Revises Food Stamp Program; Hill Sources Call Action 'Political'

## STAMPS, From A 1

regulatory action to change the program would be taken until the Senate panel had finished its version.

Rep. Thomas S. Foley (D-Wash.), chairman of the House Agriculture Committee, called the President's announcement "untimely."

Some 18.6 million Americans are participating in the stamp program. It has been

"is part of Ford showing he can be as rough on people as Ronald Reagan can." Mayer and others said this week that the administration proposal was aimed particularly at persons who are working but still poor enough to be considered needy.

The executive branch has wide authority under present law to establish eligibility and income guidelines

would require people to sell homes before they could become eligible.

Under the original administration bill, persons laid off from well-paying jobs would have to be out of work for 90 days before they could become eligible. The Senate Agriculture Committee shortened the time period to 30 days this week.

Supporters of the food stamp program in Congress

THE WHITE HOUSE  
WASHINGTON

INFORMATION

February 24, 1976

MEMORANDUM FOR: THE PRESIDENT  
FROM: JIM CANNON *JC*  
SUBJECT: Food Stamps



It is our understanding that the Senate Agriculture Committee today reported out a Food Stamp reform bill which:

1. Reduces program costs by an estimated \$300 million as opposed to the \$1.2 billion estimated under your proposal.
2. Contains standard deductions of \$100 and \$125 (for elderly) as does your bill but also permits deductions of income and social security taxes which your bill does not permit.
3. Proposes a 27.5 percent purchase requirement as opposed to the 30 percent suggested in your bill. This appears to be the difference largely responsible for the substantially lower figure for savings.
4. Has a 30 day retrospective accounting period as opposed to the 90 day period in your bill.
5. Endorses your concept of cut off of eligibility when net income reaches the poverty level.

These are very preliminary reports and estimates. We will keep you informed as this bill proceeds through the Senate.

THE WHITE HOUSE  
WASHINGTON

INFORMATION

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U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

February 25, 1976

MEMORANDUM TO JAMES CANNON

Subject: Food Stamp Regulations

Late yesterday afternoon (2/24/76) we were requested by OMB to review a major revision of the current food stamp regulations. These regulations attempt to implement many of the proposals contained in the Administration's food stamp legislative program. In the development of that legislation we commented on certain provisions of interest to this Department. We assume that this is not the time to raise those matters again. However, there is one issue raised by these regulations which was not discussed earlier and which is of such concern to us that I want to bring it to your personal attention.

The draft regulations would make significant changes in the current definition of the "suitability" of the jobs which food stamp recipients would have to accept. Current food stamp regulations define a suitable job to meet the following criteria. The job must:

- (1) Meet specified minimum wage requirements;
- (2) Be at site at which no strike or lockout exists;
- (3) Be suited to a person's physical or mental capabilities;
- (4) Be within a reasonable commuting distance;
- (5) Be free of unreasonable risk to a person's health or safety;
- (6) Not require, as a condition of employment, membership in or resignation from a union; and

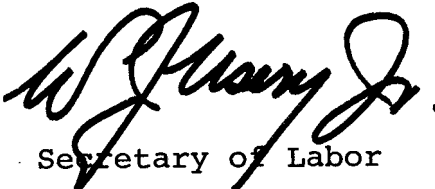




- (7) Be in a person's major field of experience during the first 30 days after registration. (Subsequent to the 30 days a person can be required to take a job outside his major field of experience.)

These criteria have been carefully developed over time and attempt to strike a balance between the need to ensure that recipients are not needlessly turning down jobs without good reason and the need to provide recipients some protection against unreasonable job requirements.

The current draft omits the last three criteria. We object to this omission and urge that the current criteria continue to be employed. We cannot support regulations which give the impression, albeit through an omission, that the government has downgraded the importance of a healthy and safe work place and freedom to make a decision about union membership. Substantively, we believe the right of a person to refuse a job during the first 30 days which is outside his field of experience strikes a balance between the utilization of the training, experience, and skills of a person and the need to ensure an early return to a self-supporting job. The omission of these criteria will raise serious questions by organized labor and other concerned groups about the Administration's intent.

  
Secretary of Labor



*Subject*

THE WHITE HOUSE

WASHINGTON

February 25, 1976

MEMORANDUM FOR: DICK CHENEY  
FROM: JIM CANNON *[Signature]*  
SUBJECT: Counter Signature of Food Stamps

We are aware of the problems that could occur in grocery stores.

It is my understanding that this requirement will not be in the food stamp regulations Agriculture is publishing in the Federal Register.

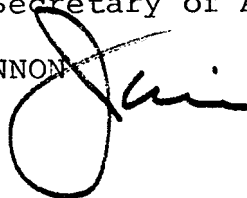


THE WHITE HOUSE  
WASHINGTON

February 26, 1976

MEMORANDUM FOR: JACK KNEBEL  
Under Secretary of Agriculture

FROM: JIM CANNON



Secretary Usery registered his concern about the food stamp regulations, and a copy is attached.

You and I should discuss Secretary Usery's comments as soon as you have an opportunity.

Attachment



U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

February 25, 1976

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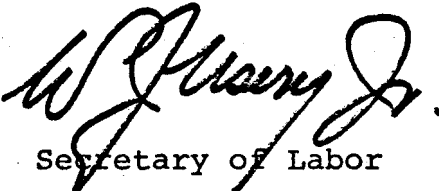
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Secretary of Labor



*Sam [unclear] Food Stamps*

*Ft  
Food  
Stamps*

THE WHITE HOUSE  
WASHINGTON

*Back  
WJ wrap*

March 19, 1976

MEMORANDUM FOR:

JIM CANNON

FROM:

SPENCE JOHNSON *SCJ*

SUBJECT:

Telegram from Senator Bob Dole concerning Food Stamps

This telegram was received after the President met with Senators Scott and Buckley and Congressmen Rhodes and Michel to discuss administrative reform of the Food Stamp Program.

Despite the substantive issues referenced in the telegram, it would appear that its true purpose is to remind the President that he reached his decision without consulting the Senator. A draft letter was circulated to Max Friedersdorf, Paul O'Neill, and John Damgard at the Department of Agriculture. It was the concensus that the Senator be contacted to review the factors that forced this decision by the President. Rather than simply writing a letter it was felt that the best approach would be for either you or Jack Marsh to call the Senator directly.

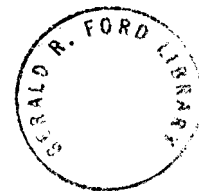
I have attached talking points for the conversation. I can provide further information or, if you wish to take another approach, such as responding by letter, this can be readily accomplished.





## TALKING POINTS

1. The President agrees with the viewpoint that Congress should move expeditiously and accomplish Food Stamp Program reforms through legislation. Although the Senate Agriculture Committee has reported a measure that acknowledges many of the President's proposals it does not go far enough. Also, it is not readily apparent that the House will take similar action.
2. The President was faced with either asking the Congress for additional appropriations for the Food Stamp Program or immediately undertaking the necessary reforms. This is because the Congress, under the Supplemental Appropriations Bill for 1976, reduced allocations for the Program by \$2.1 billion in anticipation of stronger regulatory reform. In addition, the Committee allocated \$100,000 of the FY 1976 appropriation for the specific purpose of revising the Food Stamp Program regulations.
3. The congressional expectation for the issuance of regulations as well as the fiscal imperatives involved necessitate immediate action on the President's part to implement administrative changes. Nonetheless the President believes it is essential for the Congress to continue its efforts to pass the strongest possible Food Stamp reform legislation.



THE WHITE HOUSE  
WASHINGTON

March 4, 1976

MEMORANDUM FOR: ~~PAUL O'NEILL~~  
FROM: ~~SPENCE JOHNSON~~  
SUBJECT: Comments and Approval for  
Presidential Correspondence

I am enclosing a copy of a draft letter for the President's signature to be sent to Senator Dole regarding the Food Stamp Program reform.

I would appreciate receiving any comments you might have in this regard.

*In reflection, I think it  
would be much better for Cannon or  
to have the Senator remind him  
of the facts (the fund cut by the Congress and  
Administration) and offer to meet  
with him.*



THE WHITE HOUSE

WASHINGTON

TW · Spence Johnson  
From: May F.

March 4, 1976

MEMORANDUM FOR: MAX FRIEDERSDORF  
FROM: SPENCE JOHNSON  
SUBJECT: Comments and Approval for  
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I would appreciate receiving any comments you might have in this regard.



I would also mention the present program is costing an additional \$3.5 million per day and delay is costly and there is no guarantee Congress will act.

I would not invite him down. If he wants to see President, the Senator can make the request.

— May F.

THE WHITE HOUSE

WASHINGTON

March 2, 1976  
(draft)

Dear Bob:

I have received your recent expression of interest about the Food Stamp Program reform.

I agree with your view that the Congress should move ahead and accomplish Food Stamp Program reforms through legislation. Although the Senate Agriculture Committee has reported a measure that acknowledges many of the proposals I had originally advanced, this unfortunately does not go far enough.

Under the current situation I am faced with either asking the Congress for additional appropriations for the Food Stamp Program or immediately undertaking necessary reforms. This is because the Congress under the Supplemental Appropriations Bill for 1976 reduced allocations for the Program by \$2.1 billion in anticipation of stronger regulatory reform.

I have met with the Republican leadership of the House and Senate on this issue but I would also be delighted to confer with you if you believe the situation now warrants it.

Sincerely,

GF



February 23, 1976

Dear Senator:

This will acknowledge receipt of your telegram of February 20 to the President concerning the food stamp program.

Please be assured your message was called promptly to the President's attention upon receipt.

With kindest regards,

Sincerely,

William T. Kendall  
Deputy Assistant  
to the President

The Honorable Bob Dole  
United States Senate  
Washington, D.C. 20510

~~bcc: w/incoming~~ to James Cannon for further action  
bcc: w/incoming to Bill Nicholson - FYI  
bcc: w/~~incoming~~ to Max Friedersdorf - FYI

WTK:JEB:VO:vo



2-20 ↑

The White House  
Washington

WHB006(1737)(1-030946A051)PD 02/20/76 1734

1976 FEB 20 PM 5 42



ICS IPMNAWA WSH

10037 GOVT NFWASHINGTON DC 152 02-20 453P EST

PMS PRESIDENT FORD

THE WHITE HOUSE DC

DEAR PRESIDENT FORD:

WHILE I SHARE YOUR VIEW THAT REFORM OF THE FOOD STAMP PROGRAM SHOULD BE EXPEDITED, I URGE RESTRAINT IN YOUR ANNOUNCED PLANS TO UNILATERALLY IMPLEMENT FOOD STAMP REVISIONS. THE SENATE AGRICULTURE COMMITTEE IS EXPECTED TO REPORT A COMPREHENSIVE FOOD STAMP REFORM BILL EARLY NEXT WEEK. THERE IS EVERY INDICATION THAT THE COMMITTEE BILL WILL INCORPORATE PROVISIONS FROM EACH MAJOR REFORM BILL, INCLUDING THE ADMINISTRATION PROPOSAL. THUS, I BELIEVE A BILL WITH STRONG BIPARTISAN SUPPORT WILL EMERGE FROM THE COMMITTEE AND I AM HOPEFUL THAT THE FULL SENATE WILL ACT ON THE MEASURE IN THE NEAR FUTURE.



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IN LIGHT OF THIS MAJOR LEGISLATIVE PROGRESS AND YOUR ANNOUNCED INTENTION WITH RESPECT TO REGULATIONS, I URGE THAT YOU MEET WITH CONGRESSMEN AND SENATORS CONCERNED ABOUT THE FOOD STAMP PROGRAM. WE WOULD BE PLEASED TO VISIT WITH YOU ABOUT THE NEED FOR SPEEDY REFORM OF THE FOOD STAMP PROGRAM AT YOUR EARLIEST CONVENIENCE.

BOB DOLE  
UNITED STATES SENATE

NNNN

AIR FEB 53 PM 15 24



FORM 0805 PRINTED BY THE STANDARD REGISTER COMPANY, U. S. A.

*Food Stamps*

THE WHITE HOUSE  
WASHINGTON

DECISION

April 19, 1976

MEMORANDUM FOR THE PRESIDENT

FROM: JIM CANNON *JMC*

SUBJECT: Pending Issues on Food Stamp Reform Regulations



This is to present for your consideration issues concerning the Food Stamp Program reform regulations: job suitability criteria for food stamp recipients, and frequency of eligibility status reports for food stamp households.

BACKGROUND

On February 27, 1976, the food stamp reform regulations were published in the Federal Register. The 30-day comment period has been concluded and these regulations are about to go into effect along the lines discussed with Senator Buckley and Congressman Michel. However, two issues are pending that need your attention: 1) whether to continue risk to health and safety as criteria for deciding if a job is unsuitable for food stamp recipients, and 2) whether all food stamp households should be required to report monthly on their income and other eligibility circumstances.

1. Job suitability

The proposed regulations would delete the degree of risk to health and safety as a grounds for declaring a job unsuitable. Currently, if the registrant can demonstrate that the degree of risk to his health and safety is unreasonable, the registrant could refuse the job on the grounds that it is unsuitable. The Department of Agriculture is unaware of any abuse of this condition of suitability. Also, similar criteria currently apply to job placements resulting from the use of DHEW/WIN and DOL/CETA funds. To delete this condition now for food stamp recipients would create a very sensitive issue.



Under the proposed regulations the registrant must accept any offer of employment, not just jobs to which he is referred by the Employment Service. Although, he can still refuse if he can demonstrate he is "mentally or physically unfit" for the job. Congressman W.R. Poage, one of the principal authors of the work registration requirement wrote the Department of Agriculture expressing his view that consideration of health and safety was not objectionable based on the rule of reason.

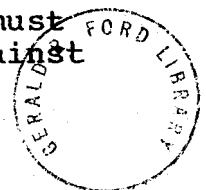
2. Monthly reporting requirement

Currently, households can be certified eligible for varying periods of time up to one year. The proposed regulations would require all households to report their income and other eligibility circumstances every month. If all households are included, States will have to process reports filed by approximately four million households each month. The Department received comment letters from 34 States, none of which favored a monthly reporting system for all households. Each State said that the proposed system would increase administrative costs to such an extent that they would outweigh the reduced benefit costs that come from assuring all changes are reported. Also, HEW proposed monthly reporting for AFDC households last August, but is withholding final action pending the results of local tests. On the other hand, monthly reporting and eligibility determinations could discourage potential applicants and thereby permit legitimate benefit reductions without unnecessary procedural impediments.

As an alternative to universal reporting, the option of exempting stable households from the monthly reporting requirement at state option could be permitted. Stable households would be defined as those without any earned income and whose income is received solely from AFDC, SSI, Social Security or retirement income such as pensions and annuities. All other households including any household with earned income, would have to report monthly. We

estimate, based on September 1975 survey data, that approximately 51.3 percent of the current caseload has income from only one or a combination of transfer and insurance programs. Such households have few, if any, changes in their circumstances. Therefore, if stable households were eliminated from the proposed monthly reporting requirement, States could be relieved of the increased burden of processing numerous reports which would show few if any changes. Stable households would still be required to report when any change occurred, and States would still have the added administrative burden of processing monthly reports from the non-exempted households.

In addition, 15 States currently plan to join in a suit against the Department to enjoin the implementation of final regulations. Significant reduction of the number of households that must report monthly may mitigate their claims against the regulations.



RECOMMENDATIONS AND COMMENTS

Agriculture

Concur. Department of Agriculture supports restoring health and safety suitability criteria for registrant's employment, and also that stable households be exempt, at state option, from monthly reporting requirements.

Labor

Concur. DOL supports restoring health safety suitable criteria for registrant's employment.

OMB

Concur.

Congressional

The changes would move away from the understanding reached with Senator Buckley and Congressman Michel on these points. However, Mr. Michel has been contacted and has agreed to the proposal changes.

RECOMMENDATION

1. I recommend that the degree of risk to a registrant's health or safety be restored as a suitability criteria when considering employment.

DECISION

\_\_\_\_\_ Approve

\_\_\_\_\_ Disapprove

2. I recommend that stable households, as strictly defined above, be exempt at state option from monthly reporting. Also, that following actual experience with a monthly reporting system, you may want to reconsider this issue and evaluate the need to extend monthly reporting to the entire caseload.

DECISION

\_\_\_\_\_ Approve

\_\_\_\_\_ Disapprove

cc: Quern  
Cavanaugh  
Johnson  
McKee

THE WHITE HOUSE  
WASHINGTON

April 23, 1976

*file*

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

JIM CANNON

FROM:

JIM CONNOR *JEC*

SUBJECT:

Pending Issues on Food Stamp  
Reform Regulations

The President reviewed your memorandum of April 19 on the above subject and approved the following:

1. The degree of risk to a registrant's health or safety be restored as a suitability criteria when considering employment.
2. Stable households, as strictly defined above, be exempt at state option from monthly reporting. Also, following actual experience with a monthly reporting system, reconsider this issue and evaluate the need to extend monthly reporting to the entire caseload.

Please follow-up with appropriate action.

cc: Dick Cheney



cc: Quern  
Cavanaugh  
Johnson  
McKee

THE WHITE HOUSE  
WASHINGTON

April 23, 1976

*At & follow-up*  
*JCC*

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

JIM CANNON

FROM:

JIM CONNOR *JCC*

SUBJECT:

Pending Issues on Food Stamp  
Reform Regulations

The President reviewed your memorandum of April 19 on the above subject and approved the following:

1. The degree of risk to a registrant's health or safety be restored as a suitability criteria when considering employment.
2. Stable households, as strictly defined above, be exempt at state option from monthly reporting. Also, following actual experience with a monthly reporting system, reconsider this issue and evaluate the need to extend monthly reporting to the entire caseload.

Please follow-up with appropriate action.

cc: Dick Cheney



Cannon FY/  
Food Stamps

THE WHITE HOUSE  
WASHINGTON

April 21, 1976

MEMORANDUM FOR: JIM CONNOR  
FROM: JIM CAVANAUGH  
SUBJECT: Your Memo of April 25, Pending Issues  
on Food Stamp Reform Regulations

Frankly, there are no arguments for not restoring the health and safety criteria. The reason the restoration is being called to the President's attention is that the President participated in a meeting with Senator Buckley and Representative Michel on food stamps a number of weeks ago where it was agreed that the health and safety criteria would be deleted.

Since that time Secretary Usery and others have appealed this decision, and Jack Knebel, the Under Secretary of Agriculture, has visited with Bob Michel about the criteria, and Michel now agrees that the criteria should be restored.



THE WHITE HOUSE

WASHINGTON

April 20, 1976

MEMORANDUM FOR:

JIM CAVANAUGH

FROM:

JIM CONNOR *JEC*

SUBJECT:

Pending Issues on Food Stamp  
Reform Regulations

In staffing Jim Cannon's memorandum of April 19 on the above subject the following comments were received:

"There does not appear to be any argument in favor of not restoring the health and safety criteria. What savings are anticipated if it is not restored? Why was it eliminated in the first place? I think the memo should reflect this point otherwise why is a Presidential decision needed?

What do you think of the above?





THE WHITE HOUSE

WASHINGTON

DECISION

April 19, 1976



MEMORANDUM FOR THE PRESIDENT

FROM:

JIM CANNON *JWC*

SUBJECT:

Pending Issues on Food Stamp Reform Regulations

This is to present for your consideration issues concerning the Food Stamp Program reform regulations: job suitability criteria for food stamp recipients, and frequency of eligibility status reports for food stamp households.

BACKGROUND

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The proposed regulations would delete the degree of risk to health and safety as a grounds for declaring a job unsuitable. Currently, if the registrant can demonstrate that the degree of risk to his health and safety is unreasonable, the registrant could refuse the job on the grounds that it is unsuitable. The Department of Agriculture is unaware of any abuse of this condition of suitability. Also, similar criteria currently apply to job placements resulting from the use of DHEW/WIN and DOL/CETA funds. To delete this condition now for food stamp recipients would create a very sensitive issue.



Under the proposed regulations the registrant must accept any offer of employment, not just jobs to which he is referred by the Employment Service. Although, he can still refuse if he can demonstrate he is "mentally or physically unfit" for the job. Congressman W.R. Poage, one of the principal authors of the work registration requirement wrote the Department of Agriculture expressing his view that consideration of health and safety was not objectionable based on the rule of reason.

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estimate, based on September 1975 survey data, that approximately 51.3 percent of the current caseload has income from only one or a combination of transfer and insurance programs. Such households have few, if any, changes in their circumstances. Therefore, if stable households were eliminated from the proposed monthly reporting requirement, States could be relieved of the increased burden of processing numerous reports which would show few if any changes. Stable households would still be required to report when any change occurred, and States would still have the added administrative burden of processing monthly reports from the non-exempted households.

In addition, 15 States currently plan to join in a suit against the Department to enjoin the implementation of final regulations. Significant reduction of the number of households that must report monthly may mitigate their claims against the regulations.

#### RECOMMENDATIONS AND COMMENTS

Agriculture

Concur. Department of Agriculture supports restoring health and safety suitability criteria for registrant's employment, and also that stable households be exempt, at state option, from monthly reporting requirements.

Labor

Concur. DOL supports restoring health safety suitable criteria for registrant's employment.

OMB

Concur.

Congressional

The changes would move away from the understanding reached with Senator Buckley and Congressman Michel on these points. However, Mr. Michel has been contacted and has agreed to the proposal changes.

RECOMMENDATION

1. I recommend that the degree of risk to a registrant's health or safety be restored as a suitability criteria when considering employment.

DECISION

\_\_\_\_\_ Approve

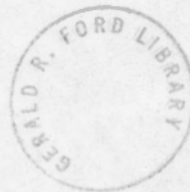
\_\_\_\_\_ Disapprove

2. I recommend that stable households, as strictly defined above, be exempt at state option from monthly reporting. Also, that following actual experience with a monthly reporting system, you may want to reconsider this issue and evaluate the need to extend monthly reporting to the entire caseload.

DECISION

\_\_\_\_\_ Approve

\_\_\_\_\_ Disapprove



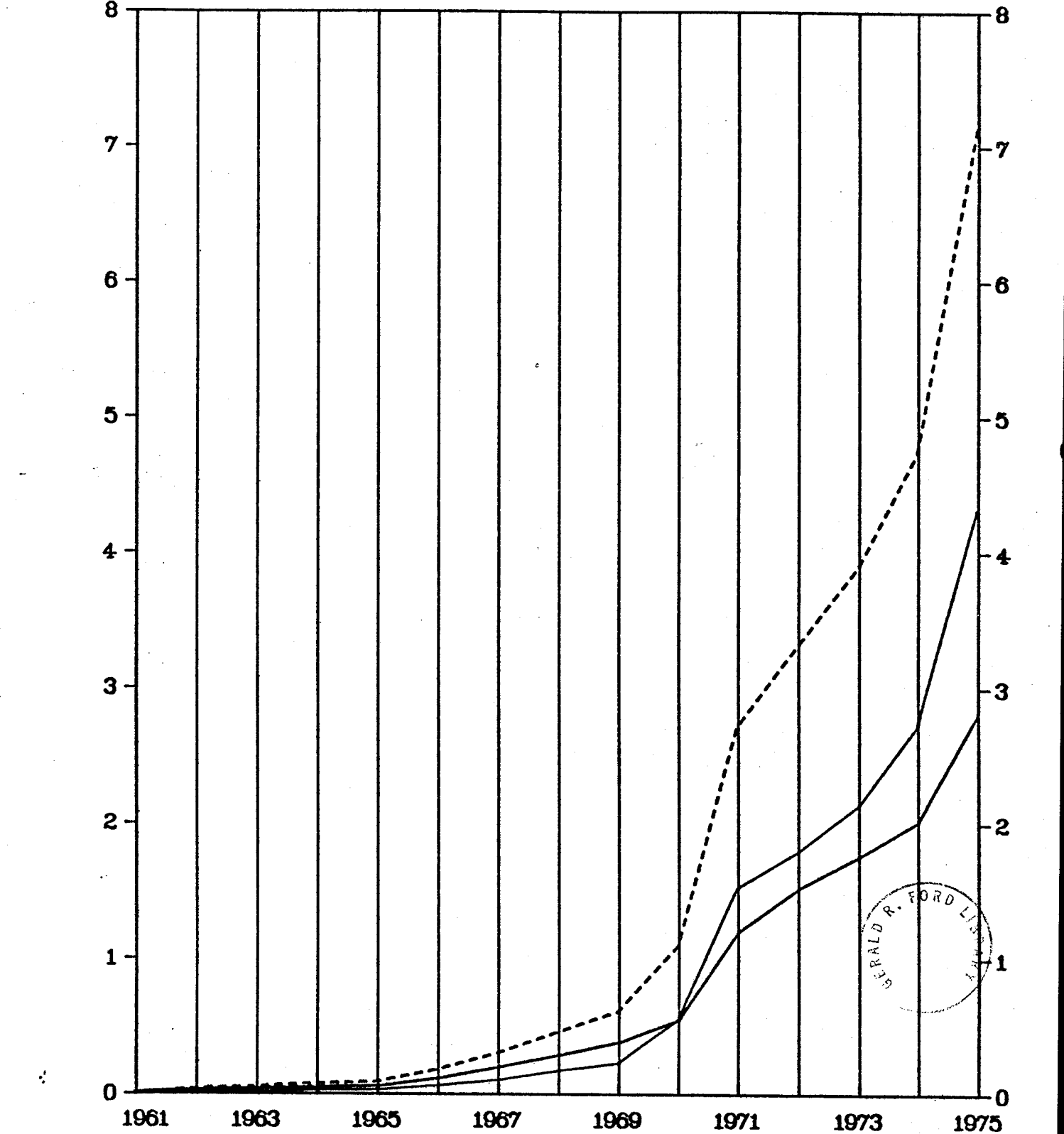
From: Weekly Briefing Notes, April 29, 1976

- Since 1970, the total value of coupons issued to food stamp recipients has increased almost 1200 percent.
- The largest absolute numerical increase was registered from 1974 to 1975 when the total value of food stamp coupons rose over \$2.4 billion.
- From 1969 to 1975, the portion of food stamp costs paid for by the Federal Government has risen from 37.9 to 60.6 percent.



# C.1.7—Value of Coupons Issued to Food Stamp Program Participants: 1961 to 1975

|  | This Period | Change Last Per. | Change Year Ago |
|--|-------------|------------------|-----------------|
| Total Value                                  | \$7.14      | N/A              | 51.0%           |
| Billions of Dollars Paid for by Participants | \$2.81      | N/A              | 39.8%           |
| Billions of Dollars Federal Subsidy          | \$4.33      | N/A              | 59.2%           |



Source: Food and Nutrition Service

• The average monthly number of participants in the Food Stamp Program has grown from about 50,000 in 1961 to over 17,000,000 persons in 1975.

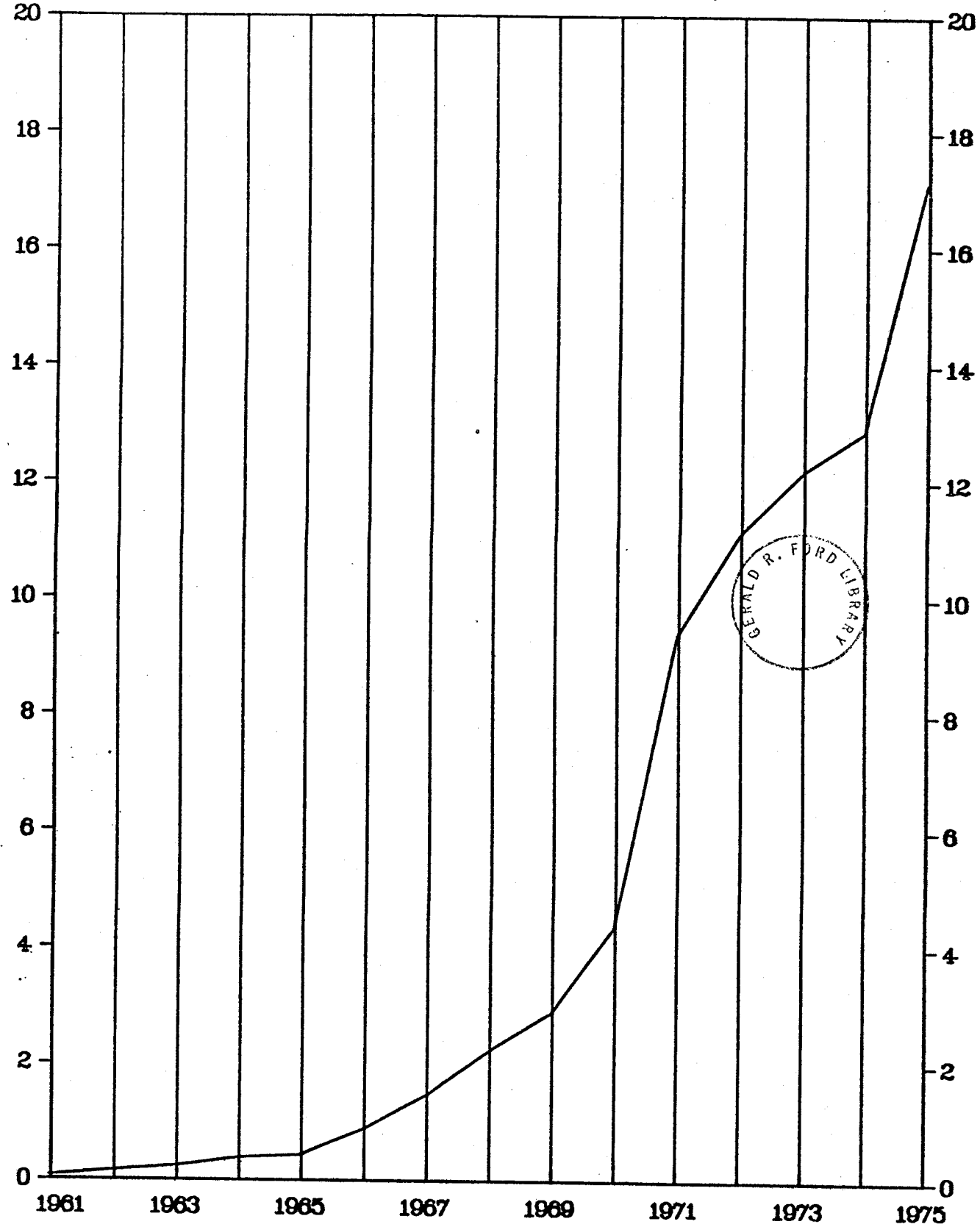
• From 1970 to 1971, the average number of participants increased from 4.34 million to 9.36 million, a rise of over 5 million.

• The preliminary estimate of 17.14 million persons who participated in 1975 represents a 4.28-million increase over the 1974 total of 12.86 million.



# C.1.7—Average Monthly Number of Participants in Food Stamp Program: 1961 to 1975

Millions of Persons      Number of Participants      This Period 17.14      Change Last Per. N/A      Change Year Ago 33.3%      Millions of Persons



Source: Food and Nutrition Service  
26 April 1976

May 1976

J. Hoel -  
2002 Street

Joining in the lawsuit are the following States

\* Alaska *J.S. Hammond*

California

Colorado

Connecticut

Florida

Hawaii

Kentucky

Louisiana

*Int*

Maine

*Longley*

Maryland

Massachusetts

\* Michigan *Milliken*

Minnesota

\* Missouri *Bond*

Montana

New Jersey

New Mexico

Oklahoma

Pennsylvania

Rhode Island

R South Carolina *Edwards*

South Dakota

Tennessee

Utah

Vermont

Wisconsin



ALSO, see attached list.





LIST OF ORGANIZATIONAL PLAINTIFFS IN TRUMP V. BUTZ

LABOR UNIONS

1. Aluminum Workers International Union, AFL-CIO
2. Amalgamated Clothing Workers of America, AFL-CIO
3. Amalgamated Meat Cutters and Butcher Workmen of North America, AFL-CIO
4. American Federation of Grain Millers, AFL-CIO
5. American Federation of State, County and Municipal Employees, AFL-CIO
6. American Federation of Teachers, AFL-CIO
7. American Flint Glass Workers Union, AFL-CIO
8. American Postal Workers Union, AFL-CIO
9. Associated Actors and Artistes of America, AFL-CIO
10. Bakery and Confectionery Workers' International Union of America, AFL-CIO
11. Brotherhood of Maintenance of Way Employes, AFL-CIO
12. Communication Workers of America, AFL-CIO
13. Industrial Union Department, AFL-CIO
14. Insurance Workers International Union, AFL-CIO
15. International Association of Fire Fighters, AFL-CIO
16. International Association of Machinists and Aerospace Workers
17. International Brotherhood of Firemen and Oilers, AFL-CIO
18. International Brotherhood of Painters and Allied Trades, AFL-CIO
19. International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America
20. International Chemical Workers Union, AFL-CIO
21. International Jewelry Workers Union, AFL-CIO
22. International Ladies' Garment Workers' Union, AFL-CIO
23. International Leather Goods and Novelty Workers' Union, AFL-CIO
24. International Longshoremen's Association, AFL-CIO
25. International Molders and Allied Workers Union, AFL-CIO
26. International Typographical Union
27. International Union of Electrical, Radio and Machine Workers, AFL-CIO
28. International Union of Elevator Constructors, AFL-CIO
29. International Union of Operating Engineers, AFL-CIO
30. International Union, United Automobile, Aerospace and Agricultural Implement Workers of America
31. International Woodworkers of America, AFL-CIO
32. Mechanics Educational Society of America, AFL-CIO
33. Metal Polishers, Buffers, Platers, and Allied Workers International Union, AFL-CIO
34. National Alliance of Postal and Federal Employees
35. National Marine Engineers' Beneficial Association, AFL-CIO
- 36. Newspaper Guild, AFL-CIO
37. Office and Professional Employees International Union, AFL-CIO
38. Oil, Chemical and Atomic Workers International Union
39. Operative Plasterers' and Cement Masons' International Association, AFL-CIO
40. Retail Clerks International Association, AFL-CIO
41. Retail, Wholesale and Department Store Union, AFL-CIO
42. Service Employees International Union, AFL-CIO
43. Transport Workers Union of America, AFL-CIO
44. United Cement, Lime and Gypsum Workers International Union, AFL-CIO
45. United Farm Workers of America, AFL-CIO
46. United Glass and Ceramic Workers of North America, AFL-CIO
47. United Mine Workers of America
48. United Paperworkers International Union, AFL-CIO
49. United Rubber, Cork, Linoleum and Plastic Workers of America, AFL-CIO
50. United Steelworkers of America, AFL-CIO
51. United Telegraph Workers, AFL-CIO
52. United Textile Workers of America, AFL-CIO
53. United Transportation Union

RELIGIOUS AFFILIATED ORGANIZATIONS

1. American Baptist Home Mission Society
2. American Friends Service Committee
3. American Jewish Committee
4. American Jewish Congress
5. Board of Church and Society of the United Methodist Church
6. Bread for the World
7. Christian Church (Disciples of Christ), Division of Homeland Ministries
8. Commission on Social Action and the Union of American Hebrew Congregations and the Central Conference of American Rabbis
9. Executive Council of the Domestic and Foreign Missionary Society of the Protestant Episcopal Church in the United States of America
10. Interreligious Task Force on U.S. Food Policy
11. Lutheran Church in America
12. National Catholic Conference for Interracial Justice
13. National Center for Urban Ethnic Affairs
14. National Conference of Catholic Charities
15. National Council of Jewish Women
16. National Council of the Churches of Christ
17. National Ministries
18. United Church Board for Homeland Ministries
19. United Church of Christ Center for Social Action
20. United Hebrew Trades
21. United Presbyterian Church in the U.S.A.
22. Workmen's Circle

CIVIC/CONSUMER/CIVIL RIGHTS ORGANIZATIONS

1. American Association of Retired Persons
2. Americans for Democratic Action
3. Americans for Indian Opportunity
4. American Public Welfare Association
5. American Veterans Committee
6. Arkansas Community Organizations for Reform Now (ACORN)
7. Center for Community Change
8. Center for Science in the Public Interest
9. Child Welfare League of America
10. Children's Foundation
11. Consumer Federation of America
12. Gray Panthers
13. Japanese - American Citizens League
14. League of Women Voters
15. Movement for Economic Justice
16. National Association for the Advancement of Colored People (NAACP)
17. National Association of Social Workers
18. National Child Nutrition Project
19. National Community Action Agency Directors Association
20. National Congress of Hispanic American Citizens
21. National Consumer Congress
22. National Council of Negro Women
23. National Council of Senior Citizens
24. National Farmers Union
25. National Association of Farmworker Organizations
26. National Organization for Women
27. National Rural Housing Coalition
28. National Urban Coalition
29. National Urban League
30. National Welfare Rights Organization
31. United States Conference of Mayors
32. United States National Student Association
33. Urban Environmental Conference
34. National Board of the Young Women's Christian Association of the United States of America

[May 1976]

STATEMENT ON FOOD STAMPS

The President has been advised that the United States District Court for the District of Columbia has entered a preliminary injunction, delaying immediate reform of the food stamp program. The proposals the Administration put forth are designed to eliminate abuses, reduce unnecessary costs and provide greater benefits to those most in need.

The food stamp program must be reformed. The President has therefore directed the Attorney General and the Secretary of Agriculture to seek ~~an~~ <sup>THE MOST</sup> expedited judicial disposition of this litigation so as to promptly ~~effect~~ <sup>BRING ABOUT</sup> the reforms needed in this ~~a~~ <sup>PROGRAM</sup>.



[May 1976]

STATEMENT ON FOOD STAMPS

The President has been advised that the United States District Court for the District of Columbia has entered a preliminary injunction, delaying immediate reform of the food stamp program. The proposals the Administration put forth are designed to eliminate abuses, reduce unnecessary costs and provide greater benefits to those most in need.

The food stamp program must be reformed. The President has therefore directed the Attorney General and the Secretary of Agriculture to seek the most expedited judicial disposition of this litigation so as to promptly bring about the reforms needed in this program.



cc: Quern  
Johnson

THE WHITE HOUSE  
WASHINGTON

May 4, 1976

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

JIM CANNON

FROM:

JIM CONNOR JEF

SUBJECT:

Status of Food Stamp  
Administrative Reform

The President reviewed your memorandum of April 30 , 1976  
on the above subject and made the following notation:

"I agree"

Please follow-up with appropriate action.



cc: Dick Cheney

210 MAY 4 1976

Food Stamps

THE WHITE HOUSE  
WASHINGTON

INFORMATION

April 30, 1976



MEMORANDUM FOR THE PRESIDENT

FROM:

JIM CANNON *Jim*

SUBJECT:

Status of Food Stamp Administrative Reform

The final Food Stamp Program reform regulations are being cleared, and the target date for publication in the Federal Register is Tuesday, May 4, 1976.

The Agriculture Department expects to begin making the new regulations effective, in phases, beginning June 1, 1976.

We expect to be sued. Several states and individuals, and the American Public Welfare Association, and the Food Research and Action Committee (which is funded in part by the Community Services Administration), will probably try to get an injunction or restraining order.

Under Secretary Jack Knebel tells me that Deputy Attorney General Harold Tyler is ready to go all out in defense of your reforms.

In the meantime, Congress is moving on food stamps.

The Senate passed, by 52 to 22, a food stamp bill that includes some principles of reform but would save little or no money.

Hyde Murray advises that the House Agriculture Committee, which is scheduled to begin markup of its bill on May 11, 1976, is likely to broaden the food stamp program and increase its cost.

The outlook is that Congress will not send you any food stamp legislation until after the Independence Day Recess (June 26 to July 8).

At this point, we strongly feel that the best course is to carry out your administrative reforms and make them stick.

cc: James Lynn

bcc: *Quern, Cavanaugh, Johnson*



## 2. Food Stamps

No suit has yet been filed to block your administrative reforms which begin to be effective June 1, 1976. We understand that the Food Research and Action Committee has been shopping for a judge and is leaning now toward a Kennedy appointee in northern Minnesota. As soon as the suit is filed, we will schedule your meeting with Attorney General Levi, Solicitor General Bork and Secretary Butz to discuss how we will win the lawsuit.

## 3. Busing

We are working on three possible approaches to help a community avoid a court order to bus:

- a) A "School Mediation Service," somewhat like the Federal Mediation and Conciliation Service for labor-management disputes, which could, at the invitation of local officials, send a mediator to attempt to work out a solution on school desegregation before a Federal Court order to bus. Secretary Usery believes this could work.
- b) A Federal "clearing-house" of information and technical assistance, which could be made available to a community at its request to help work out a solution before busing is ordered.
- c) A modest Federal fiscal incentive to assist a community leadership group in working out a solution to its school desegregation problems. The federal grant would match funds locally raised and could continue for no more than three years. The incentive funds would also be shut off if a Federal Court ordered busing.



THE WHITE HOUSE  
WASHINGTON

May 25, 1976

*file  
Kearney - FS  
issue  
Passed -  
not sent*

MEMORANDUM TO: JIM CANNON  
FROM: SPENCE JOHNSON *SP*  
SUBJECT: Food Stamp Regulations Lawsuits

Attached is an information memorandum for the President concerning the initiation of lawsuits against his recently issued Food Stamp Reform regulations.



THE WHITE HOUSE

WASHINGTON

INFORMATION

5/25/76

MEMORANDUM FOR THE PRESIDENT

FROM: JIM CANNON

SUBJECT: Food Stamp Regulation Lawsuits

Legal action is being initiated against the recently issued Food Stamp Program reform regulations.

Today the State of California filed for a temporary restraining order, and tomorrow the Food Research and Action Committee (FRAC) also plans to file suit in the District of Columbia. FRAC will hold an 11:00 a.m. press conference on Capitol Hill to announce their action. Several other states are expected to join these efforts, but at this time the precise number is unclear.

The Secretary of Agriculture plans to issue a strong statement in objection to the lawsuits and reiterate the need to implement reform measures.



*Food Stamps*

THE WHITE HOUSE

WASHINGTON

May 27, 1976

MEETING WITH THE SECRETARY OF AGRICULTURE  
AND THE ATTORNEY GENERAL

Thursday, May 27, 1976  
3:30 p.m. (10 minutes)  
The Cabinet Room

From: Jim Cannon

*Decided for SL  
Wm. O. Lewis  
H. H. Lewis*

I. PURPOSE

To stress the importance you place on defending the legality of the Administrative reforms of the Food Stamp Program.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background:

This week the State of California, and the Food Research and Action Center, a New York-based public interest law firm, filed suits in an attempt to prevent the Department of Agriculture from implementing the Administration's Food Stamp Program reform regulations. A coalition of twenty-six states and labor, civil rights, civic and religious groups joined in the Food Research and Action Center's suit.

B. Participants:

Secretary of Agriculture Earl L. Butz and Assistant Secretary Richard L. Feltner; Attorney General Edward H. Levi and Deputy Attorney General Harold R. Tyler.

C. Press Plan:

To be announced.

*Next focus on  
Administrative  
Court*

*P. H. Lewis*



III. TALKING POINTS

1. It is essential that the Food Stamp Program administrative reform regulations be implemented because of the failure of the Congress to responsibly respond to the needed changes.
2. The Justice Department, with the cooperation of the Department of Agriculture, must strongly defend the legality of these administrative reforms. The best talent in both Departments must be immediately focused on this issue.
3. Also, we must clearly, and repeatedly, articulate the positive rationale and the necessity for these changes at this time, both in terms of the truly needy people who are denied the benefits that they deserve as well as budgetary considerations.
4. While our reform regulations are programmed to save about \$1.2 billion, at the same time about 25% of the current recipients will be better off and nearly 200,000 more truly needy people will be able to participate in the program.