

STATEMENT OF SENATOR BOB DOLE
NATIONAL FOOD STAMP REFORM ACT OF 1976
Wednesday, April 7, 1976

MR. DOLE. MR. PRESIDENT, S. 3136, THE NATIONAL FOOD STAMP REFORM ACT OF 1976, LIMITS PARTICIPATION IN THE FOOD STAMP PROGRAM TO HOUSEHOLDS WITH NET INCOMES BELOW THE OFFICIAL GOVERNMENT POVERTY LEVEL. THE DECISION TO PLACE A POVERTY LEVEL MAXIMUM ON PARTICIPATION IN THE PROGRAM WAS NOT REACHED IN HASTE. THE COMMITTEE ON AGRICULTURE AND FORESTRY DEBATED THE INCOME LIMITATION ISSUE FOR SEVERAL DAYS AND FINALLY REACHED A MAJORITY CONCLUSION THAT THE POVERTY LEVEL SHOULD BE ESTABLISHED AS THE NET INCOME MAXIMUM. WHILE I HAD ORIGINALLY FAVORED A SOMEWHAT HIGHER NET INCOME MAXIMUM TO AVOID WORK DISINCENTIVES, I VOTED WITH THE MAJORITY TO REPORT S. 3136 TO THE FLOOR OF THE SENATE. BUT, AS I STATED IN INDIVIDUAL VIEWS IN THE COMMITTEE REPORT, I AM NOT SATISFIED WITH THE BILL AS IT PRESENTLY STANDS.

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I DO NOT OBJECT TO THE COMMITTEE BILL BECAUSE IT ELIMINATES SOME PERSONS FROM THE PROGRAM. ALL ALONG, IT WAS UNDERSTOOD BY EVERY MEMBER OF THE COMMITTEE THAT SOME RELATIVELY "HIGHER" INCOME HOUSEHOLDS WOULD HAVE THEIR BENEFITS TERMINATED AS A RESULT OF FOOD STAMP PROGRAM REFORM. HOWEVER, I AM CONCERNED ABOUT THE INABILITY OF MANY ELIGIBLE LOW INCOME FAMILIES TO ACTUALLY PARTICIPATE IN THE PROGRAM. TO ALLEVIATE THIS FEAR, ON MARCH 31, I INTRODUCED, ALONG WITH SENATOR McGOVERN AND ELEVEN OTHER MEMBERS OF THE SENATE, AN AMENDMENT DESIGNED TO ENSURE THAT THOSE IMPOVERISHED FAMILIES WHO REMAIN ELIGIBLE HAVE A REALISTIC OPPORTUNITY TO PARTICIPATE IN THE PROGRAM. FOR AS IT IS PRESENTLY WRITTEN, THE COMMITTEE BILL ENABLES OUR POOREST CITIZENS TO QUALIFY FOR ASSISTANCE, BUT IT DOES NOTHING TO FACILITATE THEIR ACTUAL RECEIPT OF FOOD STAMP AID.

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THE AMENDMENT WE INTRODUCED WOULD ELIMINATE THE FOOD STAMP PURCHASE REQUIREMENT. BY DOING SO, MANY LOW INCOME FAMILIES -- ESPECIALLY THE ELDERLY POOR LIVING ON FIXED INCOMES -- WHO CANNOT RAISE ENOUGH CASH TO BUY THEIR ALLOTMENT OF FOOD STAMPS, WOULD RECEIVE SOME NUTRITIONAL ASSISTANCE. IN ADDITION, ADMINISTRATIVE COSTS FOR THE FOOD STAMP PROGRAM WOULD BE SHARPLY REDUCED, VENDOR FRAUD WOULD BE ELIMINATED, BLACK MARKETING ACTIVITIES WOULD DIMINISH, AND THE NUMBER OF FOOD STAMPS IN CIRCULATION WOULD BE LOWERED. I AM PLEASED THAT OUR AMENDMENT HAS RECEIVED BROAD SUPPORT AND I AM CONFIDENT THAT IF A ROLL CALL VOTE WAS TAKEN ON THE AMENDMENT, IT WOULD PASS THE SENATE BY A COMFORTABLE MARGIN.

NEVERTHELESS, IN THE SPIRIT OF COMPROMISE AND CONCILIATION -- WHICH IS A HALLMARK OF THE AGRICULTURE COMMITTEE UNDER THE LEADERSHIP OF SENATOR TALMADGE -- I HAVE DECIDED NOT TO PRESS FOR A VOTE ON ELIMINATING THE PURCHASE REQUIREMENT. INSTEAD, YESTERDAY I SUBMITTED AMENDMENT NO. 1571, AN AMENDMENT IN THE NATURE OF A SUBSTITUTE, WHICH HAS BEEN AGREED UPON BY CHAIRMAN TALMADGE, SENATOR McGOVERN, SENATOR HUMPHREY, SENATOR HUGH SCOTT AND MYSELF. THIS IS AN EMINENTLY FAIR COMPROMISE WHICH WILL AVOID A DIVISIVE FLOOR BATTLE AND, I BELIEVE, RESULT IN A MORE UNITED SENATE POSITION IN CONFERENCE.

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THIS COMPROMISE REPRESENTS NEITHER VICTORY NOR DEFEAT FOR PROPOSERS OR OPPOSERS OF ELIMINATING THE PURCHASE REQUIREMENT. IT IS A SOUND COMPROMISE WHICH RECOGNIZES THE NEEDS OF LOW INCOME AMERICANS. I AM PLEASED THAT WE HAVE BEEN ABLE TO REACH THIS COMPROMISE AND I URGE THE SENATE TO AGREE TO IT.

WITHOUT GOING INTO UNNECESSARY DETAIL, I WOULD LIKE TO EXPLAIN TO THE SENATE THE DIFFERENCES BETWEEN THE COMPROMISE SUBSTITUTE AND S. 3136 AS REPORTED BY THE AGRICULTURE COMMITTEE.

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THE PURCHASE REQUIREMENT

PERHAPS THE MOST IMPORTANT CHANGE BETWEEN THE COMMITTEE BILL AND THE SUBSTITUTE IS A REDUCTION IN THE PURCHASE REQUIREMENT FROM 27.5 PER CENT OF NET MONTHLY INCOME TO 25 PER CENT OF NET MONTHLY INCOME. THIS 2½ PER CENT REDUCTION IN THE PURCHASE PRICE WILL MAKE IT EASIER FOR LOW INCOME HOUSEHOLDS TO PARTICIPATE IN THE PROGRAM AND WILL BRING THE PURCHASE REQUIREMENT MORE IN LINE WITH THE CURRENT AVERAGE PURCHASE PRICE OF AROUND 24 PER CENT. LOWERING THE PURCHASE REQUIREMENT WILL MINIMIZE THE NUMBER OF ELIGIBLE HOUSEHOLDS WHO WOULD SUFFER A LOSS OF BENEFITS UNDER THE COMMITTEE BILL AS COMPARED WITH EXISTING LAW.

WHILE LOWERING THE PURCHASE PRICE WILL NOT BE AS EFFECTIVE AS TOTALLY ELIMINATING THE PURCHASE REQUIREMENT IN MAKING THE PROGRAM MORE AVAILABLE TO TRULY NEEDY AMERICANS, IT WILL HELP. FOR EXAMPLE, A FAMILY WITH NET INCOME OF \$300 PER MONTH WILL HAVE ITS PURCHASE REQUIREMENT REDUCED BY \$8, THUS MAKING IT EASIER FOR THAT FAMILY TO PARTICIPATE.

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DEDUCTIONS FROM INCOME

SECOND, THE COMPROMISE SUBSTITUTE MAKES TWO IMPORTANT CHANGES IN DEDUCTIONS FROM INCOME. THE COMMITTEE BILL PROVIDES A FIXED MONTHLY STANDARD DEDUCTION OF \$100 AND AN ADDITIONAL DEDUCTION OF \$25 FOR ANY HOUSEHOLD CONTAINING AT LEAST ONE INDIVIDUAL AGED 60 OR OLDER. THE PROPOSED SUBSTITUTE WOULD AMEND THE COMMITTEE BILL TO PROVIDE THAT THE MONTHLY STANDARD DEDUCTION OF \$100 IS TO BE ADJUSTED SEMI-ANNUALLY EVERY JANUARY 1, AND JULY 1, TO REFLECT CHANGES IN THE CONSUMER PRICE INDEX FOR THE PRECEDING SIX MONTHS. THE FIRST SUCH ADJUSTMENT WOULD BE MADE ON JULY 1, 1977. IN ADDITION, THE ADDITIONAL DEDUCTION OF \$25 FOR ELDERLY HOUSEHOLDS WILL ALSO APPLY TO ANY HOUSEHOLD WHICH HAS AT LEAST \$150 A MONTH IN EARNED INCOME.

THE RATIONALE FOR THESE TWO CHANGES IS SIMPLE. SEMI-ANNUAL ADJUSTMENTS OF THE STANDARD DEDUCTION WILL SERVE TO KEEP THE DEDUCTION IN LINE WITH ANY INCREASES IN THE COST OF LIVING. THIS IS ONLY FAIR SINCE THE STANDARD DEDUCTION IS REPLACING THE CURRENT ITEMIZED DEDUCTIONS WHICH ARE CONSTANTLY RISING DUE TO INFLATION.

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THE PROVISION OF AN ADDITIONAL \$25 DEDUCTION FOR THE WORKING POOR WILL TAKE INTO ACCOUNT THE INCIDENTAL EXPENSES INCURRED IN RELATION TO EMPLOYMENT. THE PRESENT PROGRAM ALLOWS AN ITEMIZED DEDUCTION OF UP TO \$30 FOR WORK RELATED EXPENSES -- SUCH AS TRANSPORTATION AND EQUIPMENT COSTS -- AS WELL AS A SEPARATE DEDUCTION FOR CHILD CARE COSTS THAT ARE NECESSARY TO PERMIT A HOUSEHOLD TO WORK. THE CHILD CARE DEDUCTION ALLOWS AS MUCH AS \$60 A MONTH FOR HOUSEHOLDS CLAIMING IT.

UNDER THE COMMITTEE BILL, NO PROVISION IS NEEDED FOR THESE INCIDENTAL EXPENSES. WORKING HOUSEHOLDS WOULD THUS BE PAID RELATIVE TO NON-WORKING FAMILIES WITH INCOMES FROM SOCIAL SECURITY, SUPPLEMENTAL SECURITY INCOME, AND WELFARE, SINCE THESE HOUSEHOLDS INCUR NO WORK RELATED EXPENSE AND ARE ENTITLED TO THE SAME \$100 DEDUCTION.

THE UPDATING PROCEDURE AND THE EXTRA \$25 A MONTH FOR WORKING HOUSEHOLDS WILL INCREASE BENEFITS, PARTICULARLY FOR THE WORKING POOR, AND RAISE INCOME ELIGIBILITY STANDARDS OVER TIME. THE \$25 A MONTH WORK EXPENSE DEDUCTION WOULD RESULT IN A BENEFIT INCREASE TO THE WORKING POOR OF \$6 TO \$7 A MONTH.

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THE POVERTY LINE

THE THIRD DISTINCTION BETWEEN THE COMMITTEE BILL AND THE SUBSTITUTE INVOLVES SEMI-ANNUAL ADJUSTMENTS OF THE INCOME POVERTY GUIDELINES. UNDER THE COMMITTEE BILL, THE INCOME STANDARDS OF ELIGIBILITY ARE THE INCOME POVERTY GUIDELINES PRESCRIBED BY THE OFFICE OF MANAGEMENT AND BUDGET ADJUSTED ONCE A YEAR PURSUANT TO THE ECONOMIC OPPORTUNITY ACT OF 1964. UNDER THE SUBSTITUTE AMENDMENT THE INCOME STANDARDS IN EVERY STATE AND TERRITORY (EXCEPT ALASKA AND HAWAII) WOULD BE THE O.M.B. INCOME POVERTY GUIDELINES FOR THE CONTINENTAL UNITED STATES. THE INCOME GUIDELINES FOR ALASKA AND HAWAII WOULD BE THE INCOME POVERTY GUIDELINES SPECIFICALLY PRESCRIBED FOR THOSE STATES. THE SUBSTITUTE REQUIRES THAT THE INCOME POVERTY GUIDELINES ARE TO BE ADJUSTED SEMI-ANNUALLY EVERY JANUARY 1 AND JULY 1, TO REFLECT CHANGES IN THE CONSUMER PRICE INDEX FOR THE PRECEDING SIX MONTHS. THE FIRST SUCH ADJUSTMENT WOULD BE MADE JULY 1, 1977.

THE UPDATING OF THE INCOME POVERTY GUIDELINES WOULD HAVE THE EFFECT OF BASING THE GUIDELINES ON MORE CURRENT DATA WHICH MORE ACCURATELY REFLECT THE ACTUAL COST OF LIVING. AS THE BILL STANDS, POVERTY GUIDELINES WOULD ALWAYS BE FROM ONE TO TWO YEARS OUT OF DATE.

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THE RECENTLY UNEMPLOYED

THE FOURTH DIFFERENCE BETWEEN THE COMMITTEE BILL AND THE SUBSTITUTE DEALS WITH CERTIFICATION OF RECENTLY UNEMPLOYED PERSONS. THE COMMITTEE BILL REQUIRES THAT ELIGIBILITY BE BASED ON INCOME FOR THE PREVIOUS THIRTY DAYS -- THE SO-CALLED THIRTY DAY RETROSPECTIVE ACCOUNTING CONCEPT. WITH THIS FUNDAMENTAL CONCEPT, I HAVE NO OBJECTION. HOWEVER, A SPECIAL SYSTEM OF EXPEDITED CERTIFICATION IS PROVIDED FOR THE RECENTLY UNEMPLOYED SO THAT THEY MAY OBTAIN BENEFITS IMMEDIATELY AFTER THE EXPIRATION OF THIRTY DAYS. THE SUBSTITUTE AMENDMENT WOULD, FOR THE RECENTLY UNEMPLOYED, ADD A PROVISIO THAT STATE AGENCIES THAT USE COMPUTERIZED SYSTEMS MUST HAVE AUTHORIZATION TO PURCHASE CARDS (ATP) READY AT THE END OF THIRTY DAYS. IF A HOUSEHOLD IS ELIGIBLE UPON THE VERIFICATION OF ITS INCOME, IT WOULD RECEIVE ITS A-T-P CARD. IF THERE WAS SOME DIFFERENCE IN THE AMOUNT OF THE BONUS, THE STATE AGENCY WOULD BE REQUIRED TO RECOUP THE DIFFERENCE IN EITHER SUBSEQUENT COUPON ALLOTMENTS OR BY REQUIRING CASH DISBURSEMENTS.

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THE PURPOSE OF THE PROVISIO IS TO ENSURE THAT THOSE STATES THAT TAKE A LONG TIME TO ISSUE A-T-P CARDS BECAUSE OF THE USE OF COMPUTERIZED SYSTEMS DO NOT FORCE THE RECENTLY UNEMPLOYED TO WAIT LONGER THAN THIRTY DAYS. THE AMENDMENT IN NO WAY CUTS BACK ON THE THIRTY DAY RETROSPECTIVE ACCOUNTING CONCEPT -- A SOUND APPROACH WHICH SHOULD SUBSTANTIALLY REDUCE CERTIFICATION ERRORS IN THE FOOD STAMP PROGRAM.

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ASSETS REGULATIONS

THE FIFTH DISTINCTION INVOLVES THE ASSETS REGULATIONS FOR THE FOOD STAMP PROGRAM. THE COMMITTEE BILL REQUIRES THE SECRETARY OF AGRICULTURE TO SET STANDARDS FOR THE AMOUNT OF ASSETS WHICH AN ELIGIBLE HOUSEHOLD MAY OWN, BUT LEAVES DISCRETION TO THE SECRETARY AS TO WHAT THOSE STANDARDS SHOULD BE. UNDER THE COMPROMISE PROPOSAL, THE SECRETARY RETAINS THE AUTHORITY TO SET ASSETS ELIGIBILITY STANDARDS, BUT THE SUBSTITUTE STIPULATES THAT EXISTING ASSETS STANDARDS MAY NOT BE CHANGED UNTIL SIXTY DAYS AFTER THE SECRETARY HAS SUBMITTED TO CONGRESS THE REPORT ON ASSET HOLDINGS OF FOOD STAMP PARTICIPANTS WHICH IS REQUIRED BY ANOTHER SECTION OF THE COMMITTEE BILL. THE PURPOSE OF THIS ALTERATION IS TO ENSURE THAT NO HASTY STEPS ARE TAKEN WITH RESPECT TO ASSETS UNTIL THE CURRENTLY INADEQUATE DATA ON ASSETS OF FOOD STAMP HOUSEHOLDS IS UPDATED.

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TRADE OR BUSINESS ASSETS

THE SIXTH MAJOR DIFFERENCE FOLLOWS DIRECTLY FROM THE FIFTH. THE COMMITTEE BILL STIPULATES THAT ONLY THE FIRST \$15,000 EQUITY VALUE OF REAL OR PERSONAL PROPERTY USED IN A TRADE OR BUSINESS BE EXCLUDED FROM ACCOUNTABLE ASSETS. THIS IS THE ONLY AREA IN WHICH THE COMMITTEE BILL SPECIFIES AN ASSET STANDARD. THE SUBSTITUTE DELETES THE \$15,000 LIMITATION WITH THE UNDERSTANDING THAT THE SECRETARY WILL HAVE THE AUTHORITY TO ESTABLISH ASSET STANDARDS SIXTY DAYS AFTER HE SUBMITS HIS ASSETS STUDY TO THE CONGRESS.

THERE WAS ALSO A FEAR THAT THE \$15,000 LIMITATION DISCRIMINATES AGAINST SMALL FARMERS AND SHOP OWNERS WHO MIGHT SUFFER A TEMPORARY REVERSE IN CIRCUMSTANCES. TO QUALIFY FOR FOOD STAMPS UNDER THE LIMITATION, FARMERS AND SHOP OWNERS WOULD HAVE HAD TO SELL OFF THEIR MEANS OF MAKING A LIVING IN ORDER TO RECEIVE NUTRITIONAL ASSISTANCE.

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LUMP SUM PAYMENTS

THE SEVENTH DISTINCTION BETWEEN THE COMMITTEE BILL AND THE SUBSTITUTE INVOLVES THE COMPUTATION OF INCOME TAX REFUNDS AND TAX CREDITS. UNDER THE COMMITTEE BILL, TAX REFUNDS AND CREDITS (ALONG WITH OTHER SIMILAR "LUMP SUM" PAYMENTS) ARE TO BE COUNTED AS INCOME FOR ELIGIBILITY AND BENEFIT PURPOSES. THE SUBSTITUTE AMENDMENT WOULD EXCLUDE TAX REFUNDS AND CREDITS (ALONG WITH RETROACTIVE SOCIAL SECURITY ACT PAYMENTS) FROM COUNTABLE INCOME. HOWEVER, IT STIPULATES THAT THESE PAYMENTS WOULD BE COUNTED AS ASSETS (AS REQUIRED UNDER EXISTING REGULATIONS).

COUNTING INCOME TAX REFUND CREDITS AS INCOME WOULD RESULT IN AN "ON AGAIN, OFF AGAIN" SITUATION WHERE HOUSEHOLDS WOULD BE DROPPED FROM THE PROGRAM FOR ONE MONTH ONLY TO COME BACK ON IN THE NEXT MONTH. COUNTING REFUNDS, CREDITS, AND THE LIKE AS ASSETS WOULD BE PREFERABLE IN THAT IT WOULD ELIMINATE ELIGIBILITY ONLY IN CASES WHERE THE PAYMENT WAS SUBSTANTIAL ENOUGH TO RAISE THE HOUSEHOLD LIQUID RESOURCES ABOVE THE \$1,500 LIMIT. FOOD STAMP ADMINISTRATORS DOUBT THAT ANY MONEY COULD BE SAVED BY COUNTING THESE REFUNDS CREDITS AS INCOME SINCE THE ADMINISTRATIVE EXPENSE OF DECERTIFYING AND RECERTIFYING HOUSEHOLDS WOULD PROBABLY BE GREATER THAN THE SAVINGS ATTRIBUTABLE TO A ONE MONTH LAY-OFF FROM THE PROGRAM.

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EDUCATIONAL EXPENSES

THE EIGHTH DISTINCTION BETWEEN THE COMMITTEE BILL AND THE SUBSTITUTE INVOLVES EXCLUSION FROM INCOME OF EDUCATION EXPENSES. THE COMMITTEE BILL EXCLUDES FROM HOUSEHOLD INCOME ALL LOANS AND SCHOLARSHIPS TO THE EXTENT THEY ARE USED FOR TUITION AND MANDATORY FEES AT AN INSTITUTION OF HIGHER EDUCATION OR SCHOOL FOR THE HANDICAPPED. THE SUBSTITUTE WOULD ADD TO THESE EXCLUSIONS FELLOWSHIPS, GRANTS, AND VETERANS EDUCATIONAL BENEFITS. AS IN THE COMMITTEE BILL, THESE EXCLUSIONS WILL BE LIMITED TO THE EXTENT THEY ARE USED FOR TUITION AND MANDATORY SCHOOL FEES AT AN INSTITUTION OF HIGHER LEARNING OR A SCHOOL FOR THE HANDICAPPED. UNDER THE PRESENT REGULATIONS, SCHOLARSHIPS, EDUCATIONAL GRANTS, (INCLUDING LOANS IN WHICH REPAYMENT IS DEFERRED UNTIL COMPLETION OF THE RECIPIENT'S EDUCATION), FELLOWSHIPS, AND VETERANS EDUCATIONAL BENEFITS ARE ALL EXCLUDED AS INCOME TO THE EXTENT USED FOR TUITION OR MANDATORY SCHOOL FEES. IT WOULD, THEREFORE, BE CONSISTENT TO EXTEND THE EXCLUSION IN THE REFORM BILL TO FELLOWSHIPS, GRANTS, AND VETERANS EDUCATIONAL BENEFITS. THERE SEEMS TO BE NO RATIONALE FOR EXCLUDING SOME FORMS OF FINANCIAL ASSISTANCE FOR EDUCATION FROM INCOME WHILE INCLUDING OTHERS AS INCOME.

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IN-KIND HOUSING BENEFITS

THE NINTH DISTINCTION BETWEEN THE COMMITTEE BILL AND THE SUBSTITUTE INVOLVES THE SO-CALLED "\$25 IN-KIND HOUSING BENEFIT." UNDER THE COMMITTEE BILL, ANY PAYMENTS IN-KIND THAT CANNOT BE REASONABLY AND PROPERLY COMPUTED ARE EXCLUDED FROM INCOME. HOWEVER, EMPLOYER-PROVIDED HOUSING IS TO BE COUNTED AS INCOME UP TO A MAXIMUM OF \$25 PER MONTH, AS PROVIDED BY CURRENT LAW. THE SUBSTITUTE WOULD STRIKE THE PROVISION REQUIRING THAT EMPLOYER-PROVIDED HOUSING BE COUNTED BECAUSE IT IS DIFFICULT TO COMPUTE THE VALUE OF EMPLOYER-PROVIDED HOUSING. DELETING THE PROVISION OF THE COMMITTEE BILL WOULD MAKE THE PROGRAM MUCH SIMPLER TO ADMINISTER.

OTHER FEDERAL BENEFITS

THE TENTH MAJOR PROVISION OF THE SUBSTITUTE EXCLUDES INCOME WHICH IS SPECIFICALLY EXCLUDED BY OTHER FEDERAL LAWS. THE COMMITTEE BILL DOES NOT ADDRESS THIS ISSUE.

UNDER THE SUBSTITUTE, ANY INCOME RECEIVED BY THE HOUSEHOLD WHICH IS SPECIFICALLY EXCLUDED BY OTHER FEDERAL LAWS WOULD BE EXCLUDED FROM THE COMPUTATION OF HOUSEHOLD INCOME FOR FOOD STAMP PURPOSES. THIS IS A PROVISION THAT THE DEPARTMENT OF AGRICULTURE REQUESTED BE INCLUDED IN THE BILL SINCE IT WOULD REMOVE THE POTENTIAL FOR LITIGATION ARISING FROM COUNTING PAYMENTS RECEIVED UNDER THE ALASKAN NATIVE CLAIMS SETTLEMENT ACT.

RUN-AWAY CHILDREN

THE ELEVENTH MAJOR DISTINCTION BETWEEN THE COMMITTEE BILL AND THE SUBSTITUTE INVOLVED THE SO-CALLED "RUN-AWAY CHILD" PROVISIONS. UNDER THE COMMITTEE BILL, A MINOR IS PROHIBITED FROM BEING CONSIDERED A MEMBER OF A HOUSEHOLD IF NO OTHER MEMBER OF THE HOUSEHOLD IS UNDER A LEGAL DUTY TO SUPPORT THE MINOR, UNLESS (1) IT CAN BE ESTABLISHED THAT THE PERSON RESPONSIBLE CANNOT BE LOCATED OR IS FINANCIALLY UNABLE TO PROVIDE SUCH SUPPORT, OR (2) THERE IS NO PERSON WITH SUCH RESPONSIBILITY. THE PROPOSED SUBSTITUTE WOULD DELETE THIS PROVISION. MANY STATE FOOD STAMP ADMINISTRATORS CONTEND THAT THE COMMITTEE PROVISION WOULD HAVE HARMFUL EFFECTS AMONG THE POOR IN THOSE CASES WHERE A PARENT IS EITHER UNABLE

OR UNWILLING TO CARE FOR A CHILD. IT IS NOT INFREQUENT THAT CHILDREN ARE CARED FOR BY A RELATIVE OR A NEIGHBOR AND THE PROVISION IN THE COMMITTEE BILL WOULD NOT ALLOW THESE HOUSEHOLDS TO CLAIM THE CHILD AS A HOUSEHOLD MEMBER FOR FOOD STAMP PURPOSES. THE SUBSTITUTE CORRECTS THIS INEQUITY.

FRAUDULENT PARTICIPANTS

THE TWELFTH DISTINCTION BETWEEN THE COMMITTEE BILL AND THE SUBSTITUTE INVOLVES THE DISQUALIFICATION OF HOUSEHOLDS FOR FRAUDULENT PARTICIPATION. UNDER THE COMMITTEE BILL, ANY HOUSEHOLD FOUND TO HAVE FRAUDULENTLY OBTAINED FOOD STAMPS MAY BE DISQUALIFIED FROM PARTICIPATION BUT THAT DISQUALIFICATION MAY BE FOR A PERIOD OF NO LONGER THAN ONE YEAR. THE SUBSTITUTE SPECIFIES THAT BEFORE A HOUSEHOLD IS DISQUALIFIED FROM PARTICIPATION, IT MUST HAVE BEEN FOUND TO HAVE FRAUDULENTLY OBTAINED FOOD STAMPS IN COURT OR BY A STATE AGENCY (WITH APPROPRIATE NOTICE AND HEARING SAFEGUARDS). THE ONE YEAR LIMIT ON DISQUALIFICATION IS RETAINED.

BY REQUIRING THAT A HOUSEHOLD BE FOUND TO HAVE FRAUDULENTLY OBTAINED FOOD STAMPS IN COURT OR THROUGH AN APPROPRIATE HEARING PROCEDURE, THE COMPROMISE PROPOSAL MAKES

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CLEAR THE PROTECTIONS AVAILABLE TO A HOUSEHOLD BEFORE IT IS DISQUALIFIED. THESE PROTECTIONS ARE IMPLICIT IN THE BILL'S LANGUAGE WHEN COUPLED WITH OTHER LANGUAGE IN THE ACT CALLING FOR "FAIR HEARINGS" AND APPEAL TO A COURT.

PILOT PROJECTS

THE THIRTEENTH PROVISION OF THE SUBSTITUTE DEALS WITH THE AUTHORITY FOR PILOT PROJECTS. THE COMMITTEE BILL PROVIDES BROAD, GENERAL AUTHORITY FOR THE SECRETARY OF AGRICULTURE TO CARRY OUT PILOT OR EXPERIMENTAL PROJECTS TO INCREASE THE PROGRAM'S EFFICIENCY AND IMPROVE THE DELIVERY OF BENEFITS. THE SUBSTITUTE RESTRICTS THE AUTHORITY OF THE SECRETARY SLIGHTLY BY PROHIBITING IMPLEMENTATION OF A PROJECT WHICH WOULD HAVE THE EFFECT OF REDUCING OR TERMINATING BENEFITS TO ELIGIBLE HOUSEHOLDS.

PILOT PROJECT -- ELIMINATING PURCHASE REQUIREMENT

THE FOURTEENTH DISTINCTION BETWEEN THE COMMITTEE BILL AND THE SUBSTITUTE DEALS WITH A PILOT PROJECT ON ELIMINATING THE PURCHASE REQUIREMENT. THE COMMITTEE BILL PROVIDES THE GENERAL AUTHORITY FOR EXPERIMENTAL PROJECTS BUT MANDATES NO SPECIFIC PROJECT. THE SUBSTITUTE MANDATES A PILOT PROJECT ON ELIMINATING THE PURCHASE REQUIREMENT. THIS WOULD BE A VERY DETAILED STUDY IN NOT FEWER THAN TEN STATISTICALLY SIGNIFICANT PROJECT AREAS AND WOULD REQUIRE A PROGRESS REPORT TO CONGRESS NOT LATER THAN MARCH 1 OF NEXT YEAR. THE

INFORMATION OBTAINED IN THE REPORT WOULD INCLUDE DATA ON PARTICIPATION RATES, CHANGES IN FOOD CONSUMPTION PATTERNS, IMPACT ON BENEFIT COSTS, ADMINISTRATIVE COSTS, AND OTHER OBSERVATIONS AND RECOMMENDATIONS THAT THE SECRETARY DEEMS APPROPRIATE. THE PURPOSE OF THE PILOT PROJECT WOULD BE TO OBTAIN INFORMATION ON THE EFFECT OF ELIMINATING THE PURCHASE REQUIREMENT ON PROGRAM COSTS AND FOOD EXPENDITURES BY RECIPIENTS.

STANDARD DEDUCTION FOR TERRITORIES

THE FIFTEENTH MAJOR ELEMENT OF THE COMPROMISE SUBSTITUTE DEALS WITH THE LEVEL OF THE STANDARD DEDUCTION FOR PUERTO RICO, THE VIRGIN ISLANDS, AND GUAM. UNDER THE COMMITTEE BILL, CITIZENS OF THESE THREE TERRITORIES WOULD BE ENTITLED TO THE FULL \$100 DEDUCTION PROVIDED FOR THE FIFTY STATES. THE SUBSTITUTE WOULD REDUCE THE STANDARD DEDUCTION IN THESE THREE TERRITORIES FROM \$100 TO \$60 PER MONTH. THIS ADJUSTMENT WILL REDUCE INDIVIDUAL HOUSEHOLD BENEFITS SLIGHTLY BUT IS JUSTIFIED IN LIGHT OF THE FACT THAT CITIZENS OF THESE TERRITORIES NOW CLAIM AVERAGE DEDUCTIONS MUCH LOWER THAN THE CONTINENTAL UNITED STATES. NO CHANGE WOULD BE MADE IN THE INCOME ELIGIBILITY GUIDELINES FOR PUERTO RICO, THE VIRGIN ISLANDS, OR GUAM AND THE O.M.B. POVERTY GUIDELINES WOULD, THEREFORE, APPLY.

MONTHLY INCOME REPORTING

THE SIXTEENTH MAJOR FEATURE OF THE SUBSTITUTE DELETES THE MONTHLY INCOME REPORTING PROVISION OF THE COMMITTEE BILL AND INSTEAD CODIFIES EXISTING REGULATIONS WHICH REQUIRE HOUSEHOLDS TO REPORT SIGNIFICANT CHANGES IN INCOME.

EVERY HOUSEHOLD UPON BEING CERTIFIED WOULD RECEIVE A SHORT "CHANGE OF INCOME" FORM ON WHICH TO REPORT CHANGES IN INCOME OR OTHER CIRCUMSTANCES WHICH WOULD EFFECT THEIR ELIGIBILITY. THIS FORM WOULD STATE CLEARLY AND IN SIMPLE LANGUAGE EXACTLY WHAT CHANGES WOULD HAVE TO BE REPORTED AND WHEN THESE CHANGES WOULD BE REQUIRED. THEN, WHEN A CHANGE IN INCOME OR OTHER CIRCUMSTANCES DID OCCUR, THE HOUSEHOLD WOULD BE REQUIRED TO RETURN THE COMPLETED FORM TO THE FOOD STAMP OFFICE.

THE METHOD OR REPORTING CHANGES IN HOUSEHOLD INCOME OR OTHER CIRCUMSTANCES HAS SEVERAL ADVANTAGES. IT INSURES THAT HOUSEHOLDS ARE INFORMED OF THEIR DUTY TO REPORT CHANGES AND GIVES THEM A CONVENIENT WAY TO DO SO. IT PROVIDES A WRITTEN FIGURE FOR CHANGES IN HOUSEHOLD CIRCUMSTANCES TO THE FOOD STAMP OFFICE FOR THEIR RECORDS. IN SHORT, IT WOULD REDUCE ERROR AT A COST FAR LESS THAN THE REQUIREMENT THAT EVERY HOUSEHOLD REPORT EVERY MONTH.

THESE ARE THE ESSENTIAL ELEMENTS OF THE SUBSTITUTE AMENDMENT . IT IS A SOUND REFORM PACKAGE WHICH RECOGNIZES THE NEEDS OF POOR PEOPLE WHILE RESPONDING TO THE LEGITIMATE PUBLIC OUTCRY OVER ABUSE OF THE FOOD STAMP PROGRAM. IF THE SENATE AGREED TO THIS SUBSTITUTE, NO LONGER WILL WE SEE INFLAMMATORY NEWSPAPER ADVERTISEMENTS OF FAMILIES MAKING \$16,000 A YEAR RECEIVING FOOD STAMPS. THE PROGRAM WILL BE TRULY A LOW-INCOME NUTRITIONAL SUPPLEMENT. ADMINISTRATIVELY, OPERATION OF THE PROGRAM WILL BE GREATLY ENHANCED. IT IS A COMPROMISE WHICH EVERY SENATOR CAN AND SHOULD SUPPORT.