

## FOOD STAMP PURCHASES BY WELFARE RECIPIENTS

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 SEPTEMBER 29, 1976.—Ordered to be printed
 

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Mr. LONG, from the Committee on Finance, submitted the following

## REPORT

[To accompany H.R. 13500]

The Committee on Finance, to which was referred the bill (H.R. 13500) to amend the Internal Revenue Code of 1954 with respect to influencing legislation by public charities, having considered the same, reports favorably thereon with an amendment and with an amendment to the title and recommends that the bill (as amended) do pass.

*House bill.*—As passed by the House, H.R. 13500 provided a new elective set of requirements for determining whether a charitable organization has engaged in excessive lobbying activities sufficient to cause it to lose its exemption and qualification for receiving deductible contributions. The substance of the bill has already been enacted by the Congress as part of H.R. 10612, the Tax Reform Act of 1976.

*Committee bill.*—The committee bill strikes out all after the enacting clause and instead substitutes an amendment dealing with food stamp purchases by welfare recipients.

Under a provision of Public Law 93-86, State welfare agencies were mandated to withhold, at the option of the recipient, the amount of the AFDC grant needed to purchase the recipient's food stamp allotment and to distribute the food stamp coupon allotment along with the reduced cash grant (usually by mail). The committee bill would add a provision to title IV-A of the Social Security Act to give the States the option of using this procedure instead of requiring it.

## II. GENERAL EXPLANATION OF THE BILL

In response to problems encountered by some States in implementing the mandatory requirement for Public Assistance Withholding (PAW) procedures, Public Law 94-182 allowed the Federal Government to make PAW procedures optional with each State until October 1, 1976. This action was taken in the expectation that major food

stamp legislation (including permanent provisions for PAW procedures at the option of the States) would be acted on before the October 1 extended deadline.

Both the Senate-approved (S. 3136) and House Agriculture Committee (H.R. 13613) food stamp bills include provisions making PAW procedures permanently optional with the States. However, it appears unlikely that final action on these bills will come before the October 1 deadline.

Although many States do use PAW issuance procedures successfully, some States and localities have found the provisions extremely difficult to implement. There is a serious problem in the mail issuance of readily negotiable food stamp coupons in urban areas where the probability of mail loss is high. Major design problems are met in attempting to coordinate State-run AFDC systems with locally run or contracted-out food stamp issuance systems. Many States, even though they utilize computers, encounter the costly problem of computer incompatibility between the AFDC and food stamp systems. The heavy additional cost of establishing computer capability to implement withholding or computer compatibility is a financial burden with which a number of States find they cannot cope. There is, in addition, strong opposition in some States to requiring that PAW issuance procedures operate in all areas of the State, rather than in those areas where the State feels these procedures would be most appropriate.

A recent House Agriculture Committee survey of State and local welfare administrators noted that:

A State option to offer PAW was overwhelmingly favored by State administrators. A concern about the possibility of mail theft in all or some localities appeared frequently in [the State administrators'] responses. State administrators also observed that not all States share the capability of an integrated computer system for public assistance and food stamps, a capability said to be necessary for PAW implementation. The need to take into account other variances in administrative systems was also cited. The local administrators also favored a State option (41 percent). They expressed concern over mail theft and spoke of difficulties in implementation because there are two different agencies administering two different programs with resulting difficulty in coordination.

To date, only 23 States and one other jurisdiction have fully implemented PAW issuance procedures for food stamp coupons. Ten other States have implemented the procedures in some of the counties of the State. However, 17 States and three other jurisdictions have not implemented PAW issuance procedures. The following shows the breakdown by State.

*States and jurisdictions with full implementation (24)*

Alaska, Arizona, Arkansas, Delaware, Guam, Hawaii, Idaho, Iowa, Kansas, Kentucky, Mississippi, Montana, New Mexico, North Carolina, Ohio, Oklahoma, Oregon, South Carolina, South Dakota, Utah, Virginia, Washington, West Virginia, and Wyoming.

*States with partial implementation (10)*

California, Colorado, Indiana, Maryland, Minnesota, New York, Tennessee, Texas, Vermont, and Wisconsin.

*States and jurisdictions without implementation (20)*

Alabama, Connecticut, the District of Columbia, Florida, Georgia, Illinois, Louisiana, Maine, Massachusetts, Michigan, Missouri, Nebraska, Nevada, New Hampshire, New Jersey, North Dakota, Pennsylvania, Puerto Rico, Rhode Island, and the Virgin Islands.

Under current law, the Agriculture Department will begin requiring that all States offer, statewide, PAW food stamp issuance procedures to AFDC recipients in October 1976. In view of the circumstances cited above, the committee believes that this requirement is unwarranted. The committee bill therefore would give States the option of offering PAW issuance procedures on a permanent basis. States could choose not to offer PAW procedures, offer them statewide, or offer them only in selected areas of the State. For those States choosing to offer PAW issuance procedures to AFDC recipients, the administrative cost of the procedures would continue to be governed by the Federal-State cost-sharing provisions of the Food Stamp Act, as amended.

The committee bill also provides that administrative costs incurred by States in conducting public assistance withholding procedures must be paid under the food stamp program.

### III. BUDGETARY IMPACT OF H.R. 13500

The Finance Committee estimates that the enactment of H.R. 13500 with the amendments recommended by the committee would be consistent with the budgetary totals included in the second concurrent resolution on the budget for fiscal year 1977.

Giving States the option of using public assistance withholding procedures is estimated to result in a savings in AFDC administrative costs of \$3 million in fiscal year 1977 and in the four subsequent fiscal years. For purposes of indicating the relationship between this bill and the allocation by the committee of budget totals for fiscal year 1977 pursuant to section 302(b) of the Congressional Budget Act, the Committee on Finance estimates that there would be an overall net reduction in Federal budget authority and outlays, of an entitlement nature amounting to \$3 million.

### IV. VOTE OF THE COMMITTEE IN REPORTING THE BILL

In compliance with section 133 of the Legislative Reorganization Act of 1946, the following statement is made relative to the vote by the committee on the motion to report the bill. The bill was ordered reported by voice vote.

### V. CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is

enclosed in black brackets, new matter is printed in *italic*, existing law in which no change is proposed is shown in roman) :

SOCIAL SECURITY ACT, AS AMENDED

\* \* \* \* \*

TITLE IV—GRANTS TO STATES FOR AID AND SERVICES  
TO NEEDY FAMILIES WITH CHILDREN AND FOR  
CHILD-WELFARE SERVICES

PART A—AID TO FAMILIES WITH DEPENDENT CHILDREN

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FOOD STAMP DISTRIBUTION

*Sec. 410. (a) Any State plan for aid and services to needy families with children may (but is not required under this title or any other provision of Federal law to) provide for the institution of procedures, in any or all areas of the State, by the State agency administering or supervising the administration of such plan under which any household participating in the food stamp program established by the Food Stamp Act of 1964, as amended, will be entitled, if it so elects, to have the charges, if any, for its coupon allotment under such program deducted from any aid, in the form of money payments, which is (or, except for the deduction of such charge, would be) payable to or with respect to such household (or any member or members thereof) under such plan and have its coupon allotment distributed to it with such aid.*

*(b) Any deduction made pursuant to an option provided in accordance with subsection (a) shall not be considered to be a payment described in section 406 (b) (2).*

*(c) Notwithstanding any other provision of law, no agency which is designated as a State agency for any State under or pursuant to the Food Stamp Act of 1964, as amended, shall be regarded as having failed to comply with any requirement imposed by or pursuant to such Act solely because of the failure, of the State agency administering or supervising the administration of the State plan (approved under this part) of such State, to institute or carry out a procedure, described in subsection (a).*

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