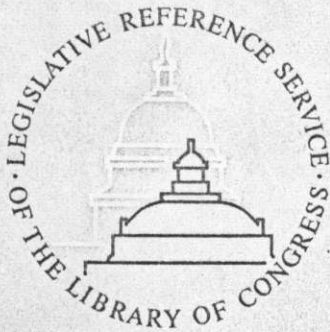


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BRIEF SUMMARY AND SECTION-BY-SECTION
ANALYSIS OF AMENDMENT NO. 582 (Simplified
Food Stamp Distribution for Recipients of
Family Assistance benefits or Aid to the
Aged, Blind, and Disabled) TO H.R. 16311,
THE FAMILY ASSISTANCE ACT OF 1970, AND
EXAMPLES OF POSSIBLE EFFECTS OF AMENDMENT
NO. 582

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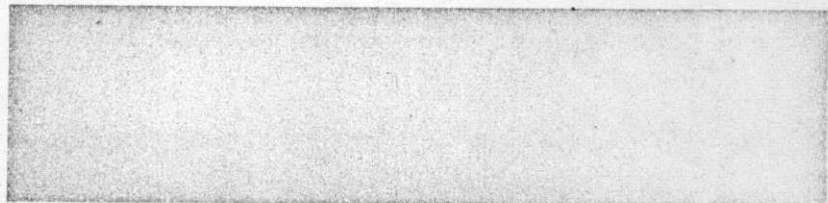


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INTRODUCTION

The advisability of coordinating the Food Stamp Program with the proposed Family Assistance Program is a subject that is currently being much debated, as is the extent and manner of any such coordination. It was therefore felt that a brief summary and a section-by-section analysis of Amendment No. 582 to the Family Assistance Act--an amendment which undertakes to coordinate the two programs and which was introduced by over 40 Members of the Senate--could be some contribution to the continuing discussion of alternative plans, and combinations of plans, to combat poverty in the United States. Towards that end, various hypothetical cases are also included, in which the benefits that could be received under this amendment are illustrated.

BRIEF SUMMARY OF AMENDMENT NO. 582

[Amendment No. 582 to H.R. 16311, the Family Assistance Act of 1970, was introduced in the Senate on April 10, 1970, by Senator George S. McGovern (D., S.Dak.) and 41 other Senators; it was then referred to the Senate Committee on Finance. On April 16, 1970, H.R. 16311 passed the House and was also referred to the Senate Finance Committee.]

Amendment No. 582 amends H.R. 16311 by adding to it a new title which provides that anyone eligible for family assistance or aged, blind, and disabled benefits will also be eligible for food stamps, and that such cash benefits and food stamps will be issued by the same agency at the same time. Anyone receiving stamps under this title will not be able to participate in either the regular Food Stamp Program or the Commodity Distribution Program, but if one chooses not to receive food stamps under this title, one may then, if eligible, participate in one of the other two food programs. The face value of the food stamps allotments issued to participants under this title will be equal to the amount determined necessary to enable them to purchase the Agricultural Research Service's "low-cost food plan" diet, minus a maximum of 25 percent of their income.* The

* (For example, a family of four [two adults and two preschoolers] is determined by the Agricultural Research Service's "low-cost food plan" to require \$114.40 a month to purchase an adequate diet, which is \$1372.80 a year. If the family has no other income than \$1600 in family assistance benefits, 25 percent of it--\$400--will be subtracted from \$1372.80 to yield total annual food stamp benefits of \$972.80. See pages 6-7.)

income of participants shall be such income as determines them eligible for family assistance or aged, blind, and disabled benefits, plus certain income excluded by H.R. 16311, plus the amount payable to them under family assistance or aid to the aged, blind, and disabled. (State supplemental benefits are not included as income.)

In order to carry out this title, the Department of Health, Education, and Welfare shall purchase food stamps from the Department of Agriculture, and an open-ended appropriation is authorized for that purpose.

SECTION-BY-SECTION ANALYSIS OF AMENDMENT NO. 582

Amendment No. 582 would add to the end of H.R. 16311 a new title-- Title V--which would in turn add to the end of the Social Security Act (42 U.S.C. 601 et seq.) a new title:

TITLE XX--SIMPLIFIED FOOD STAMP DISTRIBUTION FOR RECIPIENTS OF FAMILY ASSISTANCE BENEFITS OR AID TO THE AGED, BLIND, AND DISABLED

Sec. 2001. For each fiscal year, an open-ended appropriation ("...such sums as may be necessary...") is authorized by this section for the purposes of safeguarding the Nation's health through the utilization of its food abundance, providing low-income persons with adequate nutrition through food stamps, coordinating the distribution of

food stamps and cash assistance, and insuring that all eligible persons receive food stamps.

Eligibility for, and Amount of, Benefits

Sec. 2002. (a)(1) This subsection makes automatically eligible for food stamps any person or family who is eligible for family assistance or aid to the aged, blind, and disabled.

(2) Any person or family receiving food stamps under this Title is made ineligible by this subsection for food stamps under the Food Stamp Act and food commodities under other laws, except during situations deemed emergencies. Any person or family eligible for food stamps under this Title is allowed by this subsection to elect not to receive them, a choice which will not affect their eligibility to participate in any other food stamp or commodity distribution program.

(b)(1) This subsection provides that the face value of the food stamp allotment issued to any person or family eligible under this Title shall be equal to the amount the Agriculture Research Service of the Department of Agriculture determines necessary to enable them to buy the foods which

make up the Service's "low-cost food plan", minus a maximum of 25 percent of their income.

- (2) For the purposes of this Title, this subsection provides that a person's for family's income shall include such income as determines them eligible for family assistance or aid to the aged, blind, and disabled, plus amounts excluded from their income by various sections of H.R. 16311, plus the amount payable to them under family assistance or aid to the aged, blind, and disabled.
- (c) This subsection provides that any person or family eligible for food stamps under this Title shall be allowed to receive them, notwithstanding any other law or food distribution operation in the area of their residence.

Administration

Sec. 2003. (a)(1) The Department of Health, Education, and Welfare is required by this subsection to set the regulations necessary to insure that the Federal or State agency that disburses family assistance or aged, blind, and disabled benefits shall also issue, with the same frequency and in the same manner, the food stamp allotments for which a person or family is eligible under this Title.

- (2) HEW is prohibited by this subsection from approving any State plan that does not provide for the issuance of stamps as required by this Title. If it determines that stamps are not being distributed in accordance with this Title, HEW may invoke any authority or penalty available under this or any other law to insure that these provisions are carried out.
- (b) HEW is required by this subsection to purchase from the Department of Agriculture the food stamps to be distributed under this Title and to make them available to any Federal or State agency authorized to issue them. The Agriculture Department shall put into its food stamp redemption account an amount equal to the face value of the stamps bought by HEW.
- (c) The Agriculture Department is required by this subsection to take any actions necessary to insure that food stamp recipients under this Title are able to use the stamps as they would if they had received them under the Food Stamp Act. Such actions shall include the approval of retail and wholesale food concerns, the issuance of regulations concerning stamp redemption, and the settling of claims made by food concerns or banks in connection

with stamps issued under this Title. The sections of the Food Stamp Act dealing with administrative and judicial review and violations and enforcement shall apply to the food stamp program established under this Title.

- (d) This subsection provides that certain terms (coupon, coupon allotment, retail food store, wholesale food concern bank) shall have the same meanings under this Title as they have under the Food Stamp Act.
- (e) HEW is required by this subsection to reimburse, out of funds appropriated to it for the administration of this Title, the Agriculture Department for any expenses incurred in carrying out this Title.
- (f) This subsection requires that a section of the Social Security Act dealing with the penalties for false representations and fraud shall apply to benefit under this Title to the same extent that it applies to Federal old-age, survivors, and disability insurance benefits.

EXAMPLES OF POSSIBLE EFFECTS OF AMENDMENT NO. 582

Household composition	Annual Earnings	Other Earnings	Welfare Payments under H.R. 16311 1/	Food Stamp Benefits under Amendment No. 582 2/	Total Annual Income
family of four (two adults, two preschoolers)	none	none	\$1600.00	972.80	2572.80 <u>3/</u>
family of four (two adults, two preschoolers)	\$2400.00	none	760.00	582.80	3742.80 <u>4/</u>
family of six (a mother aged 20-35; boy 9-12; girl 9-12; three smaller children aged 1-3, 3-6, 3-9)	none	none	2200.00	1281.68	3481.68 <u>5/</u>
old-age couple	none	none	2640.00	114.00	2754.00
old-age couple	none	\$2352 (\$196 monthly social security benefits)	288.00	114.00	2754.00
blind single man, aged 35-55	none	none	1320.00	96.00	1416.00
disabled single woman, aged 35-55	none	none	1320.00	52.80	1372.80

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Footnotes on following page.

- 1/ A few States now provide lower levels of assistance under the program of Aid to Families with Dependent Children (AFDC) than what would be provided under the Federal part of the proposed Family Assistance Plan (\$1600 for a family of four with no other income). In such States, the amount shown in this column for families with children would be the total welfare payment. States which now have AFDC levels higher than \$1600 for a family of four would be required to supplement the Federal payments to maintain approximately the standards of January 1970. In such cases, the family's total annual income as shown in the last column would be increased by the amount of the State supplement. (There would be no reduction in the value of food stamps provided since State supplemental payments are not considered income under Amendment No. 582.)
- 2/ The food cost figures used in the derivation of the food stamp benefits listed below were taken from the December, 1969 "low-cost food plan" monthly cost estimates made by the Agricultural Research Service of the Department of Agriculture. The Research Service's complete food plan cost estimates appear on the following page.
- 3/ In North Carolina and other States not required to make supplemental payments, the amount shown here would be the actual total income. In Oklahoma (one of 22 States with present AFDC payments for a family of four in the \$2000-3000 range), there would be a State supplement of \$600 which would increase total annual income to \$3172.80. In Washington (one of 13 States with present AFDC payments for a family of four in the \$3000-4000 range), there would be a State supplement of \$2048 which would increase the total annual income to \$4620.80.
- 4/ In North Carolina, total annual income would be \$3742.80 as shown. In Oklahoma, there would be a supplement of \$340, bringing total annual income to \$4082.80. In Washington, there would be a supplement of \$1768, bringing total annual income to \$5510.80.
- 5/ State supplemental welfare payments comparable to those described in footnotes 3 and 4 would be payable in most States in addition to the \$3481.68 total income shown here.

COST OF FOOD AT HOME ESTIMATED FOR FOOD PLANS AT THREE
COST LEVELS, DECEMBER 1969, U.S. AVERAGE 1/

Sex-age groups <u>2/</u>	Cost for 1 week			Cost for 1 month		
	Low-cost plan Dollars	Moderate cost plan Dollars	Liberal plan Dollars	Low-cost plan Dollars	Moderate cost plan Dollars	Liberal plan Dollars
FAMILIES						
Family of 2:						
20 to 35 years <u>3/</u>	18.20	23.10	28.30	78.60	100.20	122.60
55 to 75 years <u>3/</u>	14.80	19.40	23.10	64.50	83.80	100.40
Family of 4						
Preschool children <u>4/</u>	26.40	33.60	40.80	114.40	145.80	177.10
School children <u>5/</u>	30.60	39.20	47.90	132.70	169.80	207.80
INDIVIDUALS <u>6/</u>						
Children, under 1 year	3.60	4.50	5.00	15.50	19.50	21.90
1 to 3 years	4.50	5.70	6.80	19.60	24.70	29.60
3 to 6 years	5.40	6.90	8.30	23.30	30.00	36.00
6 to 9 years	6.50	8.40	10.40	28.30	36.30	45.20
Girls, 9 to 12 years	7.40	9.60	11.20	32.20	41.60	48.60
12 to 15 years	8.20	10.60	12.80	35.40	46.00	55.50
15 to 20 years	8.40	10.50	12.50	36.20	45.60	54.20
Boys, 9 to 12 years	7.60	9.80	11.80	32.90	42.40	51.10
12 to 15 years	8.90	11.70	13.90	38.40	50.50	60.10
15 to 20 years	10.20	13.00	15.60	44.10	56.10	67.70
Women, 20 to 35 years	7.70	9.80	11.70	33.30	42.40	50.80
35 to 55 years	7.40	9.40	11.30	31.90	40.90	49.00
55 to 75 years	6.20	8.10	9.60	27.00	35.10	41.80
75 years and over	5.70	7.20	8.80	24.60	31.20	38.20
Pregnant	9.10	11.40	13.50	39.50	49.40	58.40
Nursing	10.50	13.10	15.30	45.70	56.80	66.40
Men, 20 to 35 years	8.80	11.20	14.00	38.20	48.70	60.70
35 to 55 years	8.20	10.50	12.80	35.50	45.30	55.30
55 to 75 years	7.30	9.50	11.40	31.60	41.10	49.50
75 years and over	6.80	9.10	11.00	29.60	39.60	47.70

Footnotes on following page.

- 1/ Estimates computed from quantities in food plans published in FAMILY ECONOMICS REVIEW, October 1964. Costs of the plans were first estimated by using average price per pound of each food group paid by urban survey families at 3 income levels in 1965. These prices were adjusted to current levels by use of Retail Food Prices by Cities, released by the Bureau of Labor Statistics
- 2/ Persons of the first age listed up to but not including the second age.
- 3/ 10 percent added for family size adjustment.
- 4/ Man and woman, 20 to 35 years; children 1 to 3 and 3 to 6 years.
- 5/ Man and woman, 20 to 35 years; child 6 to 9; and boy 9 to 12 years.
- 6/ Costs given for persons in families of 4. For other size families, adjust thus: 1-person, add 20 percent; 2-person, add 10 percent; 3-person, add 5 percent; 5-person, subtract 5 percent; 6-or-more-person, subtract 10 percent.

