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BY THE COMPTROLLER GENERAL
Report To The Congress
OF THE UNITED STATES

**Federal Domestic Food Assistance
Programs--A Time For Assessment And
Change**

The Department of Agriculture; the Department of Health, Education, and Welfare; and the Community Services Administration administer 13 major programs that provide food or food-related assistance to many Americans. This assistance, costing several billion dollars annually, has helped recipients achieve more adequate diets.

However, the piecemeal authorization and administration of these food programs, their rapid expansion over the last 10 years, and proposals for comprehensive welfare reform have created a need and an opportunity to examine the programs' interrelationships and overall effectiveness.

GAO's review shows benefit overlaps and gaps, eligibility differences, administrative inconsistencies, coordination problems, and insufficient nationwide data on program benefits and nutritional impact.

The report contains administrative and legislative recommendations addressing these problems.



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WASHINGTON, D.C. 20548

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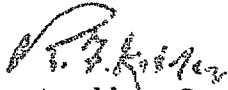
To the President of the Senate and the
Speaker of the House of Representatives

This report presents our recommendations for assessing and changing the benefit and administrative structures of the 13 major Federal domestic programs which provide food assistance to needy Americans. These programs are administered by the Department of Agriculture; the Department of Health, Education, and Welfare; and the Community Services Administration.

We made our review pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

We are sending copies of this report to the Secretaries of Agriculture and Health, Education, and Welfare; the Director, Community Services Administration; and the Director, Office of Management and Budget.

ACTING


Comptroller General
of the United States

COMPTROLLER GENERAL'S
REPORT TO THE CONGRESS

FEDERAL DOMESTIC FOOD
ASSISTANCE PROGRAMS--A TIME
FOR ASSESSMENT AND CHANGE

D I G E S T

Thirteen major Federal domestic programs, costing several billion dollars annually, provide food or food-related assistance to needy Americans. The programs most directly involving food are:

food stamps,	headstart,
school lunch,	elderly feeding, and
school breakfast,	food distribution to
special milk,	schools, charitable
child care food,	institutions, elderly
summer food,	feeding projects, disaster
special supplemental food	relief agencies, and
for women, infants, and	certain categories
children,	of needy persons.

There is also one technical assistance program--community food and nutrition--primarily designed to increase participation in other Federal feeding programs and two general cash assistance programs--aid to families with dependent children (AFDC) and supplemental security income (SSI)--designed to provide recipients with money for food and other basic needs.

Administered by the Department of Agriculture, the Department of Health, Education, and Welfare, and the Community Services Administration, these programs have helped many people obtain more adequate diets, and the Federal Government's responsibility to provide such assistance is generally recognized and accepted.

However, the large and accelerating costs of the programs, their piecemeal authorization and administration, and the reemerging issue of comprehensive welfare reform have created a need and an opportunity to examine the programs' interrelationships and their effectiveness. (See pp. 1 to 5.)

MULTIPLE PARTICIPATION--BENEFIT
OVERLAPS AND GAPS

Some low-income families participate simultaneously in as many as six different Federal programs providing food assistance. This multiple participation is specifically sanctioned in the legislation authorizing most food programs. As a result, some needy households could receive more in food benefits than the average amounts American families of comparable size spend for food. (See pp. 6 to 8.)

Benefits could potentially total as much as 230 percent of the amount a household would need to purchase a thrifty food plan diet (a low-cost food plan the Department of Agriculture has developed to provide most of the recommended dietary allowances established by the National Academy of Sciences). (See pp. 16 to 19.)

Of the 95 households in three low-income samples GAO analyzed, 60 participated in two or more Federal food assistance programs. Benefits for half of these 60 households exceeded the amounts needed to buy thrifty food plan diets--the amounts ranged from 104 percent to 192 percent. These percentages only reflect free program benefits and do not include recipient payments, such as those currently required to obtain food stamps. (See pp. 20 to 27.)

Typical overlaps in food assistance programs involved these combinations:

- Free school lunches and food stamps (using nationwide Department of Agriculture data, GAO estimates that this overlap results in . \$112 million additional cost to the Federal Government).
- The women, infants, and children program and such programs as food stamps and school lunch (additional cost not determinable).
- Free special milk and free or reduced-price school meals (estimated additional cost of \$39 million annually). (See pp. 27 to 31.)

In addition, food stamp allotments--the total value of food stamps a household could receive--alone

covered as much as 164 percent and as little as 82 percent of the cost of a thrifty food plan diet, depending on the ages and sexes of household members. Food stamp allotments are based on the thrifty food plan, and adjustments are made for differences in household sizes. However, no adjustments are made for the differing nutritional needs of household members of different ages or sexes. (See pp. 32 to 37.)

If such adjustments had been made by use of individualized food stamp allotments, about \$570 million less would have been paid out in food stamp benefits annually. (See p. 38.)

The executive branch does not periodically gather adequate data on all major food assistance programs. Consequently, the exact extent and amount of overall food benefit gaps and overlaps and the types of households most affected cannot be precisely measured nationwide. (See pp. 39 and 40.)

GAO's analyses focused on the amount of benefits certain households could receive--not the nutritional status of the household members or the nutritional value of the food they ate. Current data on the nutritional effectiveness of Federal food programs was not available. Studies should be undertaken to measure the nutritional impact of these programs.

If such studies show that many program participants do not receive adequate benefits, the savings resulting from, for example,

- individualizing food stamp allotments and/or
- considering benefits from one food program when determining eligibility and benefits in other programs

could be used to increase overall benefit levels. These types of changes would also allocate benefits more equitably than under the present system where some households might be getting more than they need while others are getting less.

INCONSISTENCIES AND OTHER PROBLEMS IN
ADMINISTERING FOOD ASSISTANCE PROGRAMS

Inconsistencies in the programs' legislation and regulations have resulted in different eligibility criteria and procedures. Also, although the programs are directed toward the needy, there is no uniform definition of what "needy" means for all programs. (See pp. 41 to 48.)

Different programs have different limits on participant incomes, as shown below for a four-person California household in June 1977.

<u>Program</u>	<u>Maximum income allowed</u>
Food stamp	\$ 6,636
AFDC	5,064
School lunch, school breakfast, special milk, and child care food	7,130 (free) 11,110 (reduced price)
Headstart	5,850
Women, infants, and children	10,128
SSI	a/3,022

a/Participation in the SSI program is based on the eligibility of individuals and couples, rather than households.

Inconsistencies in income exclusions are illustrated below.

<u>Program</u>	<u>Exclusion</u>
Food stamp	Earnings of a child under 18 who is a student.
AFDC	Earnings of a child under 14 and a child receiving AFDC who is either a full-time student or a part-time student not working full-time.
SSI	Earnings of a child not to exceed \$1,620 per calendar year.

School lunch, No provision.
school breakfast,
special milk,
child care food,
headstart, and
women, infants,
and children

Such inconsistencies create situations where a family could qualify for one program (like food stamps) but have too much income to qualify for another program (like free school lunch). (See pp. 47 and 48.)

Income verification requirements and accounting periods used to measure applicant income also vary considerably, as do rules on assets in the three programs (food stamps, AFDC, and SSI) that take an applicant's total resources into consideration when determining eligibility. (See pp. 48 to 57.)

Little program coordination exists at the local level for referring potential recipients to other programs or removing ineligible from all program rolls. (See pp. 57 to 59.)

LACK OF ADEQUATE DATA ON THE NUTRITIONAL EFFECTIVENESS OF FEDERAL FOOD PROGRAMS

Both the Congress and the executive branch need better, more timely nationwide information for determining the proper level of program benefits, the interrelationships of various food assistance programs in providing such benefits, and the nutritional effectiveness of these programs. (See pp. 59 to 61.)

RECOMMENDATIONS TO THE EXECUTIVE BRANCH

The Secretary of Agriculture, together with the Secretary of Health, Education, and Welfare, and the Director, Community Services Administration, should

- determine, on a priority basis, the precise extent of current benefit overlaps and gaps among the major Federal food assistance programs;
- develop and carry out a coordinated and timely way to measure the nutritional status of Americans and use this data to evaluate the effectiveness of Federal food assistance efforts;

- propose consistent income and asset eligibility requirements and procedures for the Federal food assistance programs and study the effects of such requirements and procedures on program participation, costs, and work incentives;
- establish demonstration projects to test administrative procedures for individualized food stamp allotments;
- study the feasibility of (1) considering benefits from one Federal food program when determining eligibility and benefits in other Federal food programs and (2) consolidating certain administrative aspects of designated food programs at the local level;
- explore alternatives to present food delivery systems in the women, infants, and children program;
- provide mechanisms to make sure that persons in need of, or receiving, specific benefits from one program are aware of and referred to other food programs that they are eligible for; and
- study ways to encourage the exchange of information among local food program administrators to assist them in identifying potential or ineligible recipients. (See pp. 64 and 65.)

RECOMMENDATIONS TO THE CONGRESS

GAO recommends that the Congress

- on the basis of the executive branch's study and proposals involving consistent income and asset program standards, adopt a uniform income and asset definition of the term "needy" and establish consistent criteria and procedures for determining who is eligible for Federal food assistance;
- approve an explicit national policy on how much food assistance should be provided to needy Americans by the Federal Government;
- consolidate certain Federal food programs;

--authorize the Secretary of Agriculture to implement individualized food stamp allotments nationwide, if the recommended demonstration projects show the administrative feasibility of such allotments;

--on the basis of the results of the executive branch's feasibility study, eliminate duplicative benefits by allowing consideration of benefits from one Federal food program when determining eligibility and benefit levels under others; and

--also on the basis of the results of the executive branch's feasibility study, require a single State/local agency to be responsible for certain administrative aspects of designated Federal food programs to help assure a more efficient delivery of food assistance to needy Americans. (See pp. 66 and 67.)

Certain GAO recommendations to the Congress and the executive branch would have to be modified or dropped if comprehensive welfare reform is enacted. (See pp. 67 and 68.)

AGENCY COMMENTS

Commenting on this report, the Departments of Agriculture and Health, Education, and Welfare criticized the report's methodology and disagreed with several of its principal recommendations. (See pp. 68 to 84 for these comments and GAO's response.)

In its comments the Community Services Administration stated that it agreed with the recommendations to reduce duplication and increase the efficiency of Federal feeding programs, but cautioned that great care must be taken to avoid reducing the total level of nutrition to the poor. (See p. 84.)

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ABBREVIATIONS

AFDC	aid to families with dependent children
GAO	General Accounting Office
HEW	Department of Health, Education, and Welfare
SSI	supplemental security income
WIC	special supplemental food program for women, infants, and children

CHAPTER 1

INTRODUCTION

Over the last 40 years, the Congress has enacted a series of laws creating programs to provide food assistance to Americans. From the food distribution program initiated in the mid-1930s to the more recent special supplemental food program for women, infants, and children (WIC), the Congress has demonstrated its intent to help Americans achieve more nutritious diets.

Thirteen major Federal domestic programs provide some form of food or food-related assistance to recipients. The programs most directly involving food are food stamps; school lunch; school breakfast; special milk; child care food; headstart; summer food; WIC; elderly feeding; and food distribution to schools, charitable institutions, elderly feeding projects, disaster relief agencies, and certain categories of needy persons. There is also one technical assistance program--community food and nutrition--primarily designed to increase participation in other Federal feeding programs, and two general cash assistance programs--aid to families with dependent children (AFDC) and supplemental security income (SSI)--designed to provide recipients with money for food and other basic necessities.

In fiscal year 1967 domestic food assistance programs cost the Federal Government \$664.4 million--this excludes the AFDC, SSI, and headstart programs for which we could not obtain separate food costs. The cost of food assistance programs (again excluding AFDC, SSI, and headstart) rose to \$3.4 billion in fiscal year 1972 and to \$8.4 billion in 1976. (App. I contains detailed descriptions of the 13 programs covered in this report, including information on authorizing legislation, nutritional goals, benefit levels, organizational relationships, program development, and fiscal year 1976 funding.)

REASONS FOR THIS REVIEW

The food assistance programs have helped many Americans obtain more adequate diets, and the Federal Government's responsibility to provide such assistance to needy individuals and families is generally recognized and accepted. However, the accelerating costs associated with the food assistance programs, the ways in which these programs were authorized and are now administered, and the reemerging

issue of comprehensive welfare reform raise important questions on the interrelationships of the food assistance programs. Our review, therefore, centered on these interrelationships and on potential gaps or overlaps in program benefits, differences in eligibility criteria and procedures among the various programs, and some considerations for consolidating or streamlining administration of the programs.

PIECEMEAL AUTHORIZATION AND ADMINISTRATION

The 13 food assistance programs were authorized and amended at various times. Most are categorical programs directed at specific segments of the U.S. population--the poor, the young, the disabled, the elderly--although food stamps is a noncategorical program aimed at needy persons in all age groups.

The piecemeal manner in which these programs have evolved has created a complex administrative structure involving different nutritional goals and funding schemes and encompassing various combinations of Federal, State, and local agencies that, for the most part, dispense food benefits independently. (See chart on p. 3.) This complex administrative structure, based on separate authorizing legislation and regulations, causes possible overlaps of benefits and functions, inconsistent administrative procedures, and confusion for applicants who attempt to find out what programs are available to them.

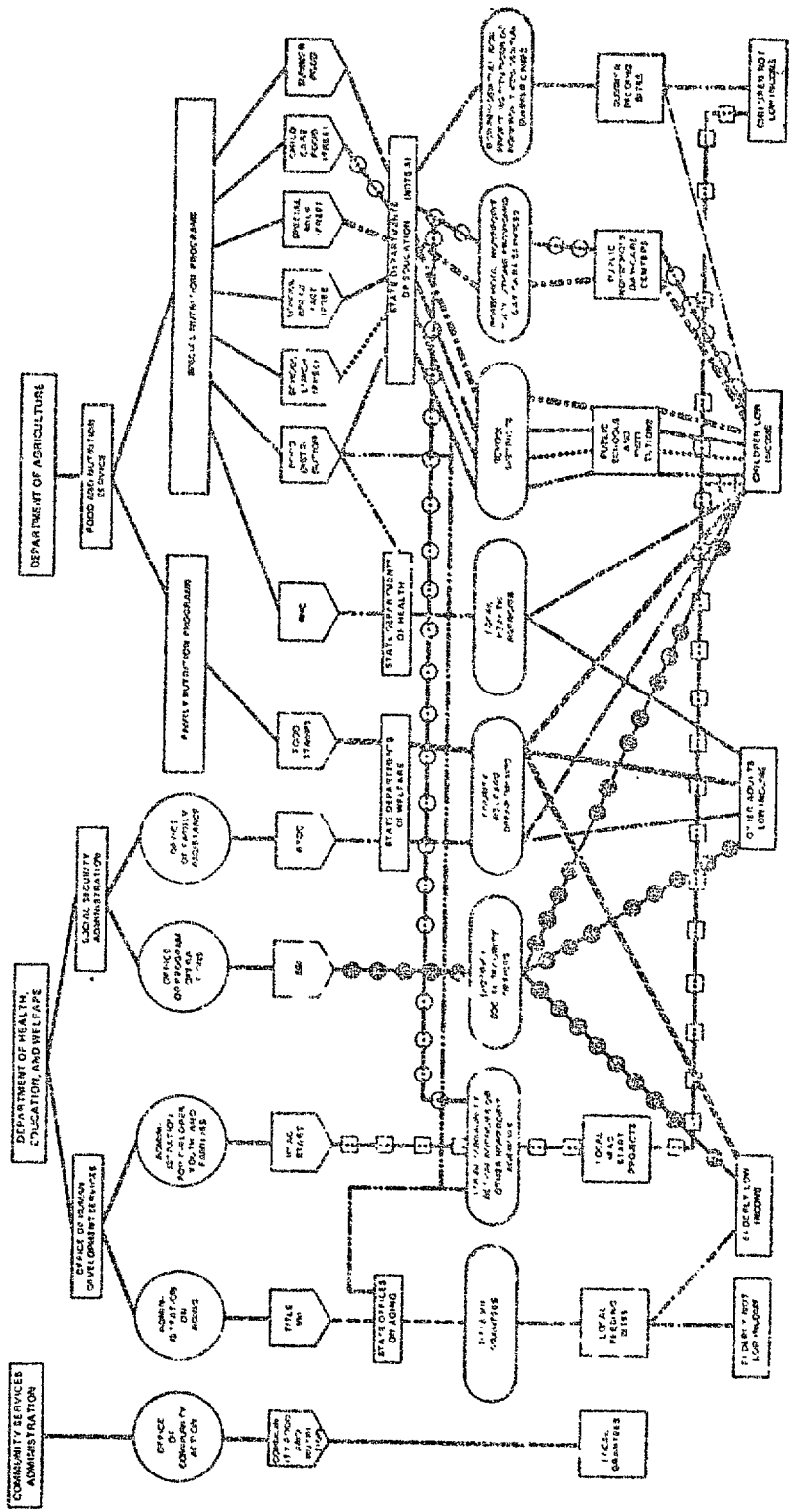
PROGRAM EXPANSION: 1967 to 1976

Federal food assistance funding increased thirteenfold ^{1/} from fiscal year 1967 to fiscal year 1976. (See app. II.) Among the contributing factors were:

- Increased public concern in the late 1960s and early 1970s for Americans suffering from malnutrition, as exemplified when in May 1969 the President pledged "an end to hunger in America itself for all time."
- Authorization of five new programs since 1967: community food and nutrition, title VII nutrition program

^{1/}This increase in Federal funding becomes sevenfold if fiscal year 1976 expenditures are adjusted to recognize the effects of general price inflation since 1967.

MAJOR FEDERAL PROGRAMS PROVIDING FOOD ASSISTANCE --
 PRINCIPAL ADMINISTRATIVE RESPONSIBILITY AND BENEFIT FLOW



SOURCE: OFFICE OF COMMUNITY ACTION AND RURAL DEVELOPMENT SERVICES, APRIL 1970, PP. 6-10

FOR MORE INFORMATION, CONTACT THE OFFICE OF COMMUNITY ACTION AND RURAL DEVELOPMENT SERVICES, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE, WASHINGTON, D.C. 20445

for the elderly, WIC, and both child care food and summer food service for children. Combined, these programs accounted for fiscal year 1976 expenditures of \$626.5 million.

--Expansion of program participation and funding due to legislative changes (1) mandating nationwide coverage and eligibility standards and (2) increasing Federal cash and commodity assistance to States. Benefits and payment levels for most programs are now adjusted annually or semiannually based on changes in the Department of Labor's Consumer Price Index for food, which increased by about 80 percent between 1967 and 1976 and by about 50 percent between 1971 and 1976.

--Expansion of program participation (and, in turn, program funding) due to the effects of the 1974-75 recession. Rising food prices, general price inflation, and high unemployment during those 2 years increased the demand for Federal food assistance. The Congressional Budget Office estimated that, based on recent experience, a 1 percentage point change in the overall unemployment rate would cause the number of food stamp nonpublic assistance households to change by 628,000 persons.

According to the Department of Agriculture, the level of future expenditures for Federal food assistance programs will primarily depend on the rate of food price increases, changes in the unemployment rate, and any changes that might occur in program legislation. Agriculture stated that, in terms of dollars adjusted for inflation, its food program budget no longer appears to be growing at a significant rate. However, we believe that important increases could occur, given the potential for expansion in both the WIC and school breakfast programs and the likely expansion of the food stamp program if economic conditions worsen.

REFORM ISSUES

Recently enacted legislation and recently proposed legislation, if enacted, will cause substantial changes in certain food assistance programs. For example, the Food Stamp Act of 1977 (Public Law 95-113, title XIII, 91 Stat. 913, 958) extended the food stamp program 4 years; eliminated the purchase requirement whereby most participating households spent some of their income to buy food stamps; adopted the Office of Management and Budget's poverty guidelines as the program's income standards--thereby lowering the program's

net income eligibility levels; established a \$60-per-month standard deduction from a household's gross income in determining net countable income for food stamp purposes; eliminated some existing food stamp itemized deductions; and ended automatic food stamp eligibility for AFDC and SSI households. 1/

The President's welfare reform proposal of August 1977 would incorporate the food stamp, AFDC, and SSI programs into a new work benefit and income support system for needy families. 2/ However, neither the enacted legislation nor the proposed legislation deals with the entire array of food assistance programs or all the potential gaps and overlaps in both their benefit and administrative structures. Information in this report should be helpful to the Congress in assessing the full effect of food assistance programs, gauging their relationship to comprehensive welfare reform, and identifying areas where additional data is needed.

1/Agriculture estimates that the provisions of the Food Stamp Act of 1977 will be implemented around the end of 1978. Food stamp regulations in effect during our review were implemented before enactment of the 1977 act.

2/Most of the fieldwork and analysis for this report occurred before the announcement of the specific aspects of the President's welfare reform plan (as proposed in H.R. 9030 and S. 2084, introduced in Sept. 1977 during the first session of the 95th Congress). Consequently, the information and conclusions in chapters 2 and 3 do not recognize the potential effects of comprehensive welfare reform, although the proposed reform legislation does seek to eliminate the administrative fragmentation and procedural inconsistencies noted in this report among the food stamp, AFDC, and SSI programs. Chapter 4 contains a section showing how certain of our recommendations to the Congress and the executive branch would be modified or deleted if comprehensive welfare reform is enacted.

CHAPTER 2

BENEFIT GAPS AND OVERLAPS IN THE FEDERAL PROGRAMS

PROVIDING FOOD ASSISTANCE

Previous studies of participation in Federal food assistance programs have shown that many low-income Americans participate in two or more such programs. Our analyses of actual and potential program participation indicated that some low-income families participate or could participate simultaneously in up to six different Federal programs providing food assistance.

Multiple participation is implicitly recognized in the authorizing legislation of most food programs. In general, this legislation prohibits benefits under one program from being considered in determining eligibility and benefits under other programs. Because of multiple program participation, the objective of assuring more nutritious diets for needy households could be exceeded in terms of the cash and in-kind assistance the households receive. In some cases certain households could receive more food benefits than similar-sized American families, on the average, spend for food.

Also, our analyses of program benefit data from two Department of Agriculture studies involving nationwide, randomly selected samples of food stamp recipients showed that the way food stamp benefits are calculated gives many food stamp households substantially more, and other food stamp households substantially less, than the means necessary to obtain more nutritious diets.

Multiple program participation and the benefit gaps and overlaps within the food stamp program itself point up the need to reassess the benefit structures of Federal food assistance programs. Although further study will be necessary before major changes can be effectively implemented, we believe that the need for such changes is already apparent. We further believe that the general outline of any proposal for change should include fewer categorical food assistance programs and a more equitable allocation of benefits.

Our analyses on household participation in Federal food assistance programs involved the amount of benefits certain households could receive--not the nutritional status of the household members or the nutritional value of the food they ate. Current data on the nutritional effectiveness of Federal food programs was not available. Studies should be made to measure the nutritional impact of these programs.

If such studies show that many food program participants do not receive benefits adequate to their needs, a more equitable distribution of benefits could help alleviate this situation by generating program savings that in turn could be used to increase the overall level of benefits. For example, individualizing food stamp allotments and/or considering benefits from one food program when determining benefits for other food programs could generate substantial savings and would allocate benefits more equitably than the present system, where some households might be getting more than they need while others are getting less.

PROGRAM LEGISLATION

The laws authorizing most Federal food assistance programs tend to encourage multiple participation because they prohibit consideration of benefits received under one program from being considered as income or resources when determining benefits under other programs. The following examples illustrate this point.

Section 8(b) of the Food Stamp Act of 1977,
Public Law 95-113, title XIII, 91 Stat. 913, 958,
968 (7 U.S.C. 2017)

"The value of the allotment provided any eligible household shall not be considered income or resources for any purpose under any Federal, State, or local laws, including, but not limited to, laws relating to taxation, welfare, and public assistance programs * * *."

Section 12(e) of the National School Lunch
Act, as amended (42 U.S.C. 1760(e))

"The value of assistance to children under this Act shall not be considered to be income or resources for any purpose under any Federal or State laws, including laws relating to taxation and welfare and public assistance programs."

Section 11(b) of the Child Nutrition Act of
1966, as amended (42 U.S.C. 1780(b))

"The value of assistance to children under this Act shall not be considered to be income or resources for any purpose under any Federal or State laws including, but not limited to, laws relating to taxation, welfare, and public assistance programs."

Section 709 of the Older Americans Act of 1965,
as amended (42 U.S.C. 3045(h))

"No part of the cost of any project under this subchapter may be treated as income or benefits to any eligible individual for the purpose of any other program or provision of State or Federal law."

Income from the AFDC and SSI cash assistance programs, where applicable, is considered when determining program eligibility or benefit amounts for other Federal food assistance programs.

As will be discussed in later sections, the effect of these legislative prohibitions varies, depending on which programs individuals choose to participate in and the levels of benefits provided by the programs involved.

Our analysis of the legislative history of various Federal food assistance programs indicated that, in general, the Congress has not formally addressed the question of benefit duplications among the programs. However, the laws authorizing food programs, together with the legislative prohibitions listed above, indicate that the Congress has expanded Federal food assistance on all fronts instead of creating one program at the expense of another. We believe that, because of increased participation, cost, and complexity, the time has come to assess the effect of Federal food assistance programs, reexamine the implications of benefit overlaps (and gaps), and restructure the programs where opportunities to eliminate benefit inequities exist.

PREVIOUS STUDIES OF PARTICIPATION IN
FEDERAL FOOD ASSISTANCE PROGRAMS

Previous studies by the Congress, our Office, Agriculture, and others have dealt with broad issues concerning Federal and non-Federal programs providing cash and in-kind benefits (including food assistance) to eligible Americans. We believe that these studies, taken together, generally reinforce the findings of multiple program participation and benefits we developed from our more recent analyses of participation in Federal food assistance programs--as discussed in subsequent sections of this report.

1. "Public Income Transfer Programs: The Incidence of Multiple Benefits and the Issues Raised by Their Receipt" (Apr. 1972, revised Dec. 1973)

This study, prepared by the staff of the Subcommittee on Fiscal Policy of the Congressional Joint Economic Committee, disclosed that in fiscal year 1972 public income transfer programs were expected to pay \$100 billion in benefits to the 119 million persons participating in such programs. These figures represented about 60 million different individuals each receiving, on the average, benefits from at least two programs. More specifically, the study used existing program data for fiscal year 1971 to estimate that

--33 percent of both food stamp and food distribution households had children receiving free or reduced-price school lunches; and

--44 percent of AFDC families also received medicaid benefits, food stamps (or food distribution), and free or reduced-price school lunches.

The study noted, however, that an information gap existed on program overlaps. One conclusion was that, although no wrongdoing was implied when persons used benefits to which they were legally entitled, multiple benefit eligibility required maintenance of similar beneficiary records by many different agencies, increased the workload in agency auditing procedures, and often required recipients to deal regularly with several physically separate bureaucracies.

2. "How Public Welfare Benefits Are Distributed in Low-Income Areas" (Mar. 1973)

This study reported the results of work we did for the Joint Economic Committee's Subcommittee on Fiscal Policy. The study was based on a random sample of 1,758 households residing in low-income areas from six different localities: five cities and one group of rural counties. The records of 100 Federal, State, and local programs (food assistance as well as other types) were examined to determine whether any members of the sampled households participated in them.

The study revealed that 1,059 households received benefits in 144 unique combinations. Those receiving only one benefit were atypical, since about two-thirds of all beneficiary households received more than one benefit and about one-fifth benefited from five or more different programs. A tabulation of data from this study showed that 34 percent of 198 households getting food stamps also had children

receiving free school lunches. The study concluded that certain types of households were more likely than others to receive multiple benefits. These included large households, those with dependent children, and those with household heads age 65 or over.

3. "National Survey of Food Stamp and Food Distribution Program Findings on Income Sources and Amounts and Incidence of Multiple Benefits" (Dec. 1974)

This study, undertaken by Agriculture at the request of the Joint Economic Committee's Subcommittee on Fiscal Policy, is sometimes referred to as the "Chilton Study," because Chilton Research Services collected and tabulated the survey data. The study, based on a nationwide sample in which personal interviews reflecting November 1973 data were completed for 2,191 food stamp and 2,364 food distribution households, found that sample households received benefits from an average of three major Federal income transfer programs. As shown below, those households receiving benefits from five or more programs accounted for about 11 percent of food stamp households and about 15 percent of food distribution households. One-program households (that is, those receiving benefits from only the food stamp or food distribution program) accounted for about 7 percent of food stamp and 4.5 percent of food distribution households.

Number of programs from which benefits were received	Households		Percent	
	Food stamp	Food dis- tribution	Food stamp	Food dis- tribution
1	134	64	6.7	4.5
2	587	343	29.3	24.0
3	628	482	31.6	33.8
4	427	331	21.5	23.2
5	176	174	8.9	12.1
6	30	28	1.5	2.0
7	5	6	0.3	0.4
8	1	0	0.0	0.0
Total	<u>a/1,988</u>	<u>a/1,428</u>		

a/Excludes those households in the total sample which did not participate in either the food stamp or food distribution program during November 1973.

The four major income transfer sources, which accounted for nearly two-thirds of the total, were AFDC, medicaid, social security, and food stamps (or food distribution). School

lunches were the most frequently received benefit for food stamp households--38 percent of such households had one or more children who also participated in the school lunch program.

<u>Income transfer sources</u>	<u>Percent of food stamp households</u>
School lunch	a/38.1
AFDC	36.6
Medicaid	30.0
SSI	14.1
Special milk	13.1
School breakfast	6.6
Supplementary food	2.4
Special food service (now child care food and summer food)	1.2

a/A subsequent report by Agriculture indicated that, of the approximately 38 percent of food stamp households with one or more children receiving school lunches, 37 percent received free lunches and 1 percent received paid lunches.

4. "Observations on the Food Stamp Program"
(RED-75-342, Feb. 28, 1975)

This GAO report concluded, among other things, that automatic food stamp eligibility for AFDC households perpetuated an inequity by allowing AFDC households, in some cases, to have incomes exceeding the food stamp program's maximum income eligibility levels for households in which all members did not receive public assistance (roughly half of all food stamp recipients). The report recommended that food stamp regulations be revised to eliminate the inconsistencies in program income criteria to assure the equitable treatment of all people who wish to participate in the program. The Food Stamp Act of 1977 eliminated automatic food stamp eligibility for AFDC and SSI households. (See pp. 47 and 48.)

5. "A Report in Accordance With Senate Resolution 58" (July 1975)

This report was prepared by Agriculture's Food and Nutrition Service for the former Senate Committee on Agriculture and Forestry. One chapter of the report centered on the relationship of the food stamp program to other Federal programs and included the Chilton Study results.

According to the report, persons participating in the food stamp program (which is to provide assistance sufficient for a household to obtain a more nutritionally adequate diet) might be receiving duplicate benefits from enrollment in various "overlapping" federal food programs, such as school breakfast, special milk, and WIC. The report stated that probably the best case for overlapping food program benefits could be made for the food stamp and school lunch programs. According to the Food and Nutrition Service

--school lunches are provided at a time and place that make it inconvenient to depend on household food supplies;

--school lunches provide more adequate nutrition than bag lunches; and

--1970 amendments to the National School Lunch and Child Nutrition Acts stated that all school children should have access to school lunches, and those children unable to pay for their meals should receive them free or at a reduced price.

The report pointed out that the monetary value of school lunches could add considerably to the Federal food assistance received by food stamp households. For a family of four that had two children in school receiving free lunches and also received the nationwide average food stamp bonus value, ¹/_{the additional benefits from free school lunches potentially added 26 percent to the food assistance received through bonus food stamps during fiscal year 1974.}

6. "Evaluation of School Lunch and School Breakfast Programs in the State of Washington" (Sept. 1975)

This study, prepared for the Food and Nutrition Service by Washington State University personnel, involved a sample of 1,007 households with elementary-school-age children in various school districts in the State of Washington. The sample was stratified toward low-income families. The study concluded that, during 1972-73, 85 percent of the 254 sampled households that received food stamps also had children getting free school lunches. This percentage increased to 95

¹/_{The food stamp bonus value is the difference between the face value of food stamps and their purchase price.}

percent when food stamp households living in the one school district in the study that did not have a school lunch program were excluded from the analysis.

In addition, the study stated that the school lunch program contributed between 28 and 47 percent of the total energy and nutrient intake of participating children. The study also indicated that the 254 sample households receiving food stamps in 1972-73 averaged about \$204 as the total value of food obtained monthly, with bonus food stamps and free lunches accounting for \$91 (45 percent) of this total; the balance was supplied by the food stamp purchase requirement and other out-of-pocket outlays by the households. (The study contained little information on the school breakfast program because only about 2 percent of the sample households participated in the program.)

7. "Title VII Survey" (Apr. 1976)

In this study, the staff of the former Senate Select Committee on Nutrition and Human Needs estimated that, on the average, 30 percent of the participants in the nutrition program for the elderly--authorized by title VII of the Older Americans Act of 1965--also received food stamps.

8. "Toward Efficiency and Effectiveness in the WIC Delivery System" (Apr. 1976)

This study was prepared for the Food and Nutrition Service by the Urban Institute and was based on an April 1975 survey of 96 WIC clinics and 3,600 WIC participants. The study showed that about half the sampled WIC recipient households received food stamps. Using program data from February 1977, we inferred from this estimate that about 5 percent of all food stamp households also participated in WIC.

The study also indicated that 31 percent of the WIC households in the survey had one or more children being served either free or reduced-price lunches at school, and 7 percent of the households in the survey had at least one child being served free or reduced-price breakfasts at school.

9. "Characteristics of Food Stamp Households, September 1975" (May 1976)

On the basis of September 1975 data for a nationwide random sample of 10,855 food stamp households living in the

continental United States or Hawaii, the Food and Nutrition Service reported that 42 percent of the households surveyed received AFDC income and 17 percent received SSI income. The study, however, did not cover participation in other Federal food assistance programs.

10. "Multiple Welfare Benefits in New York City" (Aug. 1976)

This study, prepared by the Rand Corporation under a grant from the Department of Health, Education, and Welfare (HEW), drew its findings from a 17-percent sample of all AFDC cases on the New York City welfare rolls in December 1974 (42,450 cases surveyed). The study stated that:

- The average AFDC case received \$6,088 in total annual income from all identifiable sources in 1974. Nearly \$3,400 was received from the basic AFDC assistance payment and shelter allowance, \$1,600 from medicaid benefits, \$500 from food stamp bonuses, \$128 in social services, and \$460 from nonwelfare income.
- 66 percent of the AFDC cases studied had been on the rolls continuously for 3 or more years, 26 percent had been on continuously for less than 3 years, and 8 percent were on welfare intermittently during the 3-year period studied.
- The receipt of cash and in-kind income raised the average AFDC case in New York City over the Federal poverty level. However, 10 to 20 percent of the sampled cases failed to achieve this level.
- Data from similar studies in Michigan and California showed that New York City welfare benefits and other income were slightly higher than in Michigan but about in line with those received in California.

One of the study's principal conclusions was that the provision of multiple benefits provided the means for many, but not all, welfare families in New York City to live at an income level above the federally defined poverty level. The study did not cover Federal food assistance programs other than food stamps and AFDC.

11. "Overlapping Food Programs--Alternatives" (Dec. 1976)

This unofficial paper, prepared by Food and Nutrition Service staff and submitted to the Office of Management and

Budget and the Congressional Research Service, stated that duplicate or overlapping benefits between the food stamp program and other Federal food assistance programs should be minimized to (1) eliminate double costs to the taxpayer and (2) end the benefit inequities among certain households with equal needs. The paper said there currently were no good official estimates of the amount of overlapping food benefits. But it estimated, using data from the Service's September 1975 survey of the characteristics of food stamp households, that there were 6.8 million school-age children in food stamp households with monthly incomes below the income eligibility limit for free or reduced-price meals under the school lunch program.

The paper listed the following alternatives to remedy the problem of benefit overlaps between food stamps and the other feeding programs administered by the Service (for example, school lunch, school breakfast, summer feeding, child care food, and WIC):

- Eliminate the other Service feeding programs that cause the overlap with food stamps.
- Eliminate the other Service feeding programs but increase food stamp benefits for certain families.
- Count the value of food received under the other Service feeding programs as income for food stamp purposes.
- Reduce the food stamp benefits by the value of the additional food consumed as a result of participation in other Service feeding programs.
- Offer a choice of programs or mix of benefits for food stamp households that wished to participate in other feeding programs--with a corresponding reduction in food stamp benefits for households that take part in other programs.
- Eliminate free Service feeding programs by requiring all children to pay something for their meals, but allow children of food stamp households to pay for their meals with food stamps.
- Do nothing now, maintain the present system (with its overlaps), and wait for the development of an Administration policy on welfare reform.

The paper recommended that the last alternative be adopted, citing political and administrative problems in implementing the other alternatives.

ANALYSES OF BENEFITS UNDER
MULTIPLE PROGRAM PARTICIPATION

Potential for receiving too much or too little

We analyzed potential program participation by seven types of hypothetical low-income households, based primarily on program availability in Oakland, California, during spring 1976. (See app. III for household income assumptions, a description of the cash and in-kind values we used to estimate food benefits, and comments by Agriculture and HEW questioning the way we calculated certain benefits.) As shown in the table on p. 18 on potential participation, the programs could provide benefits ranging from 21 percent to 230 percent of a household's estimated food needs.

For the purposes of this report, we defined food needs and similar terms as the recommended dietary allowances set forth by the National Academy of Sciences' Food and Nutrition Board. The cost for a household to obtain a more adequate diet is defined as the cost of Agriculture's thrifty food plan for the particular household. (See pp. 33 and 34 and apps. I, IV, and V.) The thrifty food plan is the least costly of four Agriculture food plans. Each plan specifies quantities of foods of different costs and types, covering 21 meals per week prepared at home for each household member which will, if the plan is followed, provide most of the National Academy of Sciences' 1974 recommended dietary allowances. These allowances are the levels of intake scientifically considered to be adequate to meet the known nutritional needs of healthy persons.

Criticism had been raised that only a person specifically trained in food selection and preparation could use the thrifty food plan to obtain a diet meeting 100 percent of the recommended dietary allowances. However, there seems to be a lack of adequate current data to either support or refute such criticism. An evaluation of the thrifty food plan was outside the scope of this review. ^{1/}

^{1/}Agriculture raised objections to our use of the thrifty food plan in the report--see pp. 81 and 82 for the specific objections and our response.

The following table presents the results of our analysis of potential program participation by seven hypothetical families. The percentages of food needs provided by multiple benefits, as shown in the table, would be higher if the households' entire food stamp allotments, and not just the value of their free or bonus food stamps, were included in our analysis. Also, this and subsequent tables involve maximum benefits that recipients could derive from Federal food programs--for example, food stamp households might choose not to use all of their bonus stamps and AFDC families could use all, part, or none of their assistance payments to buy food. The child-feeding programs listed in the table are the school lunch, school breakfast, and special milk programs.

EXAMPLES OF POTENTIAL PROGRAM PARTICIPATION
SPRING 1976

<u>Program mix and household composition by age</u>	<u>Number of food programs in which the household member could participate</u>	<u>(1) April 1976 monthly food plan costs (\$100.00 = 1)</u>	<u>(2) Estimated monetary equivalent of potential free cash or in-kind food benefits received monthly</u>	<u>Percentage of food needs potentially provided-- (1) x (2) x 100</u>
<u>Household A:</u>				
AFDC, food stamps, and child-feeding programs				
Mother (40)	2	\$ 24.70	\$ 44.00	112
Son (15)	5	58.50	69.00	136
Daughter (8)	5	24.50	69.00	200
Son (4)	5	27.00	69.00	256
Total		\$134.70	\$251.00	166
<u>Household B:</u>				
AFDC, food stamps, child-feeding, and WIC programs				
Mother (25)	2	\$ 24.30	\$ 44.00	112
Daughter (7)	5	24.50	69.00	200
Son (6)	5	34.50	69.00	200
Daughter (4)	6	27.00	69.00	304
Total		\$109.30	\$275.00	261
<u>Household C:</u>				
AFDC, WIC, and food stamp programs				
Mother (21)	3	\$43.23	\$ 74.50	172
Son (1 month)	3	\$212.67	74.50	344
Total		\$65.90	\$149.00	230
<u>Household D:</u>				
Food stamp and child-feeding programs				
Father (25)	1	\$ 45.00	\$ 10.00	27
Mother (15)	1	26.00	10.00	33
Son (15)	4	60.00	38.00	75
Daughter (10)	4	42.00	38.00	88
Total		\$173.00	\$107.00	56
<u>Household E:</u>				
Food stamp program only				
Male (10)	1	\$ 12.00	\$12.00	31
<u>Household F:</u>				
Food stamp and title VII programs				
Male (6)	2	\$67.24	\$34.00	72
Female (6)	3	33.27	34.00	87
Total		\$64.51	\$68.00	79
<u>Household G:</u>				
Food stamp, SSI, and title VII programs (note 1)				
Female (6)	3	\$67.24	\$34.00	194

1 There is no child's food plan cost estimate for a child under 7 months old. The figure used is for a child 7 months to 1 year old.

2 At the time of our review, SSI recipients in California were not eligible to participate in the food stamp program. Consequently, household G falls to the deterring situation in most States where SSI recipients are eligible for food stamps.

Our analysis showed that preschool-age children attending day-care centers in Oakland could benefit from the greatest number of Federal food assistance programs and receive the greatest amount of benefits relative to their food needs. The six programs the preschool child in household B could simultaneously benefit from would have been school breakfast, school lunch, special milk, WIC, AFDC, and food stamps. ^{1/} The \$93 monetary value of benefits from these six programs substantially exceeded the \$27 considered necessary in April 1976 to provide a 4-year-old child in a four-person household with a thrifty food plan diet.

The school-age children in households A and B could participate in the same programs as a preschool child except for WIC. The mother in household C could receive benefits from the AFDC, food stamp, and WIC programs, and her 1-month-old son, participating in the same programs, could receive free benefits amounting to about four times the amount needed to provide him a thrifty food plan diet.

The elderly persons in household F could participate in either the SSI and title VII programs or the food stamp and title VII programs simultaneously. California SSI recipients are not eligible for food stamps. The State chose to cash out the bonus value of food stamps and includes an equivalent \$10 in its supplemental SSI payment. Massachusetts is currently the only other State exercising this cash-out option for SSI recipients. Consequently, household G reflects the potential situation in most States whereby elderly persons could participate in the food stamp, SSI, and title VII programs simultaneously if a title VII feeding site was accessible to them.

Despite multiple program participation by some of their members, households D and F could receive food benefits totaling about 56 percent and 79 percent of their needs, respectively. These gaps would be eliminated if their entire food stamp allotments, not just the bonus values, were used in this analysis. Likewise, household E could receive food benefits totaling about one-fifth of its needs. This gap would be substantially reduced, but not eliminated, if its entire food stamp allotment, not just the bonus value, were used.

^{1/}The school breakfast, school lunch, and special milk programs are available for preschoolers in many day-care centers in Oakland and elsewhere in place of the child care food program.

Actual participation in
Federal food assistance programs

To identify actual examples of multiple participation in the existing array of Federal food assistance programs, we selected three samples of households in Oakland, California. The samples consisted of 25 randomly selected AFDC cases, 25 randomly selected food stamp cases where the recipients did not receive AFDC or other public assistance, and 45 cases comprising two kindergarten classrooms from a school serving a low-income area. While we cannot say that the results of our analysis are scientifically representative of the State or national situation, we believe that these samples supplement the results of previous studies (see pp. 8 to 16) and illustrate the current kinds of benefit gaps and overlaps that can exist nationwide. 1/

We compared lists of members in our sample households with the participation or enrollment rosters of the food stamp, AFDC, child-feeding (excluding summer food), title VII, headstart, and WIC programs in Oakland for April and May 1976. On the basis of this comparison, we then calculated the maximum food assistance benefits that these households could receive. For our analysis, we assumed that, if a household applied for and was approved for program participation, it would use all the benefits it was entitled to. We believe that this assumption would be correct in most cases, but recognize that in a few cases it might not be. It was not practical, however, for us to determine if or how the benefits were actually used. Also, the benefits calculated for the sampled households were maximums because, as pointed out before, an AFDC household need not spend any of its AFDC payment on food if it so chooses and a food stamp household, for one reason or another, might not use all or any of its bonus stamps. Further, Federal reimbursement under child-feeding programs could involve such factors as administrative and clerical costs that were not directly translatable into food assistance benefits going to recipient children.

Of the 95 households sampled, 60 were certified as eligible for food stamps, 49 for free or reduced-price lunches, 47 for free or reduced-price breakfasts, 45 for free special milk, 37 for AFDC benefits, 6 for WIC benefits, and 5 for SSI payments. Ten of the 45 households from the kindergarten samples did not participate in any of the programs reviewed.

1/Agriculture and HEW both objected to the small size of these samples--see pp. 80 and 81 for their detailed comments and our response.

According to the program records examined, none of the sampled household members received benefits from the child care food, headstart, or elderly feeding programs, although such programs were operating in Oakland. There was no community food and nutrition direct-feeding program in Oakland, and the summer food program, which maintains no roster of participants, was not operating during our sample period. Further, there was no direct distribution of donated commodities to needy persons in Oakland; however, food items donated under the food distribution program were included as part of the Federal contribution to such programs as school lunch and school breakfast.

The following table provides information on the mix of programs the sample households participated in.

PROGRAM PARTICIPATION BY SINGLE HOUSEHOLDS
OAKLAND, CALIFORNIA--APRIL AND MAY 1976

Program

Sample	AFDC	SSI	Food stamps	Free or reduced-price		Free or reduced-price school breakfast	Free special milk	WIC	None	Number of Programs	Cases	Total Percent
				school lunch	price							
AFDC	x		x	x	x		x		4	1	4	
	x		x		x		x		5	6	32	
	x		x						2	8	32	
	x	x	x		x		x		6	3	12	
	x		x						1	1	4	
	x		x				x		1	1	4	
	x		x					x	1	1	4	
	x	x	x				x		3	1	4	
	x		x		x		x		3	1	4	
	x	x							5	1	4	
									Total	25	100	
Food stamp (note a)			x						1	23	92	
			x		x		x		4	2	8	
									Total	25	100	
Clearing			x		x				2	2	4	
			x		x		x		3	15	33	
			x		x		x		5	9	20	
			x		x		x	x	4	3	7	
			x		x		x		4	2	4	
			x		x		x		2	1	2	
			x		x				3	1	2	
			x						2	1	2	
								x	1	1	2	
									0	10	22	
									Total	45	100	

a/Seventeen of the 25 nonpublic assistance food stamp households in our sample were one-person adult households that participated in only the food stamp program.

b/Total does not add to 100 due to rounding.

As the table on page 22 shows, 60 of the 95 households in the three samples benefited simultaneously from two or more programs. Of these 60, 24 received monthly benefits from the specific program combination of food stamps, free lunches, free breakfasts, and free special milk. Of these 24, 20 also received AFDC payments, part of which was intended to cover a recipient family's food costs. Three of the 20 households received benefits from 6 programs: AFDC, food stamps, free lunches, free breakfasts, free special milk, and SSI.

This type of multiple program participation means that some participating households could receive food benefits having equivalent dollar values that exceed the amounts required to purchase more nutritionally adequate diets. (See app. III for a description of how the equivalent dollar values were derived.) For example, 30 of the 60 sampled households participating in two or more programs received food benefits exceeding 100 percent of their monthly thrifty food plan costs--the percentages ranged from 104 to 192 percent and averaged 148 percent. The other 30 households participating in two or more programs received food benefits ranging from 12 to 96 percent of their monthly thrifty food plan costs. The average was 42 percent. ^{1/}

Examples of the 30 households with benefits exceeding 100 percent of thrifty food plan costs are shown in the following table.

Note: In examining the results of our analysis on actual food program participation (and the related tables), it should again be noted that what is being compared to the thrifty food plan cost for a particular household is free Federal benefits. No part of a household's earned income or other resources was counted even though benefits under the major feeding program (food stamps) are calculated on the premise that most

^{1/}Only 7 of the 30 households under 100 percent of thrifty food plan costs were participating in the food stamp program at the time of our review. If (1) all 30 of these households had been eligible for and participating in the food stamp program at that time (as was likely in many cases due to their actual participation in at least two other Federal food programs for low-income persons) and (2) the entire food stamp allotment, not just the bonus value, were counted, each of the households could have received assistance above 100 percent of its thrifty food plan costs.

households can and should use some of their own income (about 30 percent) to help pay for their food needs. Thus, if a household's entire allotment of food stamps were used in the analysis, instead of the benefit (bonus) part only, the comparisons in this report would show a higher percentage relationship of benefits to thrifty food plan costs. The only exception would be in cases where, because of a household's extremely low income, it received its entire food stamp allotment free of charge.

In addition, to calculate food benefits under the AFDC and SSI programs, we used 30 percent of the cash payments that AFDC and SSI households received. The 30-percent figure was used despite the fact that it resulted in total food benefits from AFDC--for example, about \$105 a month for a family of four living in California at the time of our review--which were considerably lower than the amounts California State and local welfare personnel estimated were allocated in AFDC payments to cover a family's food needs--\$129 a month for a California family of four in spring 1976.

On the other hand, a factor counteracting the tendency to underestimate the percentage relationships of benefits to thrifty food plan costs is the fact that, as noted above, our analyses of actual and hypothetical program participation counted the maximum benefits available to recipients.

**EXAMPLE OF AFDIC PROGRAM PARTICIPATION—
WYOMING, 1976**

Program milk and household participation type	Number of food programs in which the household member participated	(1) April 1976 Thrifty food plan costs (see 428.7)	(2) Estimated monetary equivalent of free cost of Thrifty food plan costs received during	Percentage of Thrifty food plan costs received (21.7%)
Household A:				
AFDC food stamps				
Mother (35)	2	\$43.27	\$ 79.55	184
Daughter (10)	2	47.52	89.55	188
Total		\$90.79	\$169.10	186
Household B:				
AFDC food stamps, school breakfast, and special milk				
Mother (29)	2	\$ 41.27	\$ 59.10	144
Daughter (10)	4	45.36	75.53	166
Daughter (8)	4	36.23	75.50	208
Total		\$122.86	\$210.13	171
Household C:				
AFDC food stamps, school breakfast, school lunch, and special milk				
Mother (30)	2	\$ 39.30	\$ 45.42	116
Son (6)	5	34.50	64.96	188
Daughter (4)	2	27.90	45.42	163
Son (2)	2	27.90	45.42	164
Total		\$129.60	\$201.22	157
Household D:				
AFDC food stamps, WIC, and school lunch				
Mother (12)	2	\$ 37.34	\$ 40.74	109
Daughter (12)	3	39.05	54.94	141
Daughter (10)	3	41.64	54.94	132
Daughter (4)	3	25.65	44.99	175
Daughter (3)	3	25.65	44.99	175
Total		\$169.29	\$200.60	150
Household E:				
AFDC food stamps, and WIC				
Mother (pregnant) (20)	1	\$58.12	\$ 73.60	127
Son (2)	3	28.53	77.09	270
Total		\$86.65	\$150.69	192
Household F:				
AFDC food stamps, SSI, school breakfast, school lunch, and special milk				
Mother (34)	2	\$ 37.34	\$ 40.74	109
Son (10)	4	42.07	66.65	159
Son (17)	5	48.07	60.29	125
Son (19)	5	48.07	60.29	125
Son (24)	5	48.07	60.29	125
Son (43)	5	48.07	60.29	125
Total		\$209.70	\$288.71	130
Household G:				
AFDC food stamps, school breakfast, school lunch, and special milk				
Mother (31)	2	\$ 49.30	\$ 36.12	73
Daughter (9)	5	43.28	55.66	129
Son (8)	5	34.50	55.66	161
Son (1)	5	27.00	55.66	206
Total		\$154.08	\$202.10	141

According to the Department of Agriculture, the spring of 1976 was a very typical season for the food stamp program because, due to falling food prices, the April 1976 Thrifty food plan costs for a family of four (a man, a woman, and two children) were 10 percent below the corresponding food stamp costs. This was the first time in eight years that the program was able to provide a benefit. However, in 1976, for the seven households listed above, food stamps did not cover more than 20 percent of the April 1976 and December 1975 Thrifty food plan costs for which the food stamp cost data was available. Of the time of our review, one household (F) had Thrifty food plan costs higher than its allotment in April 1976 and one household (G) had its Thrifty food plan costs lower than its allotment in April 1976 but higher in December 1975.

The most frequent program combination for the 30 households with excess benefits was food stamps, AFDC, school lunch, school breakfast, and special milk. Because of this type of multiple program participation, some of the 30 households received more in food benefits than similar-sized American families, on the average, spent for food--based on comparisons, as shown in the table below, of our sample data and data updated to May 1976 from the 1972-74 survey of consumer expenditures done by the Department of Labor's Bureau of Labor Statistics. The weighted average for all 30 households was 94 percent of the average monthly expenditures that American families of comparable sizes spent on food.

Family size	Number of sample households	Monetary value of food benefits the 30 sample households received monthly (note a)		Average monthly expenditure for food by American families (note b)	Percent of benefits to average food expenditures	
		Average	Range		Average	Range
2	8	\$127	\$ 91-152	\$153	83	59-106
3	8	166	130-200	193	86	67-104
4	4	206	185-223	234	88	79-95
5	6	242	193-272	262	92	74-104
6 or more	8	414	285-717	299	138	95-240
Total	30					

a/We reduced the monthly food benefits for the sample households to reflect the fact that children from both needy and non-needy families receive basic subsidies in the school lunch, school breakfast, child care food, and special milk programs. Because these subsidies are not included in the Bureau of Labor Statistics food expenditure data for American families, we excluded them from the benefit totals for our sample households.

b/Includes food purchased for home consumption and food consumed away from home, such as food bought at restaurants. The ratio of benefits to average expenditures is underestimated to the extent that food purchased at restaurants is generally more expensive than food prepared at home.

c/May not be representative because, of the 4 sample households in this category, 1 had 6 members, 1 had 7 members, 1 had 8 members, and the other had 16 members.

Agriculture stated that the average American family to which low-income families were compared in the above analysis was hardly well off itself, with an annual income during 1972-74 of about \$12,600. In this regard we noted that, on the basis of the Bureau of Labor Statistics data, the weighted average for all 30 households was 82 percent of the average monthly food expenditures by American families of comparable sizes in the \$15,000 to \$20,000 income class during 1972-74--the range was from 68 to 123 percent.

Our analysis of the cash and in-kind benefits the sample households received from Federal food assistance programs was limited to the monetary values of these benefits and not their nutritional effect in terms of individual household members. Additional food or additional money for food probably can help a family eat more but cannot, of course, guarantee nutritious diets for each family member. Agriculture, HEW, and the Community Services Administration do not periodically collect nationwide data on the monetary and nutritional value of benefits that households receive from participation in the 13 major Federal food programs. We believe that such information is essential if the Congress and the executive branch are to evaluate the effectiveness of these programs, determine the appropriate levels of Federal food assistance to individuals and families, identify current gaps and overlaps in the monetary and nutritional benefits received by households participating in Federal food programs, and compare the nutritional well-being of participating and nonparticipating households.

Program overlaps

Of the various potential and actual program overlaps studied during this review, the following were typical.

Free school lunch overlap with food stamps

During fiscal year 1976, the Federal Government spent about \$954 million on special cash assistance for free or reduced-price meals served through the school lunch program (plus an estimated \$172 million in donated commodity assistance for these meals). About 80 percent of U.S. schools now participate in this program. These schools serve about 90 percent of the Nation's enrollment. Department of Agriculture studies and our Oakland samples show that many food stamp households have children who receive free or reduced-price meals under the school lunch program.

Food stamp allotments are based on the assumption that each member of a household eats 21 meals a week using food prepared at home. These allotments, therefore, do not take into account subsidized meals like free lunches. To estimate the minimum cost to the Federal Government of this overlap between food stamps and free lunches, we used the following program data and assumptions:

--An average of 5.8 million households participated in the food stamp program monthly during the 1975-76 school year.

--From the Chilton Study (see pp. 10 and 11 of this report), we concluded that about 37 percent of these households would have school-age children receiving free lunches.

--From our study of food stamp allotments (see p. 32), we calculated that about two-thirds of food stamp households with school-age children (and about three-fourths of food stamp households with elementary-school-age children) received food stamp allotments meeting or exceeding their thrifty food plan costs.

--The average Federal cash reimbursement for a free lunch was 54 cents in fiscal year 1976--this does not include the basic Federal cash and donated commodity support for each school lunch served (paid, free, or reduced price) that averaged about 23 cents a lunch in fiscal year 1976.

--We assumed that, for this minimum estimate, only one child in a food stamp household received free lunches and that the 1975-76 school year contained 180 school days.

--From Agriculture data, we set the average daily rate of free lunch participation at 80 percent (that is, an eligible child would eat a free lunch 4 days out of a possible 5 during a given week).

On the basis of these assumptions and data, we estimated that the minimum cost to the Federal Government of the food stamp and free lunch overlap during the 1975-76 school year was about \$112 million (5.8 million households x 37 percent x 67 percent x 54 cents x 180 days x 80 percent = \$111.8 million).

There are several alternative ways to eliminate this overlap that merit study by Agriculture and consideration by the Congress:

--Adjust thrifty food plan costs, which are the basis of food stamp allotments, to reflect potential participation in free or reduced-price meals provided under the school lunch program.

--Establish administrative procedures whereby local welfare offices certify and verify school lunch eligibility. Under this alternative, an eligible household with school-age children could simultaneously be certified at a local welfare office for food stamps and school lunches. The children could purchase these meals using either food stamps or cash. Families eligible only for, or choosing only, free or reduced-price lunches could be certified for such free or reduced-price meals. The welfare offices would periodically transmit to school administrators a list containing the names of school children eligible for (1) free or reduced-price lunches or (2) lunches paid for with food stamps or cash. All other school children could purchase lunches under the school lunch program.

--Include as countable income for food stamp eligibility purposes the in-kind benefits received from free lunches.

The Congress could also require similar adjustments to reflect the participation of food stamp households in other Federal food programs, such as school breakfast or child care food. 1/

WIC overlap with food stamps and other programs

Another benefit overlap results when a household receives assistance from the combination of food stamps, free school meals, and WIC. Under the WIC program, local health agencies provide free supplemental foods to infants, children under age 5, and pregnant or nursing women. To be eligible, participants must be from a low-income population group and be medically determined to be at nutritional risk. Federal funding for WIC in fiscal year 1976 amounted to about \$153 million for providing food to about 600,000 participants and paying for specified administrative and clerical costs. Federal funding for WIC rose to about \$277 million in fiscal year 1977 and an estimated \$388 million in fiscal year 1978. Agriculture has proposed fiscal year 1979 WIC funding of about \$536 million to cover an estimated 1.5 million participants.

1/Agriculture disagreed with the concept of considering benefits from one food assistance program when determining eligibility or benefit levels under other programs--see pp. 71 to 73 for its specific comments and our response.

The April 1976 report on the WIC program done for Agriculture (see p. 13) indicated that about half of all WIC households sampled participated in the food stamp program; 31 percent had one or more children who were enrolled in kindergarten or in grades 1 through 12 and were being served lunch at school either free or at a reduced price; and 7 percent had one or more children in these grades who were served breakfast at school either free or at a reduced price. In addition, the April 1976 report as well as audits done by Agriculture's Office of Audit have shown that some WIC participants are provided free supplemental food with no automatic medical testing for certifying their nutritional risk. The April 1976 report also stated that most WIC households in its sample used WIC food for meals eaten by all family members.

To partially remove the overlap for households receiving food stamp, child-feeding, and WIC benefits, and also to help streamline the administration of Federal food programs, Agriculture should propose lowering the maximum age limit for children eligible for WIC benefits; study the administrative feasibility of turning over the eligibility, referral, and monitoring aspects of WIC to local welfare offices--particularly if nationwide WIC income eligibility standards consistent with the income standards for other Agriculture food programs are adopted; explore alternatives to WIC's present food delivery systems; and recommend the necessary authorizing legislation to the Congress.

One food delivery alternative would be for eligible WIC participants to be authorized supplemental food stamps upon (1) medical certification by local health agencies of their nutritional risk and (2) participation in the medical and nutrition education programs offered by these agencies. These supplemental food stamps could be color coded to help assure that only suitable items (such as protein-rich food) would be purchased with the extra stamps. This approach would be similar to one of the existing WIC food delivery systems in which participants are given vouchers which are exchanged for specified foods from commercial stores or shops.

Because of the lack of nationwide data on the number of persons now participating in the WIC program who are actually at nutritional risk, we could not determine the excess cost associated with the WIC overlap with food stamps or other food assistance programs. Agriculture said that proposed legislation would reduce the age limit of children participating in WIC from 5 to 3. According to Agriculture, this reduction in age eligibility should eliminate nearly all individual participation overlap between WIC and other child nutrition programs. Agriculture also said that the

proposed legislation would establish income limits for WIC consistent with the income standards to be used in other Agriculture feeding programs. (See pp. 75 to 78 for problems that Agriculture saw with our other WIC recommendations.)

Free milk overlap with free
or reduced-price school meals

A third benefit overlap with a potential negative effect on both nutrition and program costs stems from free milk received under both child-feeding programs and the special milk program. School children certified for free meals under the school lunch program are automatically eligible for free milk under the special milk program. In fiscal year 1976 400 million half-pints of milk, costing the Federal Government approximately \$39 million, were served free to needy children attending schools that participated in the school lunch and breakfast programs. Many of these children were also eligible for two half-pints of milk served in free breakfasts and free lunches.

A school official commented that younger children do not need or want more than one pint of milk during the school day. Another school official stated that large amounts of free milk served to needy children, especially in the elementary grades, could contribute to plate waste (food served but not eaten). In the opinion of this official, special milk served at meals or for snacks could dull children's appetites for other important food items, served in such subsidized meals as school lunches, which would then go uneaten.

As a step toward remedying this situation, the Congress should evaluate the need for Federal reimbursement of free milk under the special milk program for those elementary schools and child care institutions already participating in Federal lunch, breakfast, and/or child care food programs. In this regard, we note that Agriculture has proposed ending the special milk program entirely in schools and other agencies that have school lunch, breakfast, or child care food programs. Agriculture said this would save \$100 million annually. The National School Lunch Act and Child Nutrition Amendments of 1977 (Public Law 95-160, 91 Stat. 1337) provided that children qualifying for free lunches would receive free milk under the special milk program only if the milk was served at times other than periods of meal service in outlets operating a school lunch, school breakfast, or child care food program. Regulations implementing these provisions took effect in February 1978.

INEQUITIES IN THE FOOD STAMP BENEFIT STRUCTURE

The food stamp program, the major Federal food assistance effort, theoretically covers all low-income Americans and provides them the opportunity to obtain more nutritious diets based on Agriculture's thrifty food plan. In practice, however, some households get food stamps in excess of their needs while other households get too few relative to their needs.

The Food Stamp Act of 1977 eliminated the existing requirement that virtually all households receiving food stamps spend some of their income to purchase the stamps. Agriculture currently estimates that elimination of the food stamp purchase requirement will be implemented nationwide by around late 1978.

Despite the elimination of the purchase requirement, the uniform allotment levels prescribing the maximum monthly food stamp benefits which various-sized households are eligible to receive will continue to be key variables in the food stamp benefit structure. Under this benefit structure, an eligible household will be able to receive each month free food stamps equal to the cost of the uniform allotment for a household of its size (based on dollar levels indicated by the thrifty food plan) reduced by an amount equal to 30 percent of the household's monthly net countable income (as determined by using the standard deduction and other special deductions and exclusions provided for in the 1977 act).

Consequently, the exact amount of food stamp benefits that participating households will receive free of charge will be a direct function of the difference between uniform allotment levels and net monthly incomes of participating households--the greater these differences, the greater the Federal benefits received. Because of the standard 30-percent benefit reduction rate, however, the stamps a household gets will not, by themselves, be enough to provide for a thrifty food plan diet--the household in most cases will need to make a reasonable investment of its own funds to reach such a level. Due to this consideration, the 1977 act deletes the nutritional adequacy standard from the purpose of the food stamp program--that is, the amount of coupons received is no longer theoretically equal to the cost of a nutritious diet based on the thrifty food plan.

We believe, nonetheless, that the adequacy and equity of food stamp program benefits must be measured by how well uniform allotments compare with corresponding thrifty food

plan costs. The House Committee on Agriculture report ^{1/} accompanying the 1977 act stated that " * * * Thrifty Food Plan allotments would supply the overwhelming majority of [food stamp] households with the chance to purchase an adequate diet." Our analysis indicated, however, that due to the way the uniform food stamp allotments are calculated-- whereby all households of a particular size receive benefits based on the same uniform allotment--many households, through the combination of free food stamps and a reasonable investment of their own funds (which is assumed to be 30 percent of an eligible household's monthly net countable income), could get substantially more or less than 100 percent of the costs of the thrifty food plan.

How uniform food stamp allotments are calculated

By regulation, the uniform food stamp allotments are based on thrifty food plan costs for a four-person household consisting of two adults (a man and a woman), aged 20 to 54, and two children, one in the 6-to-8 age group and the other aged 9 to 11. ^{2/} The costs are rounded to the nearest whole number divisible by two. As shown below, the monthly uniform allotment for a four-person household during July through December 1976 was \$166.

<u>Family of four</u>	<u>Thrifty food plan cost</u>
Male, 20-54 years	\$ 48.70
Female, 20-54 years	39.60
Child, 6-8 years	34.70
Child, 9-11 years	<u>43.40</u>
Total	<u>\$166.40</u>

The uniform food stamp allotments for other household sizes are determined by dividing the four-person allotment level by four, multiplying the result by the appropriate household size, and then applying an adjustment for supposed

^{1/}H.R. Rep. No. 95-464, 95th Cong., 1st Sess. 246 (1977).

^{2/}The 1977 act contains a related provision stipulating uniform food stamp allotments based on thrifty food plan costs for an identical four-person household.

economies of scale. 1/ Theoretically, according to Agriculture, larger families have lower, per-member food costs because, for example, they (1) can buy food in larger quantities at lower per-unit prices and (2) waste less food. For a two-person household, Agriculture adds an adjustment of 10 percent; for a six-person household, it subtracts a 5-percent adjustment. For example, during July through December 1976 the uniform allotment for a two-person household living in the continental United States was \$97 ($\$166 \div 4 \times 2 \times 1.1 = \91.30 , which was rounded up to the nearest whole number divisible by two).

The Agriculture Department's Agricultural Research Service estimates the monthly cost of the thrifty food plan for persons of various sexes and ages. (See apps. IV and V.) The cost for any family can be determined by totaling the cost for each family member. The varying nutritional needs of persons of different ages and sex are based on the National Academy of Sciences' recommended dietary allowances.

Our analysis of the adequacy
of the uniform allotments

Because the uniform allotment amounts are based on the needs of an average family, the combination of free food stamps and a reasonable investment of household funds could enable some recipients, such as a household consisting of a mother and three young children, to receive benefits above their thrifty food plan costs. On the other hand, a similar combination of free food stamps and a reasonable investment of household funds would probably not be enough to provide a nutritionally adequate diet for a five-person household in which the children are all teenage boys. In the second case, the household needs additional food assistance that other programs could make available. In the first case, however, although the household's thrifty food plan costs are provided for, it may still be eligible for benefits from other programs.

1/Besides household size and economy of scale adjustments to food stamp allotments, there are food cost adjustments for Alaska and Hawaii and both food cost and consumption pattern adjustments for Puerto Rico, the Virgin Islands, and Guam. Consequently, for the period July through December 1976, the standard four-person food stamp allotment was \$166 in 48 States and the District of Columbia, \$226 in Alaska, \$222 in Hawaii, \$172 in Puerto Rico, \$208 in the Virgin Islands, and \$226 in Guam.

As mentioned above, our analysis in this section is based on a household's uniform food stamp allotment--the sum of the free stamps provided to a household by the Federal Government and the amount to be provided for food needs out of the household's own resources. We believe that the basic allotment level for a given household should permit that household to purchase adequate food supplies--as contrasted to the existing uniform allotment which exactly equals thrifty food plan costs in only the infrequent case where a household's composition happens to be identical to the average household on which the food stamp benefit structure is based. ^{1/} Accordingly, comparing uniform allotments against households' thrifty food plan costs would indicate whether the food stamp benefit structure is efficiently and equitably providing food stamp households the chance to purchase nutritious diets.

During July through December 1976, the uniform food stamp allotment for all participating four-person families in the continental United States was \$166 regardless of the actual age or sex of the family members. Families whose composition differed from the standard received uniform allotments that were either substantially more or less than the amounts needed to cover their food costs. For example, a mother with three young children would have received a uniform food stamp allotment meeting about 134 percent of her family's nutritional needs based on the thrifty food plan:

<u>Family of four</u>	<u>Thrifty food plan cost</u>
Female, 20-54 years	\$ 39.60
Child, 1-2 years	22.50
Child, 3-5 years	27.20
Child, 6-8 years	<u>34.70</u>
Total cost (need)	<u>\$124.00</u>
Uniform coupon allotment	<u>\$166.00</u>

A family of four with two teenage boys, however, would have received a uniform allotment covering only about 90 percent of its nutritional needs:

^{1/}By our estimate, this average household of two adults and two school-age children comprises less than 2.5 percent of all food stamp households.

<u>Family of four</u>	<u>Thrifty food plan cost</u>
Male, 20-54 years	\$ 48.70
Female, 20-54 years	39.60
Male, 15-19 years	51.00
Male, 12-14 years	<u>46.50</u>
Total cost (need)	<u>\$185.80</u>
Uniform coupon allotment	<u>\$166.00</u>

Similarly, a male in a one-person household would have received a uniform allotment covering about 85 percent of his nutritional needs:

<u>Family of one</u>	<u>Thrifty food plan cost</u>
Male, 20-54 years	<u>\$58.44</u>
Uniform coupon allotment	<u>\$50.00</u>

To analyze, on a nationwide basis, uniform food stamp allotments as percentages of individual households' thrifty food plan costs, we obtained data from two previous Agriculture studies of national, randomly selected samples of food stamp recipients: (1) a study of the characteristics of 10,855 households authorized to receive food stamps in 46 States and the District of Columbia during September 1975 (see p. 13) and (2) a study of the participation of 2,191 food stamp households in other Federal assistance programs as of November 1973 (see p. 10). ^{1/} Our analyses, using (1) the age and sex characteristics of the 10,855 households from the September 1975 study and (2) the February 1976 thrifty food plan and July 1976 uniform food stamp allotments ^{2/}, disclosed that:

^{1/}The statistical universe for the September 1975 study was the set of all case files of households certified eligible to participate in the food stamp program in September 1975. The November 1973 study, based on personal interviews with food stamp households, had several limitations, such as respondents' misunderstanding questions, overlooking income received, or being reluctant to reveal certain types of income. Nevertheless, the November 1973 study remains the principal source of nationwide data on household participation in the food stamp and other Federal food assistance programs.

^{2/}July 1976 uniform allotments were based on February 1976 thrifty food plan costs.

--6 percent of the food stamp households (mainly one-person units headed by males under 60 and larger households whose children were all teen age) received uniform allotments providing less than 90 percent of their monthly needs as defined by the thrifty food plan (for some households as low as 82 percent). According to the November 1973 study, one-person households headed by males under 60 seldom participated in Federal food programs other than food stamps, while larger households with teenagers did participate in such programs as AFDC and free school lunches. We also calculated that all males over 60 living alone received uniform food stamp allotments valued at about 97 percent of their monthly thrifty food plan costs.

--50 percent of the households received uniform allotments amounting to between 90 to 110 percent of their monthly needs as defined by the thrifty food plan.

--44 percent of the households (mainly females living alone and small households with pre- and elementary-school-age children) received uniform allotments exceeding 110 percent (for some households up to 164 percent) of their monthly food needs as defined by the thrifty food plan. According to the November 1973 study, many food stamp households with pre- and elementary-school-age children frequently participated in other Federal food assistance programs--particularly the AFDC and free school lunch programs. We also calculated that (1) all females over 60 living alone received uniform food stamp allotments around 116 percent of the monthly costs of a thrifty food plan diet and (2) about 50 percent of the estimated 444,000 food stamp households whose children were all preschool age received uniform allotments exceeding 130 percent of their monthly thrifty food plan costs.

--Overall, average uniform food stamp allotments exceeded appropriate thrifty food plan costs by 9 percent and, as stated above, ranged from 82 percent to 164 percent of thrifty food plan costs.

Based on this analysis we estimated that, if households whose uniform food stamp allotments were less than 100 percent of their thrifty food plan costs were given enough extra food stamps to bring their basic allotment levels up to exactly 100 percent of thrifty food plan costs, the increased monthly cost to the Federal Government in free food stamps would be about \$12.7 million. Correspondingly, if households whose uniform allotments were more than 100 percent of their thrifty food

plan costs had their basic allotment levels reduced to exactly 100 percent, the monthly savings to the Federal Government in free food stamps would be about \$67.1 million, or a net monthly savings of \$47.4 million (\$568.8 million annually) in free food stamps.

A report by the Congressional Budget Office concluded that:

"Providing applicant food stamp households an allotment level determined by the specific sex and age characteristics of the household would significantly reduce federal bonus costs and presumably come closest to targeting benefits on specific nutritional needs." ^{1/}

One method to target food stamp benefits this way would be to establish allotments on an individualized basis so that a recipient household's basic allotment level would equal the cost of the thrifty food plan calculated for the number, sex, and ages of the members of that particular household--or, put another way, the amount of free stamps a household received under an individualized allotment system would equal the household's thrifty food plan costs minus 30 percent of its monthly net countable income (prior to implementation of the Food Stamp Act of 1977, the household's bonus stamp value would equal the difference between its thrifty food plan costs and its purchase requirement).

For example, in July 1976 a three-person food stamp household consisting of a mother, age 40, and two teenage sons, ages 12 and 15, would have an individualized allotment level of \$144 (rounded up to the nearest dollar) instead of the uniform three-person allotment of \$130. The exact amount of the free food stamps received for this household would depend on its monthly net countable income. However, if the basic allotment level were not increased from \$130 to \$144 the household would be unable to purchase a thrifty food plan diet even with the combination of free food stamps and the 30-percent investment of its net monthly income. On the other hand, a mother, age 30, and two children, ages 6 and 8, would have an individualized allotment level of \$115 (rounded up to the nearest dollar) instead of the uniform three-person allotment of \$130, because otherwise, even with the 30-percent

^{1/}"The Food Stamp Program: Income or Food Supplementation?," Congressional Budget Office, Jan. 1977, p. 43.

benefit reduction rate under the 1977 act, the household would receive free food stamps above the supplemental amount needed to help purchase a thrifty food plan diet.

In September 1975 Agriculture proposed individualized food stamp allotments based on the number, sex, and ages of household members. Agriculture withdrew the proposal in December 1975 and then chose the current uniform allotment system based on the thrifty food plan. The individualized allotment proposal was withdrawn partly because of criticism that certain categories of households, such as the elderly and families with children under 6, would suffer benefit losses, and that such an allotment system would be administratively expensive and complex, increasing the likelihood of eligibility worker error in determining recipient households' individualized allotments. Agriculture, however, could not provide studies showing precise estimates of the increased administrative cost and complexity of an individualized allotment system. Department officials said that they were unaware of such studies.

At the time Agriculture selected the thrifty food plan as the basis for uniform food stamp allotments, it noted that some households would be getting uniform allotments equaling less than 100 percent of their thrifty food plan costs. Agriculture said that (1) these households (comprising, by our estimate, about 29 percent of all food stamp households) might obtain nutritious diets at costs lower than estimated for the thrifty food plan by careful selection of foods from within the plan's various food groups and (2) many food stamp households received benefits under other food programs which provided for a part of their food needs.

However, our analysis of food stamp households whose uniform allotments were estimated to be less than 100 percent of their thrifty food plan costs showed that, for whatever reason (limited coverage of other food programs, lack of recipient knowledge about the availability of other food programs, or personal choice), many of these households participated relatively less frequently in other Federal food programs than households whose uniform allotments were more than 100 percent of their thrifty food plan costs--particularly households with pre- and elementary-school-age children receiving more than 110 percent of their thrifty food plan costs. (Households with pre- and elementary-school-age children comprised about 58 percent of all food stamp households as of September 1975.)

As noted previously, our analysis of uniform food stamp allotments as percentages of thrifty food plan costs was based

on (1) food stamp household data from September 1975, (2) information on Federal assistance program participation for November 1973, (3) February 1976 thrifty food plan costs, and (4) July 1976 uniform food stamp allotments. Different time periods were used because of a lack of current, consistent, nationwide data on the extent and impact of household participation in the 13 major Federal food assistance programs, including AFDC and SSI. The Government does not periodically gather such data.

Agriculture's 1977-78 Nationwide Food Consumption Survey should obtain some information on participation in certain Federal food programs, but the size of its sample of lower income households (even with this sample being expanded to include an additional 5,000 low-income families as we recommended in our report, CED-77-16, Mar. 25, 1977, to the Chairman, Senate Select Committee on Nutrition and Human Needs) will not be sufficient to permit a complete, indepth analysis for all major Federal programs involving food assistance.

We believe that the Government needs to periodically collect and analyze nationwide data on household participation in Federal food assistance programs. Without this information, the exact amount of food benefit gaps and overlaps and the types of households most affected cannot be precisely measured for the entire Nation. Agriculture also needs to conduct pilot projects to test the feasibility of administering a system of individualized food stamp allotments in local welfare offices. 1/

1/Agriculture raised several objections to our recommendations involving individualized food stamp allotments--see pp. 73 to 76 for its objections and our response.

CHAPTER 3

INCONSISTENCIES AND OTHER PROBLEMS IN ADMINISTERING FEDERAL FOOD ASSISTANCE PROGRAMS

The legislation and regulations governing the various Federal food assistance programs contain major differences in basic eligibility criteria and procedures. Although all the programs are either totally or partially directed to the needy, there is no single uniform definition of the term "needy" which applies to all programs. The programs, except the summer food and elderly feeding programs, have maximum income levels against which potential participants are measured, but income standards, allowable income exclusions and deductions, and accounting periods for measuring countable income are not consistent among the programs. Such inconsistencies create situations, for example, where a family could qualify for food stamps but have too much income to qualify for free school lunches. In addition, asset eligibility levels and exclusions differ among the three programs that take an applicant's total resources into consideration when determining eligibility.

The extent that an applicant's income information is verified also varies among programs. Food stamp applicants are usually subjected to an income certification and verification process. Child-feeding program legislation, in contrast, only authorizes verification, with cause, of information provided by families applying for free or reduced-price meals. This gives rise to the possibility that ineligible may receive unwarranted benefits from some programs. For example, we checked the income of households in our Oakland, California, samples that were also participating in the AFDC or food stamp programs and found that, on the basis of income data in their AFDC and food stamp case files, some households apparently understated their incomes on applications for free or reduced-price school lunches or breakfasts.

DIFFERENT INCOME ELIGIBILITY CRITERIA

The food stamp, AFDC, and SSI programs have separate income standards, exclusions, and deductions. Child-feeding programs, such as school lunch, school breakfast, special milk, child care food, and headstart, also have income standards but a less extensive set of income deductions. These income standards, as well as the various exclusions and deductions, define who may participate in the programs and receive free or reduced-price benefits.

There are generally no income tests for summer food and title VII program participants. ¹ These programs are usually carried out in target areas or neighborhoods where all persons meeting specific age requirements (under 19 for summer food and over 60 for title VII) are eligible for free meals. In addition, there are no specific nationwide income criteria for the WIC program although some have been proposed. WIC participants must satisfy two basic criteria: (1) live in an approved project area and (2) be determined to be at nutritional risk. Although there is no national income eligibility standard, the WIC legislation lists low income as part of the definition of being at nutritional risk. Lacking a national criterion, many States have developed their own WIC income eligibility scales.

The following table shows the maximum annual income eligibility standards for a four-person California household as of June 1977 for the Federal food assistance programs with such standards. Except for the WIC program, the dollar figures shown are the maximum net amounts permissible after an applicant's gross income is adjusted for various allowable exclusions and deductions.

¹/Public Law 95-166, enacted Nov. 1977, requires that both residential and day camps satisfying all other eligibility requirements for summer food program participation shall receive Federal reimbursement only for meals served to children individually eligible for free or reduced-price school meals. A program official estimated that children attending such camps comprise a small percentage of all summer food program participants.

<u>Program</u>	<u>Maximum annual income eligibility level</u>
Food stamp	\$ 6,636 (net)
AFDC	\$ 5,064 (net--based on the State's standard of need)
School lunch, school breakfast, special milk (free only), and child care food	\$ 7,130 (net--free meals) \$11,110 (net--reduced-price meals)
Headstart	\$ 5,850 (net--90 percent of the children in each project must meet this income criterion)
WIC	\$10,128 (gross--in the absence of national WIC income eligibility standards, California established a dollar amount twice the State's AFDC standard of need as the maximum in- come eligibility level for WIC)
SSI (note a)	\$ 3,022 (net for an individual and an eligible spouse)

a/Participation in the SSI program is based on the eligibility of individuals and couples rather than households.

Although the food stamp program and certain child-feeding programs have now adopted official poverty guidelines as their income eligibility standards, the guidelines adopted are different. The food stamp program will use the Office of Management and Budget's poverty guidelines for the nonfarm United States while the school lunch, school breakfast, special milk, and child care food programs use the Secretary of Agriculture's poverty guidelines. The Office of Management and Budget's nonfarm poverty guidelines for a family of four were \$5,050 in 1975; \$5,500 in 1976; and \$5,850 in 1977. The corresponding Agriculture figures were \$5,010; \$5,700; and \$6,090, respectively. It is likely that these differences will remain and perhaps further increase over time since the Office of Management and Budget and the Secretary of Agriculture employ different methods to compute poverty guidelines. For example, the Secretary of Agriculture determines a single set of guidelines weighted for urban and rural differences and rounds numbers to the nearest \$10 whereas the Office of Management

and Budget computes separate rural and urban guidelines and rounds both sets of numbers to the nearest \$50. ^{1/}

As shown in the tables below, the types of income exclusions and deductions from income which the various programs with income tests allow also vary considerably. Exclusions and deductions for the school lunch, school breakfast, special milk, and child care food programs are generally less extensive than for the food stamp, AFDC, and SSI programs. The headstart program uses total gross income as its income eligibility standard and only excludes from countable income certain in-kind benefits and the costs of producing self-employed income. The WIC program has neither nationwide income eligibility standards nor nationwide income exclusions or deductions.

^{1/}Agriculture said that, while it foresaw a closer alignment of the income and other eligibility standards for the various food assistance programs in the future, it also believed there were sometimes advantages--in terms of avoiding work disincentives--in having different eligibility limits for different programs.

FEDERAL FOOD PROGRAM DEDUCTIONS (note a)

Deductible items (1)	1974	AFDC	1973	Child-feeding program (school lunch, school lunch box, special milk, and milk bar)
Charitable deductions	\$50 per donor	The first \$30 and one-third of the remainder of total netted income (this exclusion applies to AFDC recipients only)	25% the greater of any amount not deducted in 1972 or 25% of the taxpayer's adjusted gross income for 1973. The 25% limit does not apply to the taxpayer's adjusted gross income for 1973 if the taxpayer is a member of a qualified plan and the taxpayer's adjusted gross income for 1973 is not more than \$10,000.	
State and local taxes	26 percent of netted income	Any expense reasonably attributable to the maintenance of a home, such as mortgage interest, taxes, and transportation costs to and from work	1. 25% of the taxpayer's adjusted gross income for 1973, or 2. 25% of the taxpayer's adjusted gross income for 1972, whichever is greater	
Medical costs	Shelter costs to extent of 20 percent of adjusted income, up to a maximum deduction of \$75 per month (reimbursement of costs for shelter costs and dependent care deductions cannot exceed \$75 per month; see below)	See "Miscellaneous" income exclusion category, p. 41	See "Miscellaneous" income exclusion category, p. 41	Shelter costs to extent of 20 percent of netted income
Dependent care costs	Up to \$75 per month (reimbursement of costs for shelter costs and dependent care deductions cannot exceed \$75 per month; see below)	Child care costs incurred due to employment	See "Miscellaneous" income exclusion category, p. 41	
Self-employment expenses	Cost of producing self-employed income	Costs of producing self-employed income	Costs of producing self-employed income	Cost of producing self-employed income
Education expenses	All education loans on which payment is deferred, grants, fellowships, veterans' educational benefits, and the like, if the student that they are used for tuition and mandatory school fees at an institution of higher education or school for the handicapped	Special education expenses due to the mental or physical condition of a child	See "Miscellaneous" income exclusion category, p. 41	Tuition and fee portions of grants, fellowships, and scholarships
Medical expenses		Irregularly high medical expenses		
Special losses		Disaster or casualty losses		See "Miscellaneous" income exclusion category, p. 41, or Federal Disaster Relief Assistance program

a. The deductions outlined above were specifically cited in program regulations, regulations, or notices at the time of the program. The food stamp deductions are taken from the Food Stamp Act of 1977, the AFDC and ABF deductions from the program regulations of October 1973 and April 1977, respectively, and the child feeding deductions from a June 1977 program notice. This list is not intended to be exhaustive or to constitute an indication, but only an acknowledgment, of how the different programs treat certain kinds of expenses when determining applicant eligibility.

Also, programs like food stamps, SSI, and school lunch use a one-step certification process where net countable income (gross income less the allowable exclusions and deductions) determines both eligibility and the benefit level. This is contrasted to AFDC's two-step process, where gross income less certain mandatory and optional exclusions and deductions first determines eligibility and, if the family is eligible, the "\$30 and 1/3" deduction shown in the table on page 46 is then applied to arrive at the net income figure on which benefits are based.

Differing income standards and definitions of countable income have resulted or could result in some inconsistent or inequitable situations. For example, a family could qualify for food stamps but have too much countable income to qualify for free school lunches, even though the maximum income eligibility levels for free school lunches are higher than comparable food stamp levels for households with fewer than six members. This could occur because the family qualified for the food stamp program's income exclusions, standard deduction, and other special deductions allowed for such items as mandatory payroll withholdings, work expenses, shelter costs, and dependent care expenses, while these types of exclusions and deductions are for the most part not allowed under the school lunch program. ^{1/} Also, since the summer food program generally has no eligibility criteria for individuals, children under 19 who did not qualify for free meals under the school or child care feeding programs 9 months of the year could receive free meals during the summer.

The Food Stamp Act of 1977 eliminated another inequity whereby some households in which all members received either AFDC or SSI benefits could have incomes above the national income standards for the food stamp program but continue

^{1/}Agriculture said there is not as much inconsistency in income eligibility standards for the food stamp and school lunch program as we indicate. Food stamp benefits are reduced as income rises (a 30-cent reduction for each additional \$1 in income). Agriculture said that, because the school lunch program does not lend itself to such a regular reduction, the Congress has created two program categories--free lunches and reduced-price lunches. According to Agriculture, it makes sense that families at the higher end of the food stamp income eligibility scale--that had their food stamp benefits reduced because of their income--should receive a reduced-price school lunch rather than a free school lunch.

to receive food stamp benefits. This resulted because of the effect of various AFDC and SSI income exclusions and the fact that, by regulation, the food stamp program's national eligibility standards did not apply to AFDC and SSI households that account for over half of the food stamp caseload. In a previous report (RFD-75-342, Feb. 28, 1975-- see p. 11 of this report), we analyzed this situation in terms of inconsistency and inequity in program eligibility requirements and said that the situation could exist in about 30 States and apply to a large number of households.

Our analysis for this review showed that a four-member AFDC household in California during July through December 1976 could have had a monthly income of \$599 (\$16 more than the former national food stamp income maximum of \$553 for a nonpublic assistance household of four) and still have been eligible for a small AFDC assistance payment. This AFDC eligibility would automatically have made the household eligible for a food stamp bonus of \$24 monthly (as well as medicaid benefits). The 1977 act ended this automatic food stamp eligibility for AFDC as well as SSI households.

DIFFERENT ASSET ELIGIBILITY CRITERIA

Three Federal food assistance programs--food stamps, AFDC, and SSI--have maximum asset eligibility levels as well as maximum income eligibility levels. However, these asset standards and the definitions of countable assets differ substantially among the programs, increasing the burden of administering them.

The Food Stamp Act of 1977 specifies that the Secretary of Agriculture shall prescribe the types and allowable amounts of financial resources, including both liquid and nonliquid assets, an eligible food stamp household may own within a maximum limitation of \$1,750 (\$3,000 for a household with two or more persons where at least one member is age 60 or over). The act calls for the Secretary to follow regulations in force as of June 1, 1977, in prescribing asset requirements and, in addition, states that the fair market value of cars in excess of \$4,500 as well as vacation homes, mobile homes, boats, snowmobiles, and airplanes used for recreational purposes shall be counted against the maximum asset limitations.

According to food stamp regulations in effect as of June 1, 1977, countable assets include such items as cash on hand, cash in checking or savings accounts, stocks and bonds, and other liquid resources that are readily negotiable and not excluded. Examples of excluded assets are

- a home and lot normal to the community (valued at fair market value less encumbrances);
- household goods and personal effects;
- tools of a tradesman and machinery of a farmer deemed essential to the employment of a household member;
- cash value of life insurance policies and pension funds;
- income-producing property that is producing income consistent with its fair market value; and
- resources whose cash value is not accessible to the household, such as, but not limited to, irrevocable trust funds and property in probate.

The Social Security Act (42 U.S.C. 602(s)) states that, for AFDC program purposes, the assets of a child or relative claiming AFDC or those of any other person living in the same household whose needs are also considered in making a need determination are to be counted for eligibility purposes. The act further states that the assets of persons receiving SSI benefits are to be excluded for the period when such benefits are received. The act, however, does not specify a maximum eligibility level for countable resources.

AFDC program regulations allow the States to exclude a home, a car, personal effects, and income-producing property. In addition, the States can establish maximum asset eligibility levels of up to \$2,000 per person for countable real and personal property, including liquid assets.

Like AFDC standards of need and maximum assistance payments, asset eligibility levels, exclusions, and valuation methods vary from State to State. California, as an example, set a \$5,000 maximum--assessed value less encumbrances--on countable real property of children and parents. The maximum limit on cash, securities, or evidences of indebtedness was \$600 per family with the maximum limit for additional personal property (including burial arrangements and cash surrender value of life insurance policies) set at \$1,000. Excluded resources included household furnishings, clothing and other personal effects, and a car valued up to \$1,500 if needed in an approved employment plan.

Illinois, as another example, excluded the value of a home and set the allowable limits for other real and personal property at \$150 for the first eligible adult plus \$50 for each additional family member. Illinois exempted from eligibility consideration group life insurance held as a

condition of employment or paid by an employer; other life insurance with a total face value of \$1,000 per eligible person; principal of a trust fund which could not be legally impaired; clothing and personal effects other than jewelry of extraordinarily high value; household furnishings; business or farming equipment used for the production of income; motor vehicles other than those used primarily for recreation; and a burial crypt, cemetery lot, cemetery vault, and/or grave marker.

The latest available AFDC statistics (as of July 1, 1974) showed that two States used assessed value, nine States used owner's equity, and four States and one jurisdiction used market value in determining whether a home fell within or exceeded specific maximums established in those States. Allowable values for homes in these 15 States and 1 jurisdiction ranged from \$2,500 to \$25,000. The other 35 States and 3 jurisdictions did not place a maximum value on a home that could be excluded and, therefore, they did not need to indicate a valuation method to be used.

The statistics also showed that 13 States and 3 jurisdictions completely excluded a car from countable assets without any restrictions as to maximum value or age; 20 States and 1 jurisdiction had some restriction on the value or age of a car that could be excluded, and 17 States did not provide for the exclusion of any portion of a car's value.

The Social Security Act (42 U.S.C. 1382(a)) specifies that, for SSI program purposes, a person without a spouse may exclude \$1,500 of assets and an individual living with an eligible spouse may exclude a combined total of their assets amounting to \$2,250. The act does not indicate which assets are specifically to be counted but states that, among other items and within limitations established by the Secretary of HHS, a home, a car, household goods, personal effects, and other property essential to the means of self-support are to be excluded.

SSI program regulations define countable assets, in part, as cash on hand and in checking or savings accounts; stocks, bonds, or mutual fund shares; properties, both real and personal, that could be converted to cash and used for support and maintenance; and promissory notes and mortgages. Examples of assets excluded by regulations are

--a home and lot;

- \$1,500 of household goods and personal effects (plus total exclusions for wedding and engagement rings and end goods and effects required because of a physical condition--that is, prosthetic devices, dialysis machines, hospital beds, and wheel chairs);
- Indian lands that cannot be disposed of without the permission of a tribe or other individual or that can only be sold with the approval of a federal agency;
- nonbusiness property that is essential to the means of self-support, such as tools, equipment, and similar items required by an individual's employer;
- property of a trade or business that is essential to the means of self-support--that is, tangible business assets, such as land and buildings, equipment and supplies, inventory, cash on hand, and accounts receivable;
- one car to the extent that its current retail market value does not exceed \$1,200 (a car can be totally excluded if it is needed for employment, used for medical treatment of a specific or regular problem of a household member, or modified for a handicapped person);
- cash received from an insurance company for purposes of replacing or repairing an excluded resource (this cash must be used to replace or repair such an excluded resource within 3 months if personal property is involved and 6 months if real property is involved); and
- cash surrender value of life insurance policies on an individual if the total face value of the policies does not exceed \$1,500.

DIFFERENT CERTIFICATION AND ACCOUNTING PERIODS

The various Federal food assistance programs with income eligibility tests not only use different income standards and definitions but also different periods for estimating income and for certifying persons as eligible to receive benefits. The varying certification periods--which can range from 30 days for food stamps to 12 months for SSI--seem to serve a reasonable purpose even though they could compound the administrative burden in State and local agencies and cause confusion for persons applying for or participating in more than one program. However, the differences in accounting periods--the

time over which income is measured for program eligibility purposes--seen unnecessarily confusing without any redeeming benefits.

The food stamp, AFDC, SSI, and certain child-feeding programs certify recipients to receive benefits for specific periods. According to food stamp regulations, certification periods for food stamp households range from 30 days to 1 year, with the normal period being 3 months. In addition, the Food Stamp Act of 1977 provides that, where all members of a food stamp household also receive AFDC or SSI benefits, the household's food stamp certification period must coincide with its AFDC or SSI certification period. The AFDC program authorizes a maximum certification period of 6 months; SSI's corresponding maximum certification period is 12 months. ^{1/} The child-feeding programs usually certify families as eligible for a school year (usually 9 months) or other appropriate enrollment period.

While standardizing these different certification periods would probably make local program administration easier, we believe that an equitable and effective delivery of benefits requires some variation in certification periods. Such variations help take into account differences in the stability of expected income and other special circumstances between participants of different assistance programs. For example, a person temporarily laid off from work who applies and is eligible for food stamps should be assigned a shorter certification period than a person receiving AFDC or SSI benefits whose needs are probably of a longer term. The requirement that a food stamp household, all of whose members receive AFDC or SSI benefits as well, be assigned a food stamp certification period identical in length to its AFDC or SSI certification period also provides a necessary element of coordination among these programs.

The need for varying accounting periods for measuring applicant income is questionable. The Food Stamp Act of 1977 stipulates that eligibility for food stamps be based on

^{1/}Unlike food stamp recipients, AFDC or SSI recipients are not required at the end of designated periods to reapply as new applicants for public assistance. Instead, if there are no changes in the status of the recipients beforehand, their eligibility is periodically redetermined by agency personnel--at maximums of 6 months for the AFDC program and 12 months for the SSI program--without the submission of new application forms.

(1) the household's reasonably anticipated income during the certification period and (2) the household's income received during the 30 days preceding the filing of an application for food stamps. ^{1/} The Social Security Act does not specify the time period that is to be used to compute income when determining AFDC eligibility. In its regulations, HEW indicates that only income that is actually available for current use on a regular basis will be considered. An HEW official said that, in many cases, applicants for AFDC benefits do not have a regular income. The official said that, in cases where an individual has a regular income, eligibility for AFDC benefits is usually based on anticipated income for the month following the application date.

To determine SSI eligibility, the Social Security Administration counts income in the month it is received. The SSI applicant estimates the amount of income anticipated to be received in the quarter of application and the following four calendar quarters. The Social Security Administration uses these estimates to compute the amount of SSI benefits due for each calendar quarter. If the application is filed in the second or third month of a calendar quarter, the benefit amount is computed on a monthly basis for that quarter. The SSI recipient is responsible for reporting any change between income actually received and the anticipated income previously reported. Payments are adjusted for any calendar quarter in which a reported change occurred.

School or day-care center officials may consider both the income of the family during the past 12 months and the family's current rate of income to determine which is the better indication of the need for free or reduced-price benefits under such programs as school lunch, school breakfast, special milk, and child care food. By law (42 U.S.C. 1758(b)(2)), however, children whose parents or guardians become unemployed are eligible for free or reduced-price meals or free milk during the period of unemployment if the income loss causes the family's income to be within the

^{1/}Based on regulations implemented before enactment of the Food Stamp Act of 1977, the food stamp program used anticipated or prospective income to determine household eligibility. Although past income history was used as a guide to estimate future income, for most situations there were no specific guidelines that would establish a specified time period for which past income had to be considered. The time period used to estimate anticipated income was generally left to the judgment of the food stamp eligibility worker.

applicable eligibility criteria for the particular school or day-care center. Generally, application forms for free or reduced-price food benefits request yearly and monthly income, but do not specify whether the income included should be on a past or prospective basis.

We believe the Congress should require that accounting periods, wherever practical, be identical for the various programs to ease administration, reduce applicant and participant confusion, and enhance equity in determining eligibility.

Agriculture said that, in the real world, the accounting periods used for food stamps, AFDC, and SSI usually turn out to be quite similar. It said that all three programs focus on income actually available for use during the certification period, often use past income as a guide to what income will be available during the certification period (except where a change in circumstances makes past income an inaccurate guide), and direct recipients to report changes in income.

DIFFERENCES IN ELIGIBILITY VERIFICATION REQUIREMENTS

As discussed before, the title VII and summer food programs generally do not have maximum income levels against which all potential participants are measured. The ways that the other Federal food assistance programs verify income for screening potential recipients vary considerably.

Not all information reported on the food stamp application form must be verified. Current regulations require that, at a minimum, a household's gross countable income and mandatory payroll deductions be verified. Income verification is required, not only because such procedures are intended to preserve the integrity of the food stamp program, but because income is the primary factor that determines eligibility and the amount of free stamps a household will receive. Verification of other items affecting eligibility is not required but may be done if the information provided by the applicant is suspect, unclear, incomplete, or inconsistent.

Verification sources include documentary evidence, home visits, and secondary contacts to confirm applicant statements. Applicants are primarily responsible for furnishing documents sufficient for verification, or at least information the food stamp eligibility worker can use for verification.

In the AFDC program, State agencies must obtain and verify evidence required to establish the age, citizenship or alien status, and identity of each AFDC applicant. AFDC regulations require that State agencies also verify such statements as (1) parental incapacity if a child's AFDC eligibility is based on a parent's being incapacitated and (2) school or institute attendance if a child claims to be a student.

An HEW official indicated that, in establishing AFDC eligibility determination procedures, HEW attempted to permit each State to specify in its State plan for public assistance the exact information on an AFDC application form that must be verified. State AFDC plans must provide that verification of circumstances pertaining to eligibility be limited to what is reasonably necessary to insure the legality of expenditures under the program. Consequently, the information that will be verified on an application could vary, depending on each State's interpretation of this requirement.

SSI's authorizing legislation requires that eligibility for benefits not be determined solely on the basis of declarations by the applicant, and that relevant information be verified from independent or collateral sources. The Social Security Administration has developed instructions, but not regulations, on SSI verification requirements. These instructions require that claimants and recipients provide detailed information to permit verification, development, and decisions on each eligibility factor. The claimants' responsibility is to answer questions raised by the Social Security Administration to the best of their knowledge, report changes to previous answers, submit evidence, and undertake activities (such as signing necessary releases or requests to third parties and other sources of evidence) that are critical to claims and report processing.

SSI instructions also explain in detail the verification and development requirements for each eligibility factor. For example, the amount in a passbook savings account is to be developed by documenting the name and address of the financial institution, the account number, the name(s) on the account, and the amount in the account. The current account balance must be verified by examining the passbook and photocopying the pages that showed activity in the last 60 days. If the passbook shows deposit and withdrawal activity inconsistent with the individual's stated financial situation, the activity in the account must be developed fully to establish the source of income. If the passbook is not available or appears to have been materially altered, verification would be obtained by contacting the institution after securing the individual's authorization.

WIC program participants are certified as eligible for free or low-cost medical care. The regulations, however, do not provide for income screening of WIC applicants. According to the Urban Institute's April 1976 study of the WIC program (see p. 13 of this report), 59 percent of the WIC clinics had explicit income-screening criteria. These clinics either applied the income test themselves or used the results of tests imposed by another agency, such as certification for public assistance benefits. Information on the percentage of clinics applying their own income tests, as opposed to those using another agency's data, and the extent of verification was not readily available.

Headstart instructions specify that a declaration of income signed by the parent or guardian of an enrolling child is an acceptable form of verification. ^{1/} Other child-feeding program legislation (42 U.S.C. 1758 (b)(1)) explicitly limits the verification of information provided by families applying for free or reduced-price meals or free milk under the school lunch, school breakfast, special milk, and child care food programs. Administrators responsible for certifying applicants for these free or reduced-price benefits can only verify, with cause, the information the applicant provides. According to Agriculture's Office of the General Counsel, it was the congressional intent in the National School Lunch Act that the application be considered prima facie evidence of the family's eligibility.

Work done by Agriculture's Office of Audit showed that school principals or other designated officials did not sufficiently review school lunch and breakfast program applications to spot erroneous or questionable data. For example, Office of Audit's review of about 18,000 applications for free or reduced-price lunches and breakfasts at 25 schools in the Philadelphia public school district for the period September 1975 to January 1976 disclosed that about 14 percent of the applications reviewed were either incomplete

^{1/}In 1976 HEW proposed regulations for the headstart program specifying that (1) family income must be verified in determining a child's eligibility to participate in the program, (2) a written declaration of family income signed by a parent was not sufficient verification of family income, and (3) other documents, such as W-2 forms, pay stubs, and agency certification showing current status as public assistance recipients, were required. These proposed regulations have not been implemented.

or reflected incomes exceeding the maximum allowable standards. The auditors found that a few schools did not review the applications at all, reportedly because there were so many--each application filed was considered eligible. At the other schools checked, the applications were reviewed, but not adequately enough to catch ineligible or otherwise questionable applications. Overall, the Office of Audit estimated that in fiscal year 1975 \$100 million in free lunches were served nationwide without proper eligibility determinations.

During our review in Oakland, we noted that individuals did not always report their incomes in the same way for each program. Among our three samples, we identified 49 households that had children certified as eligible for a free or reduced-price school lunch. Of that number, 29 households were also receiving AFDC or food stamps, which provided us with another source of information about the family's income. Based on the income data in the food stamp or AFDC case files, four of the 29 households had appreciably understated the family's income on the school lunch application. Such disparities could be the result of the lack of coordination among the programs and their different verification requirements.

Although we were unable to obtain any data or further identify the extent to which such understatements could occur, one official in the California Department of Education (the agency responsible for supervising many of that State's child-feeding programs) estimated that between 5 and 10 percent of the applications for free or reduced-price benefits that he had reviewed were probably understated. Considering the cost of free and reduced-price meals under the child-feeding programs, the number of understated cases in our samples, and the results of reviews done by the Office of Audit, it would appear there is a need for at least a limited amount of verification of free and reduced-price meal applications.

LITTLE PROGRAM COORDINATION AT THE LOCAL LEVEL
FOR REFERRING POTENTIAL RECIPIENTS TO OTHER
PROGRAMS OR FOR REMOVING INELIGIBLES FROM A.F.
PROGRAM ROLLS

As the table on page 22 indicates, some households receiving benefits from one or more programs might be eligible for benefits from additional programs. For example, two families included in the table were receiving AFDC benefits, free school meals, and free milk, but not food stamps. Eighteen families (including three WIC households) were receiving free school meals and free milk but not food stamps. Ten

other families, many with school-age children, were receiving AFDC and food stamp benefits, but not free school meals or free milk.

Because of the multiplicity of programs, applicant families must fill out several different application forms at various offices to obtain all the food benefits to which they might be entitled. In fact, they might not know which programs they are eligible for. If various agency personnel were knowledgeable about other programs, they could refer potential participants to the programs to which they may be entitled. Some referrals were being made in Oakland during our review, but the effort was limited and sometimes ineffective.

In California, State food stamp officials attempted on a limited basis to reach potentially eligible families with school-age children by encouraging some school districts to include a brochure on the food stamp program with free lunch applications the children brought home from school. This was never done, however, on a statewide basis.

An Alameda County official said that county eligibility workers handling the AFDC or food stamp programs referred clients to other programs when feasible. As an example, an expectant mother certified eligible for AFDC or food stamps might be referred to the WIC program. The official commented, however, that county eligibility workers were not fully knowledgeable of the various programs and the benefits available. A Food and Nutrition Service official stated that a county eligibility worker would be very unlikely to inform families that their children were eligible for free lunches because the worker would not be aware of the lunch program's eligibility criteria.

Lack of knowledge by State and local personnel about other programs could also result in inappropriate referrals. A local WIC program coordinator stated that she received many referrals from social workers, but her program could not accept clients who were not patients at the affiliated health clinic.

The WIC program, dealing with persons who are nutritionally deficient, should be a good potential source of referrals to other food assistance programs, but it does not always work this way. A State WIC official said that, although there was no formal referral procedure, it was hoped that all eligible adult WIC participants would apply for and receive food stamps. A local WIC official explained that WIC participants were not referred to other assistance programs, such as food stamps,

unless they asked about such opportunities. The official believed that the majority of WIC participants already were participating in, or knew about, other food programs.

Also, coordination or communication problems among program personnel could affect program participation in another way--in the case of disqualification of ineligible participants. A State food stamp administrator in California said that there was currently no effort to coordinate termination of ineligible participants among the various programs. Thus, if a family was terminated from the food stamp or AFDC program because its income was too high, no one would automatically notify school officials, even though a child's eligibility for free lunches or breakfasts might be affected.

LACK OF NATIONWIDE NUTRITIONAL EVALUATIONS

Despite Federal Government administration of about \$8.4 billion in food assistance programs during fiscal year 1976 (excluding the headstart, AFDC, and SSI programs), only the WIC program has had any systematic, nationwide review to evaluate program performance in meeting nutritional objectives--and we questioned the data and methods on which this WIC evaluation was based in an earlier report (REP-75-310, Dec. 18, 1974). HEW's 1971-74 First Health and Nutrition Examination Survey collected dietary, biochemical, and anthropometric data on a national sample of households, including low-income families participating in the food stamp and certain other Federal food programs and low-income families not participating in such programs. However, the data from this survey had not been released at the time of our review.

During our review in California, Federal and State officials stated that they did not know of any nationwide studies demonstrating the effectiveness of the child-feeding or title VII programs in improving the nutritional status of the target populations. A November 1975 report by a board of the National Academy of Sciences stated:

"Several methods of nutritional intervention are in use today. Programs on food fortification, nutritional labeling, nutrition education, and supplemental feeding (such as food stamps, surplus food distribution, school lunches, and women and infant children feeding) are now being funded in excess of \$6 billion annually. Little or no effective evaluation of the impact of these programs on the nutritional well-being of the target groups has been carried out."

* * * * *

"Effective evaluation should be a built-in requirement of nutritional intervention programs. While many programs today specify that evaluations should be made, the support has not been provided for developing the necessary technology and for integrating the evaluation of the many current intervention programs."

* * * * *

"How effective in improving the nutritional standard of LDC recipients are food stamp and other food supplement programs or the international food aid programs? This information is woefully lacking." 1/

In addition, our recent report on Federal human nutrition research (PSAD-77-156, Mar. 28, 1978) noted that the long-term effect of the Government's multibillion dollar food assistance programs has rarely been evaluated. The report stated that there was a need for (1) a surveillance program monitoring both the general population and specific population groups and (2) improved methods of nutritional assessment and identifying determinants of nutritional status.

Agriculture's 1977-78 Nationwide Food Consumption Survey seeks to determine the kind, amount, and monetary value of foods consumed by different population groups. This survey could be used to determine the benefit and nutrient intake levels of families receiving food assistance and to compare these nutrient intake levels with those for similar-sized families of the same or varying incomes that are not beneficiaries of food assistance programs. Such information would be useful to both the executive branch and the Congress in better determining the proper level of program benefits; the interrelationships of various food assistance programs in providing multiple benefits; and, to some extent, the adequacy of the programs in providing a better diet.

In a previous report (CED-77-56, Mar. 25, 1977), we noted, however, that the Nationwide Food Consumption Survey, as described in the contract award justification, would not have provided sufficient data to perform more than a cursory analysis of most food assistance programs. During

1/"World Food and Nutrition Study, Enhancement of Food Production for the United States," Report of the Board on Agriculture and Renewable Resources, National Academy of Sciences, Nov. 1975, p. 61.

our review leading to the March 1977 report, Agriculture's Food and Nutrition Service requested additional money from the Congress to fund a 5,000 low-income household sample under the survey. The Congress subsequently approved this request.

In the March 1977 report, we concluded that this additional sample of low-income households would substantially improve the survey's data base and allow a better analysis of the nutrient intake of all low-income families regardless of their status as food program recipients. We believed, however, that even with the larger sample (1) the data base would be insufficient to examine some programs like WIC, special milk, child care food, or summer food adequately, (2) the interrelationship of Federal food assistance programs could only be broadly examined--and then only for the food stamp and school lunch programs, and (3) the survey could not be used to determine whether individuals or families were malnourished or what their general health status was--this could only be done by using health survey and surveillance techniques, such as those developed by HEW for its Health and Nutrition Examination Surveys. Initial results from the Nationwide Food Consumption Survey are expected in late 1978 with reports continuing to be released through 1980.

CHAPTER 4

CONCLUSIONS, RECOMMENDATIONS, AND

AGENCY COMMENTS AND OUR EVALUATION

CONCLUSIONS

The Congress, in carrying out its intent to help needy Americans obtain more nutritionally adequate diets, has created over the past 40 years an array of domestic food assistance programs which, excluding the headstart, AFDC, and SSI programs, cost the Federal Government over \$6 billion in fiscal year 1976 and a total of about \$35 billion since fiscal year 1967. In total, the 13 major Federal food assistance programs represent a conglomeration of legislation that is expensive, administratively cumbersome, and for at least some households inequitable in terms of the benefits provided.

The piecemeal approach used to develop food assistance programs, the varying benefit levels and target populations, and other factors have produced multiple benefits and administrative inconsistencies. A major factor in this regard is that most program legislation specifically prohibits the consideration of benefits received from one program when determining eligibility and benefits for another program. Some participating households can receive cash and in-kind food benefits substantially above their thrifty food plan costs and above the average amounts American families of comparable size spend for food. This shows a need for the Congress to reexamine the equity and efficiency of encouraging multiple participation in Federal food assistance programs, and, in particular, the duplicative costs stemming from benefit and/or administrative overlaps between food stamps and free school lunches, food stamps and WIC, and free school meals and free milk.

The need for 13 separate Federal domestic programs providing food or food-related assistance should be reevaluated, not just to eliminate these major types of overlaps, but also to help streamline program administration, end separate reporting requirements, and allow State and local administrators more discretion to mold programs to fit local conditions while still retaining basic policy and funding authority at the Federal level. One possible consolidation would be to combine the present school lunch and school breakfast programs into a single program offering Federal cash and commodity assistance to schools and other eligible institutions for meals served to children in attendance. State and local administrators could then, for example, decide whether to emphasize lunches or breakfasts or some balanced combination of the two in their particular food service programs.

Also, the present food stamp program benefit structure causes an inequitable situation whereby (1) some eligible households that seldom take part in other Federal food assistance programs can receive substantially less than the costs of a thrifty food plan diet from their uniform food stamp allotments and (2) other eligible households that frequently take part in other Federal food assistance programs can receive substantially more than the costs of a thrifty food plan diet from their uniform food stamp allotments alone.

Duplicate benefits and benefit gaps within the total array of Federal food assistance programs result from the absence of an explicit, uniform, and coordinated national policy on the appropriate level of Federal food assistance benefits to Americans. The Congress may wish to consider such a policy in the context of comprehensive welfare reform--which we believe should involve, over time, redesigning the structure of Federal food assistance efforts, including program consolidation and a more equitable allocation of benefits.

There is a need to standardize and simplify the complex, inconsistent, and, in some instances, inequitable administrative procedures which have had an adverse effect on how Federal food assistance programs interrelate. For example, there should be a single uniform definition of needy persons--the general target group at which all programs are at least in part directed. There should also be uniform criteria to determine who is needy and thereby eligible for food assistance. These criteria should include maximum income and resource levels, allowable exclusions and deductions, and uniform accounting periods for measuring income. It is inconsistent and somewhat anomalous for individuals to be eligible for one program and not another when both programs basically are directed at essentially the same target group.

In addition, there should be some standardization of the extent and methods of verifying applicant eligibility factors--primarily income. Further, effective coordination is needed among program administrators at local levels to avoid situations where individuals needing food assistance do not get it while ineligible continue to receive benefits.

Finally, the Congress and the executive branch currently lack timely information on the nutritional status of the general population, as well as those groups most likely to be at risk nutritionally--the poor, the elderly, young children, and women of child-bearing age. Until means are developed and implemented to periodically gather both consumption and health data for nationwide samples of individuals and

households, the nutritional effectiveness of the Federal food assistance programs cannot be effectively evaluated.

RECOMMENDATIONS TO THE SECRETARIES
OF AGRICULTURE AND HEW AND THE DIRECTOR,
COMMUNITY SERVICES ADMINISTRATION

We recommend that, to eliminate the principal benefit gaps and duplications, to improve the overall coordination of Federal food assistance programs, and to develop the basic information required to evaluate and redesign the programs, the Secretary of Agriculture, in conjunction with the Secretary of HEW, and the Director, Community Services Administration:

- Initiate, on a priority basis, periodic national surveys of low-income households to determine the types and amounts of cash and in-kind food benefits received and the precise extent of current overlaps and gaps (both in terms of program costs and nutrient intake) among the major Federal programs involving food assistance, including AFDC and SSI.
- Develop and implement ways to measure, in a more coordinated, timely manner, the nutritional status of the general U.S. population--especially participants and nonparticipants in the major Federal food assistance programs, including such traditionally high-risk groups as the poor, the elderly, young children, and women of child-bearing age--and use this data to estimate the nutritional effectiveness of the Federal food assistance programs.
- Propose consistent income and asset eligibility requirements and procedures for the appropriate Federal food assistance programs and study the effects of such requirements and procedures on program participation, costs, and work incentives. Report the results of this study to the Congress, along with a recommendation for such authorizing legislation as may be necessary.
- Establish demonstration projects in one or more localities to evaluate the increased administrative cost and error, if any, that would result from an individualized system of food stamp allotments; that is, allotment levels based on a recipient household's receiving the exact number of free food stamps needed to meet the difference between the cost of the thrifty food plan, as calculated for the number,

sex, and ages of the members of that particular household, and 50 percent of the household's net monthly income for food stamp purposes. Report the demonstration project results to the Congress.

- Study the administrative feasibility of (1) considering food benefits from child-feeding programs (primarily school lunch, but also school breakfast, special milk, child care food, and headstart) when determining food stamp eligibility or benefits, (2) using food stamps to purchase free or reduced-price meals under the child-feeding programs, (3) adjusting thrifty food plan costs to reflect potential participation in the child-feeding programs, and (4) turning over the application, certification, verification, referral, and monitoring aspects of the child-feeding programs and WIC to local welfare offices which now also handle food stamp certification, verification, and monitoring. Report the results of this study to the Congress, together with a recommendation for such authorizing legislation as may be necessary.
- Explore alternatives to the WIC food delivery systems and, if appropriate, propose legislation to implement the best alternative. Under one possible statutory alternative to the current program, eligible WIC participants in certain local areas could be authorized supplemental food stamps upon (1) medical certification by local health agencies of their nutritional risk and (2) participation in the medical and nutritional education programs offered by these agencies. These supplemental food stamps could be color coded to help assure that only suitable items, such as protein-rich food, would be purchased with the extra stamps.
- Provide mechanisms to assure that persons in need of, or receiving, specific benefits from such programs as school lunch, WIC, title VII, AFDC, or SSI are aware of and referred to other food programs that they are eligible for.
- Study ways for encouraging the exchange of information among local food program administrators to assist them in identifying potential or ineligible recipients. Recommend to the Congress legislative changes that might be needed to implement the procedures which the study finds to be the most effective.

RECOMMENDATIONS TO THE CONGRESS

We recommend that, to eliminate the principal benefit gaps and duplications and to improve the overall coordination of Federal food assistance programs, the Congress:

- On the basis of the executive branch's study and proposals involving consistent income and asset program standards, adopt a uniform definition of the term "needy" and establish consistent criteria for determining who is eligible for Federal food assistance programs; these criteria should include income and asset eligibility requirements as well as allowable exclusions and deductions from countable income and assets. In addition, consistent administrative procedures among the programs regarding accounting periods for measuring income and verification requirements for such eligibility factors as income and assets should be provided.
- Approve an explicit national policy on the appropriate levels of food assistance to be provided to needy Americans by the Federal Government.
- Consolidate major Federal food assistance programs by bringing under one program Federal cash and commodity assistance currently provided by the school lunch and school breakfast programs and evaluate the need for Federal reimbursement of free milk served under the special milk program in elementary schools and child care institutions already participating in the school lunch, school breakfast, and/or child care food programs.
- Authorize the Secretary of Agriculture to implement individualized food stamp allotments nationwide if Agriculture's demonstration projects show the administrative feasibility of such allotments.
- On the basis of the results of the executive branch's feasibility study, eliminate the receipt of duplicative benefits, particularly between the food stamp and school lunch programs, by allowing consideration of benefits received from one Federal food assistance program when determining eligibility and benefit levels for other Federal food assistance programs.
- Also on the basis of the results of the executive branch's feasibility study, require a single State/local agency to be responsible for the application,

APPENDIX II

FOOD ASSISTANCE PROGRAMS

1967 to 1976

	per food note b)	WIC	Other commodity distribution (note c)	Title VII (note b)	Community food and nutrition	All programs (note d)
	118.8	\$153.4	\$ 45.4	\$232.7	\$ 26.2	\$ 8,448.2
	50.8	91.0	74.2	126.8	24.8	7,007.3
	33.8	12.5	229.3	100.0	22.4	4,758.5
	26.8	-	282.1	-	28.7	3,887.6
	22.1	-	337.3	-	3.5	3,437.8
	8.7	-	345.7	-	45.3	2,892.6
	3.2	-	311.9	-	49.0	1,611.9
	0.6	-	250.4	-	17.0	1,092.7
	-	-	146.4	-	13.0	878.2
	-	-	116.2	-	-	664.4
	<u>264.8</u>	<u>\$256.9</u>	<u>\$2,138.9</u>	<u>\$459.5</u>	<u>\$229.9</u>	<u>\$34,679.2</u>

APPENDIX II

FEDERAL SUPPORT

Fiscal year	Food stamps (note a)	School lunch (note b)	School breakfast (note b)	Special milk	Chick fr (no. (mill
1976	\$ 5,633.1	\$1,874.5	\$123.3	\$145.4	\$
1975	4,672.6	1,696.9	94.9	122.9	
1974	2,820.7	1,394.6	65.9	49.2	
1973	2,193.8	1,204.8	40.4	90.8	
1972	1,891.1	1,045.8	30.0	90.3	
1971	1,558.9	805.8	23.1	91.1	
1970	564.7	563.9	12.9	101.2	
1969	240.0	475.8	6.6	101.3	
1968	178.8	435.7	2.5	101.8	
1967	<u>110.3</u>	<u>338.0</u>	<u>0.7</u>	<u>99.2</u>	
Total	<u>\$19,864.0</u>	<u>\$9,835.8</u>	<u>\$400.3</u>	<u>\$993.2</u>	<u>\$2</u>

See next page for footnotes.

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report. Our September 1, 1976, report to the Chairman, Subcommittee on Labor and Health, Education, and Welfare of the Senate Committee on Appropriations (HFD-76-112), provided a broad analysis of the community food and nutrition program.

program known as emergency food and medical services. The new program was to provide, on an emergency basis, financial assistance for providing nutritional foodstuffs, medical supplies, and services necessary to counteract starvation and malnutrition among the poor. Under the legislation, assistance was to be primarily furnished for food and related medical services to those not being reached by other Federal programs and also to broaden the coverage of such programs so they would better serve the economically disadvantaged. The Community Services Administration (formerly the Office of Economic Opportunity) is responsible for the program and is authorized to make grants to community action agencies or to local public or private nonprofit organizations where community action agencies are not operating. Funding of \$26.2 million was provided in fiscal year 1976.

In 1973 all program medical activities were transferred to HEW. Responsibility for nutritional program activities was retained in the Community Services Administration. Consistent with the transfer, the name of the program was changed to "community food and nutrition" in July 1976. The language of the act establishing emergency program purposes remained substantially unchanged.

In recent years Community Services Administration policy emphasized program funding for local projects that helped persons find assistance through other programs, rather than direct emergency feeding. The fiscal year 1976 policy guidelines for the community food and nutrition program were oriented to priority areas, such as

- improving participation in other Federal feeding programs;
- providing food directly to certain target populations (migrants, Indians, seasonal farmworkers, and others); and
- mobilizing other financial and community resources to address local feeding problems.

In this report we term the community food and nutrition program as "technical assistance" because it is now oriented toward helping other programs function more effectively. No community food and nutrition projects in the California area reviewed for this report provided direct food assistance. Because it had no direct effect on the amount of nutritional or monetary assistance received by needy persons in that area, we excluded the program from most analyses in the

by reason of a medically determinable physical or mental impairment which has lasted or can be expected to last for a continuous period of not less than 12 months or (2) a child under 18 who suffers from an impairment of comparable severity.

To qualify for SSI payments, an aged, blind, or disabled person must also have countable income and assets below certain levels. Countable income and assets for SSI purposes is total income and assets less certain mandatory exclusions. As of June 1976 an SSI recipient in California living alone and with no countable income received the following amounts.

Maximum Payments to a California Resident Living
Alone and Participating in the SSI Program
June 1976

<u>Category</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
Aged	\$157.70	\$101.30	\$259.00
Disabled	157.70	101.30	259.00
Blind	157.70	134.30	292.00

Maximum Federal SSI payments are periodically adjusted, based on specified changes in the Consumer Price Index.

We were unable to identify the specific amount of a California SSI recipient's total monthly cash benefit applicable to food needs. However, a California welfare official said that California's total payment (that is, the Federal amount plus the optional supplement) is intended to cover the basic needs of the recipient, including food, as well as certain special needs.

SSI recipients in California are not eligible to participate in the food stamp program because the State has chosen to cash out the bonus value of food stamps by including an equivalent \$10 in the State supplemental payments. Massachusetts is the only other State currently exercising the cash-out option for SSI recipients.

COMMUNITY SERVICES ADMINISTRATION

1. The community food and nutrition program is now oriented toward increasing participation in other Federal food assistance programs. In 1967 and again in 1969 the Congress amended the Economic Opportunity Act of 1964 (Public Law 88-452, 78 Stat. 508) to establish and define a

In December 1976 for the Nation as a whole, an average AFDC family (which was approximately a three-person household) received about \$236 a month in cash assistance. However, due to different State payment standards, monthly payments to AFDC households ranged from an average of \$381 in New York to an average of \$48 in Mississippi.

During fiscal year 1976 the maximum monthly payment in California (where we made our review) was \$349 for a family of four with no countable income. Of this amount, \$129 was considered the in-kind income value of food. If an AFDC recipient earned as in-kind payment for services rendered, or had been donated as a gift, enough food to feed a four-member family for 1 month, the AFDC payment would be reduced by \$129. In other words, AFDC personnel in California considered \$129 to be the best approximation of the portion of the payment that would have been spent for food.

4. The supplemental security income (SSI) program, authorized under title XVI of the Social Security Act, as amended (42 U.S.C. 1301 et seq.), is designed to provide financial assistance to aged, blind, or disabled individuals whose income and assets fall below specified levels. Enacted as part of the Social Security Amendments of 1972 (Public Law 92-603, title III, 86 Stat. 1455), SSI replaced the programs of old-age assistance and aid to the blind established by the original Social Security Act of 1935, and the program to aid the permanently and totally disabled established in 1950 by amendment to the Social Security Act. These three former programs were State-administered, grant-in-aid programs under which Federal matching funds were made available to the States according to formulas specified by law.

The SSI program, which became effective in January 1974, is administered by the Social Security Administration and funded by the Federal Government, except for benefits paid by the States under their supplemental programs. States participating in the supplemental program may set their optional payments at any level. Total Federal expenditures for SSI benefit payments and administration in fiscal year 1976 amounted to an estimated \$4.9 billion. About 4.3 million persons received monthly SSI benefits as of June 1976 (2.2 million aged and 2.1 million blind or disabled).

To qualify for aid to the aged, an individual must be 65 years or older. An individual is eligible for aid to the blind if he or she has central visual acuity of 20/200 or worse in the better eye with the use of a corrective lens. To be eligible for aid to the disabled, an individual must be (1) unable to engage in any substantial gainful activity

States generally define the needs of AFDC applicants and recipients in terms of the number, kind, and cost of specified consumption items to be included in the various standards of need established by the States. These need standards, as well as eligibility policies governing consideration of a family's income and assets, must be applied uniformly throughout a State (or uniformly in areas with local price differentials) to all families in similar circumstances.

States have authority for identifying and specifying the content and the money amounts of the need standards. No two States have established identical standards or money amounts. All States recognize food, clothing, shelter, and utilities as basic consumption items--that is, items needed by everyone. Most States also include as basic items such things as personal care, medicine chest supplies, and household supplies. In addition to basic needs, many States recognize special needs that arise for some persons under specified circumstances, such as needs for special diets.

Only once since 1935 has the Congress required States to adjust their standards of need. In the late 1960s States were directed to adjust their AFDC standards to fully reflect any changes in living costs between the time the standards were last established and July 1969. States were not, however, required to pay the full standard as adjusted to July 1969 costs.

The Social Security Act and implementing Federal regulations provide for certain mandatory and optional income and asset exclusions for determining both need and the amount of the assistance payment under the AFDC program. Depending on the policies of individual States, AFDC assistance payments may or may not include sufficient money to cover the family's need; that is, the difference or budget deficit between a State's standard of need and a recipient's countable income. Some States apply a percentage reduction to the budget deficit. Other States do not impose any maximums or apply any percentage reductions, in which case a family's need is described as being met in full.

The Federal share of AFDC assistance payments ranged from 50 to about 78 percent, depending on the State at the time of our fieldwork. Total Federal expenditures for AFDC money payments were an estimated \$5.1 billion in fiscal year 1976. The average monthly number of AFDC recipients was 11,373,000 persons (3.5 million families). The Federal 50-percent share of State and local AFDC administrative costs equaled about \$518.9 million in fiscal year 1976.

HEW's Administration on Aging administers the program nationwide, generally in cooperation with State agencies on aging. Each year Federal funds are allotted to States based on their populations of persons aged 60 and over. State agencies, in turn, award these funds to designated local title VII projects. The funds may be used to meet up to 90 percent of project costs. In fiscal year 1976 Federal cash assistance for the program amounted to \$224.6 million, with about 244,000 meals served daily. Commodities donated to title VII projects under Agriculture's food distribution program totaled about \$8 million. This commodity assistance is adjusted annually for changes in the Consumer Price Index for food away from home. The value of food donated by Agriculture in fiscal year 1976 was 16.5 cents a meal.

3. The depression of the 1930s gave impetus to a series of temporary emergency relief measures and to the passage of the Social Security Act of 1935. Title IV, Part A of the act, as amended (42 U.S.C. 601 et seq.), created the aid to families with dependent children (AFDC) program. The program's legislated objective is to encourage the care of dependent children in their own homes or in the homes of relatives by enabling each State to furnish financial assistance and other services to needy dependent children and the parents or relatives with whom they are living. This financial assistance is designed to help maintain and strengthen family life and to help the parents or relatives attain or retain the capability for self-support.

AFDC benefits are available for needy children who are (1) under the age of 18, or (at the option of a State) under the age of 21 if regularly attending a school, college, university, or a course of vocational or technical training, (2) deprived of parental support or care by reason of death, continued absence from the home, incapacity, or (at the option of a State) unemployment of a father, and (3) living in the home of an immediate family member, certain relatives, or in foster care. The program excludes families without children and families with an employable head of household who refuses to register for and/or accept employment.

The AFDC program is administered by the States in conjunction with HEW's Social Security Administration, which is charged with Federal responsibility for the program. Within the conditions described by the Social Security Act, the States can decide how their specific AFDC programs are to be organized and administered, who is eligible for aid, how much aid eligible persons will get, and what kinds of income and assets are included or excluded in determining eligibility and the amount of assistance payments.

HEW's Administration for Children, Youth, and Families administers the headstart program nationwide in cooperation with local public or private nonprofit institutions designated as headstart agencies. Federal grants to operate headstart agencies ordinarily provide no more than an 80-percent share of program costs with the grantee usually contributing a 20-percent share from non-Federal sources. In fiscal year 1976 the headstart program spent an estimated \$441 million with 349,000 children estimated to be participating. No breakdown was available on how much of the headstart money from HEW went for food.

2. The nutrition program for the elderly, authorized in 1972 by Public Law 92-258, 86 Stat. 88, which established a new title VII for the Older Americans act of 1965, as amended (42 U.S.C. 3045 et seq.), seeks to promote better health and reduce the isolation of old age by providing older persons, particularly those with low incomes, with inexpensive, nutritionally adequate meals. Under the program, at least one hot meal must be served 5 days a week to persons over 60 (and their spouses regardless of age) in congregate settings in schools, churches, community centers, senior citizen centers, and other public or private facilities where older persons can obtain social and rehabilitative services. (Home-delivered meals can be provided to eligible persons who are homebound.) Each hot meal must contain at least one-third of the daily recommended dietary allowances established by the National Academy of Sciences. Title VII projects (as local nutrition programs for the elderly are sometimes called) began serving meals to older persons in September 1973.

Many elderly persons do not eat properly because they (1) cannot afford to do so, (2) lack meal preparation skills, (3) are hindered by limited mobility, which impairs their capacity to shop and cook, or (4) harbor feelings of loneliness and rejection, which obliterate the incentive to prepare meals. A main target population of the nutrition program for the elderly is the estimated 7 million Americans over 60 who live at or below 125 percent of the official poverty level.

No elderly persons may be turned away from a title VII feeding site due to their inability to pay for a meal and there are no maximum income eligibility guidelines for the program. All participants, however, are given an opportunity to pay all or part of the cost of a meal. Local title VII projects establish either a contribution schedule based on resources or a single flat sum as a guide to the size of contributions. Participants determine for themselves what they are able to contribute, and contributions can be in the form of food stamps.

The Food and Nutrition Service administers the WIC program nationwide--generally through State health agencies. Through fiscal year 1976 the Service had approved the operation of WIC programs by 62 agencies--49 State agencies, 11 Indian agencies, Puerto Rico, and the Virgin Islands. At the end of fiscal year 1976 about 600,000 persons were participating in the program. The average monthly benefits per WIC participant were about \$22 in fiscal year 1976. Federal funding for WIC in fiscal year 1976 amounted to \$153.2 million for providing food to WIC participants and paying for specified administrative and clinical costs, including those for nutrition education services.

HEW

1. Headstart is a continuing national demonstration program which gives local communities resources to provide a range of development services to preschool children from low-income families. Established by the Economic Opportunity Act of 1964, as amended (42 U.S.C. 2701 et seq.), and currently authorized by title V of the Community Services Act of 1974, as amended (42 U.S.C. 2921 et seq.), the program is to provide comprehensive health, nutritional, educational, social, and other services that will help economically disadvantaged children attain their full potential.

The nutrition component of local headstart programs includes both nutrition education and meals served at headstart centers. Programs operating in conjunction with a school system participating in Agriculture's school lunch program can receive meal reimbursement under that program. Headstart programs operating independently of a school system can claim reimbursement under Agriculture's child care food program. Headstart programs also receive Federal commodities under the food distribution program.

Each headstart program may also use a certain portion of its HEW funding for nutrition. The maximum child care food or national school lunch reimbursement for food costs might not cover actual headstart food costs, and headstart programs could then maintain the quality and quantity of food served to the preschoolers by contributing to the difference from HEW funds. In addition, programs are expected to provide food for the staff, volunteers, and invited parents who eat with the children, but the child care food and school lunch programs do not allow reimbursement for meals served to adults. Headstart programs are also expected to have nutrition-related classroom and parent outreach activities which require supplies paid for with HEW funds.

participants. In addition to receiving foods, WIC participants can receive counseling in nutrition.

A 2-year pilot WIC program was authorized by the Congress in September 1972. The first pilot WIC program began operation in January 1974. Subsequent legislation extended the program through fiscal year 1978. To be eligible for the program, participants must (1) live in an approved project area and (2) be determined to be at nutritional risk. Although there is no national income eligibility standard, the WIC legislation lists low income as part of the definition of "at nutritional risk." Lacking a national criterion, many States developed their own WIC income eligibility scales. ^{1/}

Because WIC is a supplemental program, it was not designed to supply a recipient's entire food needs. For example, WIC foods are to provide the following percentages of a California recipient's need for specific nutrients.

WIC 1976 Benefit Level in California

<u>Recipient</u>	<u>Percent of 1974 recommended dietary allowances</u>		
	<u>Protein, calcium, iron, and vitamin C</u>	<u>Vitamin A</u>	<u>Calories</u>
Pregnant women	60-100	60-100	25
Nursing women	60-100	60-100	25
Children--1 to 5 years old	100	100	66
Infants--3 months to 1 year old	100	100	75
Infants--less than 3 months	100	90	100

^{1/}In February 1977 Agriculture issued proposed regulations establishing a maximum cutoff income level for all WIC applicants at 195 percent of the Secretary of Agriculture's income poverty guidelines (at that time \$11,110 for a family of four). This proposal was deleted from final WIC program regulations published in August 1977 because of what Agriculture perceived was opposition to the income guidelines from health and administrative professionals who wanted to preserve the WIC program as a health-oriented rather than a welfare-oriented program and who opposed placing administrative burdens on local agencies which offer free health care to all persons.

administrative costs (a total of \$119.8 million in fiscal year 1976, including a reported \$448,000 in federally donated commodities).

In May 1968 the Congress authorized a 5-year pilot program to provide assistance for meal services to nonresidential child care institutions in areas of low income and areas with a substantial percentage of working mothers. The program included both year-round child care centers primarily for pre-school children (now the child care food program), and a special summer feeding program for school-age children enrolled in programs operated in parks, playgrounds, and recreation centers.

In 1975 the Congress expanded the summer food program to provide Federal cash assistance for breakfasts and lunches as well as suppers and snacks. At that time the program was also converted to funding on a performance basis with meal rates adjusted annually for changes in the Consumer Price Index for food away from home. Payment rates for the summer of 1976 were 87.25 cents for lunches and suppers, 43.25 cents for breakfasts, and 22.75 cents for snacks. These rates include funding of sponsors' administrative costs.

In recent years, the summer food program has substantially increased in participation and cost. During the summer of 1975 a reported 2.4 million children were fed at over 16,000 sites maintained by about 1,200 sponsors. The Federal cost of the program in calendar year 1975 was about \$65 million. For the summer of 1976, it was estimated that 3.7 million children were fed at nearly 25,000 sites maintained by over 2,100 sponsors. Federal costs for the program in calendar year 1976 were estimated at about \$137 million.

8. The special supplemental food program for women, infants, and children (WIC)--authorized by section 17 of the Child Nutrition Act of 1966, as amended (42 U.S.C. 1786)--makes Federal funds available to (1) the health department or comparable agency of each State and (2) Indian tribes to provide supplemental food packages to low-income pregnant and lactating women, infants, and children up to 5 years of age. The participants must be judged by competent professionals to be at nutritional risk due to low income and inadequate nutrition. The food package consists of: iron-fortified infant formula, milk or cheese, high-iron breakfast cereal, and high-vitamin fruit juices. There are three general types of delivery systems for WIC foods: (1) retail purchase by food vouchers, (2) home delivery, and (3) direct distribution by local clinics. The food is free to all

Federal funds are provided to States to assist participating institutions in paying the cost of the half-pints of fluid milk consumed. Within certain limitations, reimbursement is made for the full cost of milk served free to needy children. Income eligibility standards for free milk are the same as those established for free lunches. However, children qualifying for free lunches receive free milk under the special milk program only if the milk is served at times other than periods of meal service in outlets operating a school lunch, school breakfast, or child care food program.

In July 1974 the Congress established 5 cents as the minimum rate of reimbursement per half-pint of milk. This rate is adjusted annually to reflect changes in the food away from home series of the Consumer Price Index. The minimum rate for July 1976 through September 1977 was 6 cents. Full-cost reimbursement averaged about 10 cents in fiscal year 1976 per half-pint of free milk served to needy children.

The Food and Nutrition Service administers the program in cooperation with State educational agencies. Cash payments to the States for paid and free milk in fiscal year 1976 totaled about \$145.4 million--\$102.6 million for paid milk and \$42.8 million for free milk. About 88,000 institutions participated--82,600 schools, 3,200 summer camps, and 2,000 child care agencies.

7. The summer food service program for children, authorized by section 13 of the National School Lunch Act, as amended (42 U.S.C. 1761), is designed to feed, during summer vacation, children under 19 from areas in which poor economic conditions exist, although participating children generally do not have to come from low-income families. Institutions serving areas where one-third of the children are needy (that is, areas in which one-third of the children are eligible for free or reduced-price meals under the school lunch and breakfast programs) qualify for the summer food program. Meals reimbursed under the program must be served free to all children in attendance. In general, there are no individual eligibility requirements and rosters of individual participants are usually not maintained. Nutritional goals for the program are the same as for the school lunch program.

The Food and Nutrition Service administers the summer food program nationwide. Below the Federal level, the program is generally administered by the State educational agencies which enter into agreements with local sponsors to operate the program at approved feeding sites. Subject to certain monetary ceilings, the Federal Government pays for all program and

The Food and Nutrition Service administers the breakfast program in cooperation with State educational agencies. In fiscal year 1976 Federal cash payments to the States under the program totaled \$112.7 million. Federally donated commodities totaling \$10.6 million supplemented this cash assistance.

5. The child care food program was established in October 1975 when Public Law 94-105, 89 Stat. 522, added a new section 17 to the National School Lunch Act, as amended (42 U.S.C. 1766). The program provides cash and commodity assistance for meals served to children in, for example, day-care centers, headstart programs, and centers for handicapped children. Children attending participating institutions can receive breakfasts, lunches, suppers, and snacks. The program's income eligibility guidelines and procedures, as well as nutritional goals, are generally the same as those for the school lunch and breakfast programs.

Federal reimbursement to States is on a performance funding basis. States receive cash payments equaling the number of meals served by type (breakfast, lunch, and supper) and family-size income category (free, reduced-price, or all meals) multiplied by the appropriate national average payment factors used in the school lunch and breakfast programs (the national average payment factor for suppers is the same as that for lunches). The reimbursement rates for snacks during the period July through December 1976 were 5.25 cents for all snacks, 10.75 cents for reduced-price snacks, and 16 cents for free snacks.

During fiscal year 1976 about 242 million meals were served to 460,000 children who attended participating child care institutions. Federal cash payments to States amounted to \$80.3 million. Federal commodities donated to the program (including cash in lieu of commodities) totaled \$15.1 million. This commodity support is adjusted annually for changes in the food away from home series of the Consumer Price Index. The Food and Nutrition Service administers the program in cooperation with State educational agencies.

6. The special milk program, now authorized by section 3 of the Child Nutrition Act of 1966, as amended (42 U.S.C. 1772), is designed to encourage consumption of fluid milk by children in nonprofit schools of high school grade and under, nursery schools, child care centers, settlement houses, summer camps, and similar nonprofit institutions devoted to the care and training of children. The program has no nutritional goal in terms of recommended dietary allowances.

series of the Consumer Price Index. The national average value of donated foods was 11 cents a lunch during the second half of fiscal year 1976.

In addition, States must match the Federal cash payments for paid lunches under section 4 from sources within the State at a 3-to-1 ratio. Of the matching funds, 10 percent must come from State-appropriated funds. In fiscal year 1976 sources within the States contributed \$2.3 billion, 61 percent of which came from children's payments.

4. The school breakfast program, authorized by section 4 of the Child Nutrition Act of 1966, as amended (42 U.S.C. 1773), began as a pilot program to assist schools in serving breakfasts to needy children. Subsequent legislation made the program permanent and required an outreach effort by the Secretary of Agriculture and the States to make the program available to all schools where it was needed to provide adequate nutrition for needy children in attendance. The program has no specific nutritional goal in terms of furnishing meals which, over time, provide a certain percentage of the recommended dietary allowances for children of various age groups.

Program funding is on a performance basis with semiannual adjustments of the national average payments to reflect changes in the Consumer Price Index for food away from home. Adjustments due to such changes resulted in rates of 10.5 cents for all breakfasts, 30 cents for reduced-price breakfasts, and 36.5 cents for free breakfasts during the period July through December 1976. Additional Federal assistance to pay up to 100 percent of the cost of preparing free or reduced-price breakfasts can be provided to especially needy schools.

During fiscal year 1976 an average of 2.3 million children took part daily in the breakfast program at 17,300 participating schools. A total of 352.4 million breakfasts were served. As in previous years, the program primarily benefited needy children with 83.5 percent of the breakfasts served free or at a reduced price.

Most schools that participate in the school breakfast program also participate in the school lunch program. The income eligibility guidelines and procedures for the breakfast program are the same as those for the free and reduced-price lunch program. For example, if a State chose to exceed the Secretary of Agriculture's income poverty guidelines for the period July 1976 through June 1977 by the maximum 25 percent, school children from four-person households would have been eligible for a free breakfast if their countable family income was less than \$7,130 annually.

APPENDIX I

APPENDIX I

respectively, of total lunches. The average daily number of children reached by the program in fiscal year 1976 was 26 million, with 11.2 million being served free and reduced-price lunches. A total of 89,000 schools participated.

The following table provides detailed information on increasing participation, cash assistance rates, and costs in the school lunch program since 1967.

	Fiscal year		
	<u>1967</u>	<u>1972</u>	<u>1976</u>
Schools	72,944	83,635	89,432
Average rate of Federal assistance per lunch served:			
Basic assistance for each lunch	4.2 cents	6.3 cents	12.2 cents
Special assistance for a free or reduced-price lunch	5.0 cents	38.2 cents	54.0 cents
Donated commodities	<u>6.0 cents</u>	<u>7.1 cents</u>	<u>11.0 cents</u>
Total for a free or reduced-price lunch	<u>15.2 cents</u>	<u>51.6 cents</u>	<u>77.2 cents</u>
Cost per lunch served:			
Federal contribution	10.7 cents	25.8 cents	44.1 cents
State and local government contribution	12.7 cents	15.5 cents	21.8 cents
Child's payment	<u>29.4 cents</u>	<u>27.2 cents</u>	<u>34.2 cents</u>
Total	<u>52.8 cents</u>	<u>68.5 cents</u>	<u>100.1 cents</u>
Children receiving free or reduced-price school lunches (in millions--daily average)	2.3	7.8	11.2

The Food and Nutrition Service administers the school lunch program in cooperation with State educational agencies. In fiscal year 1976 cash payments to the States amounted to about \$1.5 billion--\$512.8 million in section 4 cash assistance and \$953.7 million in section 11 cash assistance. Federal commodities donated to the school lunch program (including cash in lieu of commodities) totaled an estimated \$408 million. Federal commodity support provided the States for the program is adjusted annually for changes in the food away from home

general cash assistance to participating educational agencies for a portion of the costs of lunches served to school children, regardless of their families' incomes. Section 11 authorizes additional, special cash assistance for free and reduced-price lunches served to needy children. The program's nutritional goal is to furnish meals providing, over time, at least one-third of the National Academy of Sciences' recommended dietary allowances for children of various age groups.

In October 1975 the Congress broadened the program's definition of schools to include any public or licensed non-profit residential child care institution (including, but not limited to, orphanages and homes for the mentally retarded). A State receives cash assistance on the basis of the number of meals served in that state. This type of assistance is called performance funding. National average payment factors of 10 cents for all lunches served, and an additional 45 cents for free lunches or 35 cents for reduced-price lunches, were established in fiscal year 1974. These rates are adjusted semiannually in line with changes in the Department of Labor's Consumer Price Index for food away from home. The national average payment factors for July through December 1976 were 58.5 cents for free lunches, 48.5 cents for reduced-price lunches, and 13 cents for all lunches. Cash assistance rates for programs within a State are based on the need of individual schools and institutions and are established by the State within certain maximum limits.

On July 1 of each year the Secretary of Agriculture establishes income poverty guidelines to serve as a basis for income eligibility criteria for free or reduced-price meals set by the State. The State criteria for free lunches cannot be less than the Secretary's income poverty guidelines nor may they exceed them by more than 25 percent. Eligibility for reduced-price lunches is set at 195 percent of the Secretary's guidelines in all States. During July 1976 to June 1977 the Secretary's income poverty guideline was \$5,700 annually for a family of four (the 125-percent guideline was \$7,120 and the 195-percent guideline was \$11,110 for a family of four). Families applying for free or reduced-price lunches self-certify their annual incomes on application forms provided by participating schools. These incomes can be adjusted for certain allowable hardship deductions. There are no asset eligibility criteria for free or reduced-price lunches.

During fiscal year 1976 4.2 billion lunches were served, 1.8 billion free or at a reduced price. Free and reduced-price lunches represented 38.9 percent and 3 percent,

In most instances, federally donated food is distributed directly to institutions rather than to individuals. In January 1977 a total of \$47.5 million of Federal food was donated to schools (\$44.9 million), nutrition programs for the elderly (\$1.5 million), charitable institutions (\$1 million), and child care centers (\$0.1 million). During fiscal year 1976 the Federal Government donated \$454.1 million in commodities to these outlets through State and local agencies. Cash payments are also authorized if the commodities available for donation to the States are less than the legally mandated amount, if a State phased out its commodity distribution facilities before July 1974, or if a State chose to receive cash in place of the commodities which would have been donated to child care facilities or elderly feeding projects. These payments are called "cash in lieu of commodities" and totaled \$49.6 million in fiscal year 1976.

The food distribution program outlays for commodities donated directly to needy families have substantially decreased as the food stamp program expanded over the last several years. ^{1/} In fiscal year 1972 the food distribution program provided \$297.6 million in donated-commodity assistance to needy families through cooperating State agencies. In fiscal year 1976 the program provided \$16.3 million in such assistance. The recipients of this assistance were needy families living on Indian reservations, in the Pacific Trust Territories, and in four Washington State counties where Federal courts have ordered dual food distribution and food stamp operations. The supplemental food program, another food distribution program serving individuals directly and the predecessor of the WIC program, provides food items to low-income women, infants, and children residing in approved project areas. In January 1977, 104,000 persons living in 44 project areas received \$1.2 million in donated commodity assistance under the supplemental food program. In fiscal year 1976 supplemental food program assistance totaled \$17.2 million.

3. The national school lunch program, established in 1946 by the National School Lunch Act, as amended (42 U.S.C. 1751 et seq.), assists States and schools to serve lunches to children at school. Section 4 of the act authorizes

^{1/}Federally donated food cannot be distributed to households living in areas where the food stamp program is operating (7 U.S.C. 2013(b))--except in certain situations, such as emergencies or during an area's transition from food distribution to food stamps.

APPENDIX I

APPENDIX I

assistance were automatically eligible to receive food stamps, and (7) authorized the Secretary of Agriculture to pay States not less than 75 percent of the costs associated with State food stamp investigations and prosecutions.

During January 1977, 17.2 million persons (about 5.4 million households) received \$690.7 million in food stamps with a total bonus of \$418.3 million. The following table illustrates the expanded coverage and higher benefits in the food stamp program since 1967:

	Fiscal year		
	<u>1967</u>	<u>1972</u>	<u>1976</u>
Project areas	838	2,126	3,035
Monthly bonus value for a participating four-person household with a net income of \$200 a month	\$24	\$55	\$113
Maximum allowable net income eligibility standard for a four- person household	(a)	\$373	\$553

a/Before 1971 maximum income eligibility standards varied by State.

Agriculture's Food and Nutrition Service administers the food stamp program nationwide in cooperation with State and local welfare agencies. The Federal Government pays the full cost of food stamp bonuses (\$5.3 billion in fiscal year 1976) and for half the State administrative costs (\$255.5 million in fiscal year 1976).

2. The food distribution program is the oldest major Federal program providing food assistance. Established in 1935, the program currently provides food to schools, child care centers, charitable institutions, summer camps, nutrition programs for the elderly, disaster relief agencies, and certain other categories of needy persons. Agricultural commodities used in this program are generally acquired under either surplus removal authority (section 32 of the Act of August 24, 1935--7 U.S.C. 612c), price support authority (section 416 of the Agricultural Adjustment Act of 1949--7 U.S.C. 1431), or commodity procurement authority (sections 6 and 14 of the National School Lunch Act--42 U.S.C. 1755 and 1762a). The Food and Nutrition Service administers the program nationwide in cooperation with other Federal and State and local distribution agencies.

income. One- and two-person households receive a minimum allotment of \$10 a month. 1/

The uniform food stamp allotments by household size are based on the costs of Agriculture's thrifty food plan. Agriculture prepares four food plans at different levels of cost --thrifty, low, moderate, and liberal. Each plan specifies quantities of foods of different types covering 21 meals a week prepared at home for each household member which will, if the plan is followed, provide most of the National Academy of Sciences' 1974 recommended dietary allowances. These allowances are the levels of intake of essential nutrients considered, on the basis of available scientific information as judged by the National Academy of Sciences' Food and Nutrition Board, to be adequate to meet the known nutritional needs of practically all healthy persons. Uniform food stamp allotments by household size are adjusted semiannually to reflect changes in the cost of the thrifty food plan as published by the Department of Labor's Bureau of Labor Statistics.

The food stamp program began as a pilot operation in eight counties in 1961. The Food Stamp Act of 1964, as amended, authorized the program on a permanent basis and a later amendment in 1973 mandated that it operate in every county in the Nation. The Food Stamp Act of 1977 (1) extended the program's authorization through fiscal year 1981, (2) established the Office of Management and Budget's income poverty guidelines for the nonfarm United States as the program's income eligibility standards, (3) established a standard deduction from a household's gross income in determining countable income for food stamp purposes, (4) did away with some existing food stamp itemized deductions, (5) discontinued the requirement that most households receiving food stamps spend some part of their income to purchase the stamps, (6) eliminated categorical eligibility whereby households in which all members received Federal or State public

1/Before enactment of the Food Stamp Act of 1977, the food stamp program required that most households receiving food stamps spend part of their income to buy stamps having a face value greater than their purchase price. The difference between the face value of food stamps and their purchase price was termed "bonus value." The 1977 act discontinued this purchase requirement. Agriculture estimates that regulations eliminating the purchase requirement, as well as the other provisions of the 1977 act, will be implemented around the end of 1978.

DESCRIPTIONS OF THE 13 MAJOR FEDERALDOMESTIC FOOD ASSISTANCE PROGRAMS

The Department of Agriculture currently administers eight major programs providing direct food assistance. HEW has administrative responsibility for two major food programs and two cash assistance programs providing money for food expenditures. The Community Services Administration oversees a program designed to increase participation in other feeding programs.

DEPARTMENT OF AGRICULTURE 1/

1. The food stamp program is the primary Federal effort to help low-income households obtain more nutritionally adequate diets. Under the program, households meeting certain net income and asset criteria as well as certain nonfinancial requirements (such as registration for work) are authorized to receive food stamps. Stamps are used to buy food at authorized retail stores and from other authorized outlets.

The eligibility for participants to receive food stamps and the total value of the stamps they receive are primarily based on household size, income, and certain income exclusions and deductions. Households of the same size receive benefits based on a uniform food stamp allotment. For example, during the period January through June 1977 the uniform allotment for all participating four-person households in the continental United States was \$166.

Under provisions of the Food Stamp Act of 1977, the exact amount of stamps a participating household receives monthly is equal to the uniform allotment for the given household size minus 30 percent of the household's monthly net countable

1/The following summaries of Agriculture food assistance programs do not cover the nonfood assistance program that provides funds for eligible schools and residential child care institutions to help them acquire adequate food service equipment; State administrative expenses other than for food stamps; nutritional training and surveys; and Federal operating expenses. These programs, which together accounted for about \$93 million in fiscal year 1976 expenditure, do not involve the direct provision of cash or in-kind benefits to recipients and were therefore excluded from our analysis.

CHAPTER 5

SCOPE OF REVIEW

We reviewed the legislation and regulations for the 13 Federal food assistance programs, examined pertinent documents, and held extensive discussions with program officials. At the Federal level, we interviewed headquarters and regional representatives of the Department of Agriculture, HEW, the Community Services Administration, and the Office of Management and Budget. We interviewed State agency officials with California's Department of Benefit Payments, Department of Education, Department of Health, and Office on Aging.

At the local level in California, we visited the Alameda County Welfare Department, the Oakland Unified School District, and the various agencies responsible for the headstart, WIC, and title VII programs. We discussed administrative interrelationships with program officials and examined local program records. We also analyzed program participation by 95 Oakland households--25 randomly selected AFDC families, 25 randomly selected food stamp households, and 45 families with children comprising two kindergarten classrooms from a school serving a low-income area. For each member of these 95 households, we checked welfare, school, and other food agency records to trace individual participation in the various food assistance programs and computed the total amount of food benefits received on a household basis. Alameda County, the city of Oakland, and the Oakland Unified School District were selected for our review based on the size and availability of Federal food assistance programs operating in those areas.

To supplement this fieldwork, we made computer analyses of nationwide data on household participation in Federal food programs to evaluate gaps and overlaps in the food stamp benefit structure. We obtained this data from the Department of Agriculture based on its previous 1973 and 1975 studies on program participation.

We did not assess the effect that eliminating various gaps, overlaps, and discrepancies in Federal food assistance programs would have on the overall demand for agricultural commodities or on surpluses or shortages of food.

determining eligibility and benefits for other programs, administrative consolidation at the local level, and alternatives to the WIC food delivery systems, would answer the questions posed by HEW. The executive branch is in a unique position to conduct these studies due to its long experience in administering the programs and its capability for data collection and analysis.

Community Services Administration

In written comments provided in January 1978 (see app. VIII), the Community Services Administration said that it agreed with the report recommendations to reduce duplication and increase the efficiency of Federal feeding programs, but cautioned that great care must be taken to avoid reducing the total level of nutrition to the poor. The agency also said that the report correctly described the community food and nutrition program as technical assistance to other feeding programs and that it had concentrated on increasing the availability of the other programs to the poor.

HEW also stated that participation in two or more food assistance programs might be necessary for recipient households to obtain nutritious diets. It emphasized that, even if food consumption for these households were relatively high, there was no evidence to show that nutritional standards were being met, much less exceeded.

The lack of good current information on the nutritional effect of the feeding programs is the reason why we are recommending that periodic surveys be made of this. We believe that our work in Oakland, complementing the previous studies cited in this report, shows that overlaps in program benefits can and do occur but, as mentioned before, neither we nor the executive branch knows the effect of these overlaps, particularly for the bigger programs like food stamps and free school lunches, on the nutrient intake of recipients.

In additional comments HEW indicated that, while better coordination and integration of programs is a worthwhile policy aim when pursued carefully and judiciously, specific proposals for integrating programs must be evaluated to answer such questions as:

- How are the aims of specific programs affected?
- How will participation among eligibles be affected?
- Will stigma be increased if, for example, children pay for school lunches with food stamps?
- How will administration be accomplished and how will administrative costs be affected?
- How will altered eligibility criteria affect program costs and caseloads?

HEW said that, although our report discusses many potential program changes aimed at better integration, it did not answer, or even raise, the above questions.

The purpose of the report is to demonstrate the lack of good data on program benefits and their nutritional effects; to show the likelihood of benefit overlaps and gaps; to point out the divergent income and asset eligibility requirements and procedures among the programs; and to recommend approaches toward more equitable, better coordinated Federal food assistance efforts. We believe that the executive branch studies we are recommending in this report on such matters as consistent income and asset standards, individualized food stamp allotments, consideration of benefits from one program when

We have been concerned for some time about the critical lack of up-to-date information on the nutritional adequacy of Federal food plans or food programs. Our concern increased when we concluded that, as of the time of our review, food consumption information for low-income families to be obtained from Agriculture's proposed 1977-78 Nationwide Food Consumption Survey (the first such survey since the 1965-66 effort) would not have been sufficient to assure statistically valid studies for certain important dietary characteristics of low-income families. This information would be useful in evaluating food assistance programs, identifying the nutritional problems of low-income families, and developing new food plans for such families. As noted in this report (see p. 40), we therefore recommended that the Congress approve funds for an additional survey of low-income families (CED-77-56, Mar. 25, 1977). The Congress subsequently approved these funds.

Agriculture will have an opportunity to use the 1977-78 survey data to develop a food plan adequate to meet the nutritional needs of low-income persons and families and not open to the kinds of objections Agriculture now raises against the thrifty plan. Such a new plan should serve as a standard to determine by how much present programs either exceed or fall short of meeting the needs of target groups.

We used the thrifty food plan for our study because it was an official standard and because the Congress chose it to be the basis for determining household food stamp allotments. Our report does not conclude, as Agriculture infers, that some food program recipients are being overfed. We point out in the report that neither we nor Agriculture knows the combined nutritional effects of the 13 major food programs taken as a group. It is a main point of this report that there is an apparent maldistribution of available food benefits, with some households receiving relatively more than others. Whether these benefits are going to those most in need nutritionally is not known. That is why we believe that Agriculture, along with HEW and the Community Services Administration, must take steps to determine the monetary and nutritional impact of the food programs and study ways to eliminate possible benefit gaps and overlaps.

HEW

HEW provided written comments in February 1976. (See app. VII.) Its comments on our methodology (particularly on the sample size) were similar to Agriculture's comments, which are discussed in the previous section. Our responses to Agriculture also apply to the corresponding HEW comments.

stamp cases we sampled were one-person adult households; and our selection of kindergarten children for the school student sample was based on information from the Oakland school system that its records on household data were most accurate and up-to-date for kindergarten classes. (No children in our kindergarten sample participated in both WIC and school feeding programs.)

Thrifty food plan

Agriculture criticized our use of its thrifty food plan as a standard for estimating a household's food needs. It cited sources, such as one of the Nation's leading nutrition experts and the Department's own Agricultural Research Service, which cautioned that the plan's cash equivalent would not provide fully adequate diets for many or most households. The principal nationwide, quantitative evidence comes from an evaluation of the economy food plan (the predecessor to the thrifty food plan) based on data from the 1965-66 Household Food Consumption Survey. According to Agriculture, this data showed that less than 10 percent of the households spending an amount equal to the cost of either the economy or thrifty food plan received 100 percent of their recommended dietary allowances and less than 50 percent of the households received even two-thirds of these allowances.

The Department also stated that

- the thrifty food plan is a theoretical plan, designed in part on a computer, and does not represent what low-income families actually purchase and eat;
- most households receiving food stamps do not purchase foods that fit the pattern of the plan;
- the plan is unlikely to be sufficient to cover the food needs of persons on special diets for medical reasons;
- the foods contained in the plan cost more in some areas than in others due to regional and local differences in food costs;
- sales taxes are not taken into account in determining the plan's cost; and
- the particular food stores at which low-income persons purchase food may, in some cases, charge higher prices than area stores in general.

Consolidating eligibility referral and monitoring should assure that (1) an agency at the local level was expertly informed about eligibility requirements for the entire array of food programs and could refer potentially eligible households to the appropriate programs, thereby minimizing the amount of administrative and client time wasted now through inappropriate referrals and (2) procedures were established whereby new circumstances, which would make a participating household ineligible for one program, would automatically and expeditiously be evaluated to determine the household's continued eligibility for other programs.

Accordingly, we continue to believe that the executive branch should study the feasibility of consolidating food program eligibility functions--at least for certain major programs--and report the results of the study to the Congress, together with recommendations for any authorizing legislation that might be necessary.

Objections to our samples

Agriculture said that our samples (see pp. 20 to 27) were unrepresentative, because (1) the number of households sampled was too small and all households came from one city, (2) the State from which the samples were drawn had high welfare payments, (3) the sample area (unlike many local areas) had both the school breakfast and WIC programs available, (4) one- and two-member households (which comprise nearly half of the food stamp caseload) appeared to be poorly represented, and (5) kindergarten children (the group from which our school student sample was drawn) were (according to Agriculture) most likely to participate in both the WIC program and school feeding programs.

Our purpose in drawing the samples was not to obtain precise results scientifically projectible to the entire State or Nation, but to demonstrate on a small scale the existence of important food program overlaps and the corresponding need for the executive branch to do what up to now it has failed to do--gather national (or even local) data on the extent of benefit overlaps and gaps among the 13 major food programs and study ways to eliminate these gaps or overlaps among the larger programs.

In regard to Agriculture's other objections to our samples, many States (16) have AFDC payments in California's range; the potential for expansion of the school breakfast and WIC programs makes it likely that many more local areas will have both programs in the future; 17 of the 25 food

design in one State might not fit well into another State's overall government apparatus. It also said that, in many States, this might simply create an additional layer of bureaucracy, with the superagency arranging for continued program administration by the same State administrative units that now run each program.

Our recommendation is directed only at the eligibility determination aspects of designated Federal food programs, not at one agency running all food programs and certain welfare programs. Because of the potential to reduce both administrative complexity and recipient confusion, we believe that the executive branch needs to study the feasibility of a single State or local agency being given responsibility for the application, certification, verification, referral, and monitoring aspects of designated food programs--particularly the food stamp, child-feeding, and WIC programs.

We believe that this kind of arrangement, along with the enactment of more uniform administrative policies and procedures among the food programs (as we are recommending in this report), could help assure a more equitable and efficient delivery of Federal food assistance to recipients. Under the type of consolidation we are referring to, schools would continue to control the feeding components of the lunch and breakfast programs, and health clinics would continue to be in charge of the medical evaluations and nutrition counseling under WIC.

Designating one State or local agency (presumably the welfare department in many cases) to perform the eligibility determination functions for major food programs could help assure more uniform application, certification, and verification procedures. Otherwise, if the income eligibility levels for food stamps, free school lunches, and WIC are standardized (as Agriculture proposes) but local food program administrative structures remain the same, three separate bureaucracies (welfare offices, schools, and WIC clinics) could apply similar (if not identical) income standards in different ways, and households with members eligible for more than one food program would still have to undergo at least two different application processes.

Consolidating the eligibility referral and monitoring responsibilities for food programs could also help Agriculture realize one goal it cited in its comments--that persons who are eligible have the opportunity to receive benefits from the food programs authorized by the Congress, and that persons not eligible do not receive these benefits.

--Our approach would appear to leave little room for the use of commodities donated by Agriculture for WIC-type supplemental feeding programs.

However, our alternative would not necessarily be the only way to distribute WIC benefits. If the use of commodities for WIC recipients in some local areas would be cost effective, this delivery system could still be used in place of supplemental food stamps.

--Color-coded food stamps would not be targeted to specific monthly quantities of designated food items, as WIC benefits are now.

The use of the color-coded food stamps could be restricted in a manner similar to the present WIC vouchers.

--If pregnant and nursing women are required to apply for WIC at welfare offices and use color-coded food stamps in food stores, some might not enroll in WIC because of the stigma they attach to food stamp program participation.

We do not know of evidence showing that the presumed stigma attached to applying for and redeeming food stamps is any greater or less than a stigma that might be attached to applying for WIC benefits at a local health clinic or redeeming WIC vouchers at a food store. Nonetheless, some eligible WIC recipients might choose not to participate in WIC under the proposed arrangement. We trust, however, that both Agriculture and HEW will attempt to eliminate wherever practical any potentially stigmatizing aspects of the eligibility certification procedures at local welfare offices. In addition, the streamlined application and referral procedures recommended in this report could result in even more participation in both the food stamp and WIC programs.

Requiring one State/Local agency to administer certain aspects of Federal feeding programs

Agriculture questioned whether the Federal Government should impose on the States a requirement for a State super-agency to administer all food programs and certain welfare programs. It said that what might be a good administrative

Federal food programs. The need for some type of consolidation would be even stronger if, as Agriculture has proposed, income limits consistent with other Federal food programs are established for WIC. Consequently, if income eligibility levels are standardized and no consolidation occurs, many persons eligible for both food stamp and WIC benefits under similar guidelines would have to be certified twice for joint food stamp/WIC participation by two separate bureaucracies, and would then receive stamps from one and vouchers from the other. We believe that in many local areas these administrative and benefit delivery overlaps would be unnecessary.

Agriculture also said that:

- Issuing WIC benefits through food stamp offices would likely result in some reduction both in visits by WIC participants to health clinics and their use of health services.

However, under the alternative we are recommending, receipt of supplemental food stamps would be contingent on a recipient's (1) periodic medical certification by local health agencies of their nutritional risk and (2) participation in the medical and nutrition education programs offered by these agencies.

- Administration of the food stamp program would become more complicated.

This could happen, but Agriculture should obtain a precise estimate of what the increased administrative complexity and cost would entail. There should, however, be a corresponding decrease in the administrative cost of the WIC program if local health agencies were no longer involved with nonmedical aspects of eligibility determinations. There is also a possibility that some WIC agencies might be unable or unwilling to certify applicants using income guidelines as may be proposed.

- Increasing the food stamp allotment by using color-coded stamps for a certain group would open the door to color-coded stamps for other groups.

We know of no reason to think that this would necessarily happen unless there was valid evidence to warrant supplemental stamps for other groups.

The demonstration projects we are recommending would involve a comparison of program procedures and not the reduction of actual program benefits to current recipients. For example, food stamp certification workers in one or more project areas could be required to fill out the necessary documentation for certifying or recertifying recipients under both the present uniform allotment system adjusted only for household size and a more individualized system where allotments are adjusted for age and sex as well as household size. This duplicate or parallel processing would permit a comparison of administrative cost and error between the two allotment systems, but recipients would continue to receive benefits under the present system. We believe that section 17(b)(1) would not bar a pilot project of this type.

Agriculture also objected to the use of its thrifty food plan as a standard of nutritional adequacy because the plan's cost level was constrained by budgetary considerations. However, we find that most Government endeavors are so constrained. As we suggest later in this section (see p. 82), the development of a new, adequate food plan for low-income persons and families could provide a basis for showing how much, if any, such constraints prevent the Federal Government from meeting the nutritional requirements of needy persons and families. If additional Federal resources become available, the Government would then be able to know how much more needs to be done. One possible way more resources might become available is through a system of individualized food stamp allotments.

WIC recommendations

Agriculture responded to our WIC recommendations as if we had recommended that the WIC program be abolished. Agriculture stated that it believed the task before it and the Congress was to improve the WIC program and to reach more of those in need of the program--not to end the program and replace it with an approach that might prove less effective in improving health and nutritional status. We fully agree. Our specific recommendations for WIC are that Agriculture study the feasibility of (1) turning over the eligibility, referral, and monitoring aspects of WIC to local welfare offices and (2) authorizing supplemental, color-coded food stamps to eligible WIC participants as an alternative to the program's existing food delivery systems.

We do not propose that WIC be abolished, only that a study be made of alternatives which, if proved feasible, should help consolidate and improve the administration of

be authorized so that no one would become ineligible for free food stamps due solely to a change in the way benefits were calculated.

- Individualized allotments based on age and sex only (these are objective measurements which are now routinely gathered during the application process). Changes in ages would be reported only at times of certification or recertification when new allotments would be calculated.

Agriculture found our individualized allotment recommendations somewhat inconsistent with our call in 1975 for a standard income deduction, rather than itemized deductions, in the food stamp program. Agriculture also stated that individualized allotments would cause benefit decreases for elderly women, elderly couples, and young children because their allotments generally exceed their thrifty food plan costs. Agriculture further stated that such decreases could work nutritional and economic hardships on many of these persons. "But, until such time as Agriculture completes the type of benefit and nutritional effectiveness studies recommended by this report, there is no hard evidence that those receiving the most food stamp benefits relative to their thrifty food plan costs are those most nutritionally in need. If such studies do demonstrate this, it would not be a factor mitigating against the principle of individualized allotments but rather a reason to revise the overall benefit level on which an individualized allotment system would be based.

Agriculture believes that the Food Stamp Act of 1977 prohibits demonstration projects on individualized allotments because such allotments would reduce the benefit levels of many households. Section 17(b)(1) of the act specifically states

"The Secretary [of Agriculture] is authorized to conduct on a trial basis, in one or more areas of the United States, pilot or experimental projects designed to test program changes that might increase the efficiency of the food stamp program and improve the delivery of food stamp benefits to eligible households * * *. The Secretary may waive the requirements of this Act to the degree necessary for such projects to be conducted, except that no project shall be implemented which would lower or further restrict the income or resource standards or benefit levels provided pursuant to * * * this Act."

We question whether the costs of administering a system of simplified individualized allotments would be so excessive that indicated savings of over \$500 million annually would be wiped out.

Agriculture may be thinking of a much more complicated system of individualized allotments than might be necessary. Agriculture described an administrative process whereby individualized allotments would be calculated before a recipient's basic eligibility for food stamps was determined. It asked why allotments should be individualized only by age or sex of household members and not by regions of the country, personal physical characteristics or medical conditions, stores with expensive prices, or States that charge a sales tax on food. (As Agriculture indicated, the list could be long.) Agriculture foresees a reporting system in which recipient households would frequently report changes in age and other conditions, thereby requiring many allotment changes.

We agree that such a cumbersome arrangement as Agriculture envisaged would be extremely complicated and probably very expensive to administer. However, a system of individualized allotments need not be so complicated or expensive. We propose for study a straightforward way to eliminate inequities whereby some households receive uniform allotments providing 82 percent of their thrifty food plan costs while other households get uniform allotments providing 164 percent of their thrifty food plan costs. For example, on the basis of a proposal to be formulated by Agriculture, the Congress could authorize:

--A two-step process where a household's eligibility for food stamps would first be determined by using the new criteria and procedures established by the Food Stamp Act of 1977. After being certified as eligible for food stamps, a household would then have its individualized allotment calculated. Since the size of food stamp households averages about 3.04 persons (with one- and two-person households representing almost exactly one-half of the caseload), calculating an individualized allotment for a given household would normally involve adding three numbers taken from a basic table--appendixes IV and V are examples of such tables. This allotment calculation could be done by a certification worker or by computer. In those cases where 30 percent of a household's countable net monthly income might exceed its individualized allotment, a minimum amount of free food stamps would

future program consolidation. If the AFDC, SSI, and food stamp programs are combined into a single cash assistance program under comprehensive welfare reform to provide a qualified four-person household with \$4,200 annually (or, according to Agriculture, about 65 percent of the poverty line), a later second phase of such reform could involve increasing benefits for eligible households with school-age children and then eliminating free meals under the school lunch program.

Individualized food stamp allotments

Agriculture indicated that it vigorously disagreed with what it said was our suggestion to individualize food stamp allotments by the age and sex of each household member. We are not recommending that this be done immediately. Our precise recommendations are that (1) Agriculture establish demonstration projects in one or more localities to evaluate the increased administrative cost and error, if any, that would result from an individualized system of food stamp allotments and (2) if Agriculture's demonstration projects show the administrative feasibility of individualized allotments, the Congress authorize the Secretary of Agriculture to implement such allotments nationwide.

Agriculture, however, has not indicated a willingness to study the matter of individualized allotments and their administrative feasibility despite our estimator--based on nationwide, statistically valid data--that such allotments could result in a net monthly savings of \$47.4 million (\$568.8 million annually) in free food stamps. Agriculture said it believed that our estimate of the savings from individualized allotments was questionable, but provided no estimate of its own. Our figures were derived from computer data obtained from Agriculture.

One principal objection by Agriculture to individualized allotments is the higher administrative costs involved. State government comments to this effect were cited by Agriculture. However, we have not seen nor been provided with any precise, quantitative estimates of the increased administrative cost or error if allotments were individualized. It is because of this lack of hard data that we are recommending the establishment of demonstration projects testing administrative procedures for individualized allotments. Also, in reference to State comments opposing individualized allotments, it should be recognized that State program administrators may be understandably reluctant to take on new tasks that involve saving Federal dollars at the expense of higher administrative costs for their States.

assumptions than the Food and Nutrition Service and considered only school-age children from households receiving more than 100 percent of their thrifty food plan costs from their food stamp allotments.

We believe that our analysis and other analyses cited in this report demonstrate a large monetary impact resulting from the food stamp/free school lunch overlap. Agriculture's comments did not indicate whether it felt that such a monetary impact existed, but did say that it believed it made no sense to erect a highly complicated administrative structure at increased administrative cost to decrease the level of nutritional assistance going to especially vulnerable groups like school-age children from needy families.

We would be inclined to agree with this position (1) if a good basis for it had been established through a comprehensive study (possibly using one or more demonstration projects) of the administrative problems of considering food benefits from one program when determining eligibility or benefits under other food programs and (2) more importantly if executive branch analyses on a nationwide basis showed that the nutritional needs of needy children could only be met by the combination of food stamps and free school lunches. We found no such administrative or nutritional studies during our review, nor did Agriculture refer to any in its comments.

According to Agriculture, one major administrative problem in considering free school lunches when determining food stamp eligibility is the appropriate value to be assigned the lunches. We believe that a reasonable average or minimal value could be derived from the type of study we are recommending. Assigning such an average or minimal value could be done without overtly identifying a particular child and would not only reduce the monetary overlap between food stamps and free lunches, but might also provide some incentive to the household to take a more active interest in the quantity and quality of food served in the school lunch program.

If actual household member participation in the free lunch program fell significantly below the average or minimal rate (due to illness, for example), the household could apply for an increase in its food stamp benefits--as it can now if its income unexpectedly declines during its food stamp certification period. If a food stamp household chose not to be certified for free school lunches under the proposed system, its free food stamps would not be reduced.

The development of an appropriate figure for the value of free school lunches also creates an opportunity for

These proposed efforts to monitor and study the nutritional benefits and effectiveness of food programs are long overdue, but should include all major Federal food assistance programs (and not be confined to only those administered by Agriculture) and should analyze program benefits and effectiveness on a comprehensive basis (and not for individual programs taken separately).

Considering benefits from certain food programs when determining eligibility and benefits under other food programs

Agriculture strongly disagreed with the concept that benefits from one food program should be considered when determining eligibility or benefit levels under other programs. Listing a number of objections, it said the administrative problems would be immense. Agriculture did not indicate a willingness to even study the matter further (as our report recommends) although, by our conservative estimate, the food stamp and school lunch programs alone overlap by over \$100 million annually.

Our recommendation that, on the basis of the results of an executive branch feasibility study, the Congress should authorize consideration of benefits from certain food programs when determining eligibility and benefits under other food programs specifically focused on food stamps and free meals served in the child-feeding programs (school breakfast, child care food, special milk, headstart, and in particular school lunch). Benefits received under WIC are supplemental and probably should not be counted in other programs. Benefits under a program as small as title VI, and involving social as well as nutritional goals, as title VII does, should also probably be excluded. What should be addressed in a systematic way is the large benefit overlap between food stamps and free lunches. Both are large, nationwide programs serving predominantly the same constituency.

In 1976 Agriculture's Food and Nutrition Service estimated that during September 1975 there were 6.8 million school-age children (ages 6 through 18 inclusive) in food stamp households with monthly incomes below the income eligibility limit for free or reduced-price lunches. Using assumptions and data similar to those we used for our analysis of the benefit overlap between food stamps and free school lunches (see pp. 27 to 29), the Food and Nutrition Service stated that "approximately \$1 billion in Federal money is spent on school lunches that essentially duplicate food stamp benefits."

Our estimate of the food stamp and free lunch overlap was about \$112 million annually. We used more conservative

in food stamps and the title VII program, but not in other programs.

We believe that Agriculture's proposals on overlaps and income standards are consistent with the thrust of the conclusions and recommendations in this report. However, ways must be found to eliminate the common overlap between the food stamp and school lunch programs--both multibillion dollar programs. We suggest several ways in this report (such as using food stamps to purchase school lunches or including as countable food stamp income the benefits received from free lunches) to eliminate this problem.

Other actions planned or under study

Agriculture said that it was studying

--ways to strengthen program integrity in the provision of free and reduced-price school meals based on Agriculture's concern that eligible persons will have the opportunity to receive, and ineligible persons will not receive, benefits from the food programs authorized by the Congress; and

--the feasibility of allowing school districts to combine breakfast and lunch funds at the local level so that schools may account for the total cost of lunches and breakfasts combined, thereby reducing the reporting burden at the local level.

Agriculture also said it planned to expand efforts to measure the nutritional status of Americans and to evaluate the nutritional effectiveness of the food assistance programs. Title XIV of the Food and Agriculture Act of 1977 calls for (1) a joint proposal by the Departments of Agriculture and HEW on developing a comprehensive nutritional status monitoring system ^{1/} and (2) Agriculture surveillance of the nutritional benefits provided to participants in its food programs. Agriculture said that it was preparing a 5-year study plan for submission to the Office of Management and Budget that would include plans for further nutrition evaluations of Federal food assistance programs.

1. Agriculture and HEW issued their joint proposal in May 1978. At the request of two congressional subcommittees, we are evaluating this proposal and will include our evaluation in a report on U.S. nutritional surveillance systems to be issued this summer.

be set at the third birthday--currently children may be eligible for WIC up to the fifth birthday and for the commodity supplemental food program up to the sixth birthday. According to Agriculture, this reduction in age eligibility should eliminate nearly all individual overlaps that might exist between the two programs and any other child nutrition programs.

- Proposed regulations are to provide for the use of Office of Management and Budget poverty guidelines in all Agriculture food assistance programs, such as food stamps, school lunch, school breakfast, and child care food.
- Proposed legislation would establish income limits for the WIC and commodity supplemental food programs consistent with the income standards to be used in Agriculture's child nutrition programs.
- The Food Stamp Act of 1977 requires all food stamp offices to display posters and distribute pamphlets prepared by Agriculture that contain nutrition information and also describe " * " details on eligibility for other programs administered by the Secretary (of Agriculture) that provide nutrition benefits."
- The act also requires a single interview process for determining eligibility for the food stamp and AFDC programs, and allows SSI recipients to apply for food stamps at a social security office. According to Agriculture, this will allow the same income information to be used for AFDC and food stamps, and for SSI and food stamps.

Agriculture said its proposals would end the overlaps between special milk benefits and the school food programs, and between WIC and the child nutrition programs. According to Agriculture, this would mean that a very young child (or a pregnant or nursing woman) might be in the food stamp program and the WIC program, but not in any other Agriculture food program. A school-age child might be in the food stamp and school food programs, but not in any others. ^{1/} And an elderly person might be

^{1/}However, school-age children in the food stamp and school breakfast/lunch programs can still participate in the special milk program if they receive free milk between meals.

to the executive branch and the Congress on how these benefit inequities could be eliminated under comprehensive welfare reform.

3. Our recommendation to explore revamping the WIC program by ending direct food assistance under that program and authorizing supplemental food stamps to eligible households should be deleted if the food stamp program is cashed out either as a part of comprehensive welfare reform or as a separate program.

AGENCY COMMENTS AND OUR EVALUATION

Department of Agriculture

In January 1978 Agriculture provided written comments on the matters discussed in this report. (See app. VI.) Some comments dealing with specific points have been addressed in the appropriate sections of the report. The comments on our recommendations and other general program matters are discussed below.

Actions taken, proposed, or to be proposed

Overall, Agriculture said that it believed a number of changes in Federal food assistance efforts were warranted. It cited a number of actions taken, proposed, or soon to be proposed, including:

--Public Law 95-166 ended the service of free milk during the lunch and breakfast periods to children receiving free school lunches or breakfasts. The new law also ended free milk service during the times meals are provided to children in the child care food program. Regulations implementing these provisions went into effect February 1, 1978.

--Agriculture has proposed terminating the special milk program altogether in schools participating in the school food programs and in child care centers participating in the child care food program. It said this would yield savings of over \$100 million a year.

--Agriculture has proposed legislation to reduce the age limit of children participating in the WIC program. Agriculture has also proposed reducing the age limit for the similar but smaller commodity supplemental food program. The proposed age limits for both programs would

certification, verification, referral, and monitoring aspects of designated Federal food programs (particularly the food stamp, child-feeding, and WIC programs) to help assure, along with the authorization and implementation of consistent eligibility criteria and procedures, a more equitable and efficient delivery of Federal food assistance to needy Americans.

EFFECT OF THE ENACTMENT OF COMPREHENSIVE WELFARE REFORM ON OUR RECOMMENDATIONS

Several recommendations in this report would be modified or deleted if comprehensive welfare reform as currently proposed is enacted:

1. If, for example, food stamps, AFDC, and SSI are consolidated into one cash assistance program administered by a single agency with uniform eligibility standards and procedures, we recommend that the Congress and the executive branch consider, as a later second phase of welfare reform, the benefit and administrative interrelationships of the consolidated program and the remaining, nonconsolidated Federal food assistance programs to eliminate overlaps, standardize eligibility procedures, and further streamline program administration.

In this regard, we recommend that the Congress delete the current provision in H.R. 9930 and S. 2084 (section 2107(a)(9) in both bills) which excludes from countable income for consolidated program purposes the value of food received under any program or activity financed by the Federal Government. Instead, we recommend that the Congress direct the Secretaries of Agriculture and HEW to study, before implementing comprehensive welfare reform, ways to consider benefits from such programs as school lunch, school breakfast, and child care food when determining eligibility and benefit levels under the consolidated program.

2. If comprehensive welfare reform is enacted, our recommendation for the Congress to authorize an individualized food stamp allotment system (if Agriculture's demonstration projects testing this system prove its administrative feasibility) would change to a recommendation that the Congress, on the basis of the results of Agriculture's tests, consider a system of individualized assistance. We believe that the basic inequities we have shown in the present food stamp benefit system, which is based primarily on household size, should not be built into a new program which has food assistance as one of its primary objectives. The results of Agriculture's tests could provide valuable information

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APPENDIX II

APPENDIX II

- a/ Includes bonus value of food stamps, Federal share of State administrative costs, and other program costs (except Federal operating expenses).
- b/ Includes Federal cash outlays and commodity donations to eligible outlets.
- c/ Includes expenditures for commodities distributed to needy persons and institutions.
- d/ Does not include the following Agriculture programs that involve indirect costs of Federal food assistance:

<u>Program</u>	<u>Fiscal year 1976 expenditures</u> (millions)
Nutritional training and surveys	\$ 0.3
Nonfood assistance	26.9
State administrative expenses for child nutrition programs	8.3
Federal operating expenses	<u>57.2</u>
Total	<u>\$92.7</u>

In addition, the totals do not include Federal domestic assistance programs such as headstart, where food assistance is a secondary component for which expenditures cannot be derived.

The totals also exclude the portion of Federal AFDC and SSI payments which is attributable to food assistance. AFDC officials stated that no national estimate of the portion of AFDC payments going for food assistance is available, but a State estimate is possible in some cases. California, for example, indicated that food assistance accounted for about one-third of its maximum AFDC assistance payment for a family of four. In fiscal year 1976 the Federal Government spent about \$5.1 billion on AFDC money payments. SSI officials stated that no specific amount of food assistance could be identified in the Federal SSI payment either by national or State breakdowns, although a California welfare official indicated that California's payment level is sufficient to meet the basic needs of the recipient. In fiscal year 1976 the Federal Government spent about \$4.9 billion on SSI benefit payments.

MONETARY EQUIVALENTS OF MONTHLYFOOD BENEFITS RECEIVED BY POTENTIAL ANDACTUAL PROGRAM PARTICIPANTS--APRIL AND MAY 1976

The dollar benefit values we used to analyze potential food program participation by hypothetical households were based on the total benefits an individual could receive. These dollar equivalents, as well as the monetary values of the cash and in-kind benefits received by the 95 households in our three samples (or for which these households were eligible), were generally determined either by (1) totaling the benefits for such programs as food stamps, AFDC, SSI, and WIC or (2) using an average rate of participation for such programs as school lunch and school breakfast multiplied by the applicable Federal reimbursement rates. The monetary values of specific program benefits were determined as follows.

AFDC

The food benefit for hypothetical households under AFDC was based on 30 percent of the maximum AFDC payments for various household sizes in California in spring 1976. We used the 30-percent figure because the Congress in the Food Stamp Act of 1977 concluded that a low-income household could reasonably be expected to spend about 30 percent of its own income for food.

In spring 1976 California's maximum AFDC payment was \$349 for a four-person household, and the corresponding value for food which we used for hypothetical households was about \$105, or \$26.25 a person. The food benefit for AFDC households in our three samples was based on 30 percent of the actual AFDC payments these households received.

We used the 30-percent figure despite the fact that it resulted in total food benefits which were considerably lower than the maximum amounts California State and local welfare personnel estimated were allocated in AFDC payments to cover a family's food needs. California personnel estimated that \$129 of the \$349 AFDC payment was allocated for food, rather than the \$105 we used in our analysis.

As discussed in appendix I, AFDC payments vary among the States. One effect of a State AFDC payment lower than California's would be an increase in bonus food stamps for a family living in that State and participating in the food stamp and AFDC programs. This occurs because AFDC

benefits are calculated before food stamp benefits are determined and because a lower AFDC payment would decrease the amount of household income used to compute food stamp eligibility and benefit levels--thereby likely increasing the amount of bonus food stamps received by the particular family over its counterpart in California.

The Congressional Budget Office concluded that in some instances the food stamp program has become an equalizer in State welfare payments by this narrowing of State differences in AFDC payments. The Congressional Budget Office stated that in September 1975 the difference in average AFDC payments between the mid-Atlantic region (including high-paying States such as New York, New Jersey, and Pennsylvania) and the Southeast region (including low-paying States such as Alabama, Georgia, and Mississippi) was over \$164. After AFDC households in these regions participated in the food stamp program, the difference was narrowed by nearly \$52. According to the Congressional Budget Office, the widest AFDC regional difference--a ratio of almost 2.3 to 1--was reduced to about 1.5 to 1 as a result of the food stamp program.

Consequently, although our analysis of Federal food benefits received by California households on the AFDC program might overstate the situation in some States (and possibly understate it in others), the effect is lessened due to the food stamp program's narrowing of State differences in AFDC payments.

Food stamps

The monetary benefit of the food stamp program was assumed to be the bonus value of the coupons. The amount of the bonus value, however, depends on the level of household income. We used two different amounts to assign incomes to recipients in our hypothetical households. The bonus value of the household receiving AFDC as well as food stamps was based on the maximum AFDC grant families of various sizes in California could receive during spring 1976. For example, the household income for a family of four receiving AFDC and food stamps would be \$349 which, with no special expenses or exemptions, would result in a monthly bonus value of \$71, or \$17.75 a person, and a total food benefit of \$176 a month (\$71 from food stamps and \$105 from AFDC).

If a hypothetical household was not receiving AFDC but was participating in the food stamp program, we assumed the household's income was equal to the poverty level for the appropriate family size (based on guidelines established by the Secretary of Agriculture for spring 1976). That is, a food

stamp family of four not on AFDC would be assumed to have an annual income of \$5,010, which would entitle it to a monthly bonus of \$53, or \$13.25 a person.

For the sample households, the actual bonus value of food stamps was considered the benefit for the non-AFDC recipients. If the food stamp household was also receiving AFDC, its food stamp bonus and 30 percent of its AFDC payment were counted as benefits.

SSI

We were unable to identify a specific amount as the food portion of either the Federal SSI payment or the State supplemental payment made by California. Neither Federal nor State officials could provide need standards or in-kind values for specific needs that would correlate with payment levels. However, based on discussions with Federal and State officials, we assumed that the SSI recipients in California received enough monetary benefit to provide them with the cost of more nutritionally adequate diets. As a broad estimate of the food benefits from SSI payments for the few hypothetical or actual households receiving SSI benefits in our study, we also assumed that 30 percent of the SSI payment goes for food. The hypothetical households were assumed to receive the maximum Federal SSI payments in effect in spring 1976. To estimate food benefits under the SSI program for the households in our three samples, we used the actual Federal amounts received where these amounts were identifiable and the maximum Federal payment where these amounts could not be identified.

School lunch, school breakfast, special milk, summer food, and child care food

The maximum Federal reimbursement rates for the period January to July 1976 were used to approximate the value of free or reduced-price food served under the various child-feeding programs. The per-meal rate was multiplied either (1) by the average number of school days a month for the hypothetical households or (2) for the sample households, by the product of the average number of school days a month multiplied by the average rate of participation in the school lunch and breakfast programs during May 1976 at the school from which our classroom samples were selected. The following table shows the actual values used.

APPENDIX III

APPENDIX III

Estimate of Poverty Benefits
From School Feeding Programs

Program	Maximum reimbursement rate--January to July 1978	Potential participation		Actual participation	
		Days	Monthly benefit	Days	Monthly benefit
School breakfast					
Free:					
Basic	\$.10				
Special assistance	.2525				
Total	<u>\$.3525</u>	19.5	\$6.87	7.21	\$2.55
Reduced price:					
Basic	\$.10				
Special assistance	.19				
Total	<u>\$.29</u>	19.5	\$5.66	7.23	\$2.10
School breakfast-- especially needy schools					
Free:					
Basic	\$.10				
Special assistance	.35				
Total	<u>\$.45</u>	19.5	\$8.73	7.23	\$3.20
Reduced price:					
Basic	\$.10				
Special assistance	.30				
Total	<u>\$.40</u>	19.5	\$7.62	7.23	\$2.10
School lunch					
Free:					
Basic	\$.125				
Special assistance	.5675				
Commodities	.11				
Total	<u>\$.8025</u>	19.5	\$15.65	17.7	\$14.20
Reduced price:					
Basic	\$.125				
Special assistance	.4675				
Commodities	.11				
Total	<u>\$.7025</u>	19.5	\$13.70	17.7	\$12.40
Special milk					
Free:					
Half-pint	\$.107	19.5	\$2.09	a/23.5	a/\$2.09
Summer food					
Free:					
Lunch or supper	\$.8075	22	\$17.77	a/22	a/\$17.77
Child care food					
Free:					
Breakfast	\$.3525	10	\$3.53	a/10	a/\$3.53
Lunch/supper	\$.6925	10	\$6.93	a/10	a/\$6.93
Snack	\$.2075	10	\$2.08	a/10	a/\$2.08

a/reflects potential participation and benefits. Values for the actual benefits for the special milk and summer food programs could not be computed because statistics on individual participation are generally not maintained for these programs. Actual benefits for the child care food program were not developed because none of the household members in our three samples were enrolled in either the child care food or breakfast programs.

Agriculture took exception to our use of maximum Federal reimbursement rates (for example, 80.25 cents for a free school lunch) to estimate the value of free or reduced-price meals served to children in our samples under the various child-feeding programs. Agriculture said that we should have considered only the Federal cash assistance applicable to a free lunch (that is, 56.75 cents a lunch) and not the Federal cash and commodity assistance to all school lunches (23.5 cents a lunch). It also said we should have reduced these reimbursement rates to take into account (1) the cash assistance going to labor and administrative expenses associated with the programs and (2) plate waste (food served to children but not eaten).

Our purpose in drawing the samples and assigning values to the food benefits received by the sample households was to show the total (not marginal) monetary impact of Federal food assistance programs in one local area. However, in the section of the report where we compare the food benefits received by sample households to the average food expenditures by all families (see p. 26), we adjusted the benefits for the sample households to eliminate those Federal food subsidies received by both needy and non-needy families. In addition, in the section of the report where we estimate the overlap between the food stamp program and free school lunches (see pp. 27 to 29), we used the average Federal cash reimbursement for a free school lunch only. This amount was 54 cents in fiscal year 1976.

We also attempted to obtain the precise food costs reimbursed by the Federal Government for each type of meal served under various programs. This proved difficult to do for some programs and impossible for others. For example, total food costs for Oakland schools could not be separated into cost per lunch and cost per breakfast. However, we were told that in 1975 the California-wide average cost per meal (including both food and labor costs) was 88 cents a lunch and 55 cents a breakfast. California also provides cash assistance for federally subsidized meals served to school children. Part of this assistance, which totaled about 15 cents for each free school lunch at the time of our study, was earmarked for covering the administrative and clerical costs of the school feeding programs. Another difficulty in trying to obtain precise cost estimates for food for even the school lunch program is determining the value to be assigned to commodities donated to the program by Federal, State, and/or private sources--is the fair market value of the commodities used or should the value assigned by the donors be used?

Because of these difficulties in determining the household food benefit attributable only to the Federal Government under the school lunch program, and also to avoid too many assumptions and inconsistencies across all the other programs we analyzed, we decided to use the maximum Federal reimbursement rate for those feeding programs that have such rates and then state in the report (as we do) that our analyses show maximum possible Federal benefits and that these might be reduced for a particular household due to such factors as program administrative costs.

This approach is similar to the way Agriculture calculated the value to a household of a free school lunch in its June 1975 report to the Congress on the food stamp program. (See pp. 11 and 12 of our report.) Agriculture used the average reimbursement rate for both basic and special cash assistance as well as donated commodity assistance to arrive at a total of 63.6 cents a lunch (out of a maximum reimbursement rate of 65 cents, which corresponds to the 80.25 cents effective during our sampling).

Agriculture also questioned our use of 10.7 cents as the reimbursement rate for free half-pints of milk served under the special milk program. It said the average Federal reimbursement for a half-pint of free milk in the spring of 1976 was 9.85 cents. We used 10.7 cents because the Oakland school district during the time of our study claimed and received reimbursement under the special milk program based on a purchase price of 10.7 cents for each half-pint of free milk served.

WIC

There were four different vouchers available in California under the WIC program in April and May 1976:

<u>Voucher</u>	<u>Recipient</u>	<u>Amount</u>
A	Women and children over 1 year of age	\$24.25
B	"	23.75
C	Infants	24.00
D	"	16.25

The most common voucher distributed in Oakland was the A voucher, and we used the amount of this voucher to estimate potential monthly benefits. Also, in absence of records indicating the type of voucher actually received by sample households, and since there were no infants in our three samples participating in the WIC program, the A voucher was used as the actual monetary benefit to WIC participants in our samples.

Agriculture said that we may have used the wrong values for WIC vouchers. We rechecked the figures from sample WIC voucher booklets and found the numbers accurate. The amounts listed above are the maximum values for which the vouchers can be redeemed to buy designated food. Information on the voucher amounts actually redeemed by specific persons was not readily available. Agriculture said the average monthly value of WIC benefits during our sampling was about \$20, not the \$24.25 we used. However, the small number of WIC participants among both our hypothetical and actual households indicates that the numbers used in our analyses would change little even if WIC voucher redemption data could be obtained.

Title VII nutrition program for the elderly

Title VII programs receive a lump-sum allocation as opposed to a per-meal reimbursement. The cost of the meal, and therefore the benefit to the recipient, varies by program. The monetary value of the benefit in the Oakland title VII program was estimated based on budgeted raw food costs for the feeding sites for the period January through June 1976. The per-meal cost was then multiplied by 20 days, which represented the number of meals served in May 1976 at 5 meals per week with no meal on Memorial Day. Thus, $\$.958 \times 20 \text{ days} = \19.36 a month.

Agriculture said that our use of food costs to estimate the monetary value of a title VII meal was inconsistent because of the way we estimated meal values under the child-feeding programs, and because we ignored the voluntary contributions which participants can make toward the cost of a title VII meal. Agriculture said that, unfortunately, HEW does not collect specific information on either total participant payments or the average contribution per participant.

Because the title VII program does not have reimbursement rates, we chose to use estimated food cost data provided by local program officials. There were no title VII participants among the 95 households in our sample. Two hypothetical households contained title VII participants who we assumed made no voluntary contributions and participated in the program 5 days a week--situations that might not be typical but are not improbable.

MONTHLY COST OF FOOD AT HOME ESTIMATEDFOR THE THRIFTY FOOD PLAN,U.S. AVERAGE--FEBRUARY 1976 (note a)

	Household size					
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5-5</u>	<u>7 or more</u>
<u>Individuals</u>						
Child:						
7 months to						
1 year	-	\$21.67	\$20.69	\$19.70	\$18.72	\$17.73
1-2 years	-	24.75	23.63	22.50	21.38	20.25
3-5 years	-	29.92	28.56	27.20	25.84	24.48
6-8 years	-	38.17	36.44	34.70	32.97	31.23
9-11 years	-	47.74	45.57	43.40	41.23	39.06
Male:						
12-14 years	\$55.80	51.15	48.83	46.50	44.18	41.85
15-19 years	61.20	56.10	53.55	51.00	48.45	45.90
20-54 years	58.44	53.57	51.14	48.70	46.27	43.83
55 years and over	51.72	47.41	45.26	43.10	40.95	38.79
Female:						
12-19 years	49.56	45.43	43.37	41.30	39.24	37.17
20-54 years	47.52	43.56	41.58	39.60	37.62	35.64
55 years and over	42.96	39.38	37.59	35.80	34.01	32.22
Pregnant	59.28	54.34	51.07	49.40	46.93	44.46
Nursing	63.12	57.86	55.23	52.60	49.97	47.34

a/As adjusted for household size differences.

Source: Agricultural Research Service, Department of Agriculture

MONTHLY COST OF FOOD AT HOME ESTIMATEDFOR THE THRIFTY FOOD PLAN,U.S. AVERAGE--APRIL 1976 (note a)

	Household size					
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5-6</u>	<u>7 or more</u>
<u>Individuals</u>						
<u>Child:</u>						
7 months to	-					
1 year	-	\$21.67	\$20.69	\$19.70	\$18.72	\$17.73
1-2 years	-	24.53	23.42	22.30	21.19	20.07
3-5 years	-	29.70	28.35	27.00	25.65	24.30
6-8 years	-	37.95	36.23	34.50	32.76	31.05
9-11 years	-	47.52	45.36	43.20	41.04	38.88
<u>Male:</u>						
12-14 years	\$55.32	50.71	48.41	46.10	43.80	41.49
15-19 years	60.72	55.66	53.13	50.60	48.07	45.54
20-54 years	57.96	53.13	50.71	48.30	45.89	43.47
55 years and over	51.36	47.08	44.94	42.80	40.66	38.52
<u>Female:</u>						
12-19 years	49.32	45.21	43.16	41.10	39.05	36.99
20-54 years	47.16	43.23	41.27	39.30	37.34	35.37
55 years and over	42.72	39.16	37.38	35.60	33.82	32.04
Pregnant	59.04	54.12	51.66	49.20	46.74	44.28
Nursing	62.76	57.53	54.92	52.30	49.69	47.07

a/As adjusted for household size differences.

Source: Agricultural Research Service, Department of Agriculture



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

JAN 16 1978

Mr. Henry Eschwege
Director, Community and
Economic Development Division
United States General Accounting Office
Washington, D. C. 20548

Dear Mr. Eschwege:

This is in response to the GAO report "Federal Domestic Food Assistance Programs-- A Time for Assessment and Change."

The GAO has tackled an important set of issues in its report. The Department believes, however, that the GAO Report is flawed by a series of analytical and conceptual errors, and that a substantial part of the report is not valid.

Before addressing these problems, we should like to outline the steps the Department plans to take to address a number of the issues raised by the GAO report.

I. CURRENT OR PROPOSED ACTIONS TO ADDRESS ISSUES RAISED IN THE GAO REPORT

The Department does believe that a number of changes in Federal food assistance efforts are warranted. The following actions have been taken or proposed, or soon will be proposed:

1. The GAO report cites an overlap between free school meals and free special milk. This overlap has been largely eliminated by the passage of P.L. 95-166, signed into law on November 10, 1977. P.L. 95-166 ends the service of free milk during the lunch and breakfast periods to children receiving free school lunches or breakfasts. The new law also ends free milk service during the times meals are provided to children in the Child Care Food Program. Regulations implementing these provisions of the new law are scheduled to take effect on February 1, 1978.

In addition, the Department has proposed terminating the Special Milk Program altogether in schools participating in the school food programs, and in child care centers participating in the Child Care Food Program. Presently, the Department provides schools and child care centers with a subsidy of 6.25¢ for each half pint of milk purchased by non-needy children. Since both the lunch and breakfast programs include milk as a basic part of the meal pattern, we see no reason to provide Federal funds for an additional purchase of milk. Presently, students from middle and upper income families are benefitting from a 27.25¢ subsidy for each school lunch purchased and then an additional 6.25¢ subsidy if an additional milk is purchased. These subsidies are paid regardless of the family's income.

Termination of the milk program in schools and child care centers with lunch or breakfast programs would yield savings of over \$100 million a year.

2. Proposed legislation being prepared by the Department will reduce the age limit for the Special Supplemental Food Program for Women, Infants and Children (WIC). We also envision reducing the age limit for the Commodity Supplemental Food Program (CSFP). We will propose to set age limits for both programs at the third birthday. Currently, children may be eligible for WIC up to the fifth birthday and eligible for CSFP until the sixth birthday.

This reduction in age eligibility should eliminate nearly all overlap that might exist between the WIC or CSFP and any other child nutrition program. A 3 or 4-year old child who might in the past have been participating in the WIC, special milk, and the child care food program could now participate in only the child care food program.

3. Proposed regulations will provide for the use of the same poverty guidelines in all FNS programs -- the guidelines that Congress wrote into law in the Food Stamp Act of 1977. Use of separate guidelines for the child nutrition programs would end. The new guidelines would be based on the OMB poverty lines.

4. The proposed legislation will establish income limits for the WIC program and the CSFP, and these income limits will be consistent with the income standards used in all other USDA child nutrition programs. This would make for a high degree of uniformity in income limits among the FNS programs analyzed in the GAO report, with the sole exception of food stamps. The President has proposed to "cash-out" the food stamp program as part of his welfare reform proposal.

5. The Department has proposed regulations to tailor portion sizes in the school lunch program to the age of the children being served. The Department also encourages the tailoring of food packages provided through the WIC program, and proposed legislation now being prepared will restructure the WIC administrative cost formula and thereby remove a current disincentive to tailoring if it stems from the administrative cost formula now in law. The Department vigorously disagrees with the GAO, however, regarding the GAO's suggestion to individualize food stamp allotments by the age and sex of each household member. This idea was proposed in 1975, and over 99 percent of the nearly 2,000 comments received opposed it. This approach -- which would have raised administrative cost, increased errors, and cut benefits significantly to many elderly recipients and young children -- was rejected by the Congress. We discuss the problems with this suggestion later in our response.

6. Issues raised in the GAO report regarding interrelationships among the food stamp program, the AFDC program and the SSI program would be resolved by the President's welfare reform plan which would replace all three programs with a new, comprehensive income and jobs program.

7. For the present, the food stamp program is still in effect -- and the Food Stamp Act of 1977 includes (as the GAO report notes) several key changes. It terminates categorical eligibility for AFDC and SSI recipients so that they receive no special treatment. It ends use of the old food stamp net income limit (now \$6,860 a year) and replaces it with a poverty line net income limit (which will be significantly lower), and it greatly reduces the number of income deductions allowed in the food stamp program.

8. The GAO calls for improved efforts at informing participants of one program of their potential eligibility for other programs. The Department is now making plans to implement a number of provisions of the Food Stamp Act of 1977, which should make major improvements in this area. The Act requires all food stamp offices to display posters and distribute pamphlets, prepared by the Department, that contain nutrition information and that also describe "details on eligibility for other programs administered by the Secretary that provide nutrition benefits."

In addition to improved program coordination, the Act requires a single interview process for determining eligibility for the food stamp and AFDC programs, and allows SSI households to apply for food stamps at the Social Security office. This will allow the same income information to be used for AFDC and food stamps, and for SSI and food stamps.

9. The Department is concerned that persons who are eligible have the opportunity to receive benefits from the food programs authorized by Congress, and that persons not eligible not receive these benefits. We are currently studying ways of strengthening program integrity in such areas as the provision of free and reduced price school meals.

10. The Department plans expanded efforts in measuring the nutritional status of Americans and in evaluating the nutritional effectiveness of the food assistance programs. Title XIV of the Food and Agriculture Act of 1977 specifically calls for a proposal for a comprehensive nutritional status monitoring system and for study of the nutritional benefits of USDA food assistance programs. Among activities now underway are the 1977-78 National Food Consumption Survey, which includes a special low income subsample, a study of the nutritional effectiveness of the school breakfast program, and plans to conduct field tests of proposed alterations in school lunch patterns. The Department is now preparing a 5-year study plan for submission to the Office of Management and Budget which will include plans for further nutrition evaluations of other Federal food assistance programs.

11. The GAO recommends consideration of a possible combination of the school lunch and breakfast programs. The Department is currently studying the feasibility of allowing school districts to combine breakfast and lunch funds at the local level so that schools may account for the total cost of lunches and breakfasts combined. Presently, costs for each program must be accounted for separately. Allowing such a combination of funds and accounting requirements at the local level might significantly reduce the reporting burden at the local level.

Results of the Department's Initiatives

The Department's proposals would end overlap between special milk benefits and the school food programs, and between WIC and the child nutrition programs. This would mean that a very young child (or a pregnant or nursing woman) might be in the food stamp program and the WIC program, but not in any other USDA food programs. A somewhat older pre-schooler might be in the food stamp and the child care food program, but would be very unlikely to be in any others. A school age child might be in food stamps and school food programs, but not in any others. And an elderly person might be in food stamps and the Title VII program, but not in other programs.

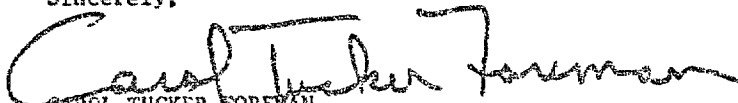
All persons not in one of these categories--children, pregnant or postpartum woman, and the elderly--are limited only to food stamps. Participation in more than one USDA food program (and the Title VII program) is thus strictly limited to these several especially vulnerable groups. Considering that surveys have found nutritional deficiencies among these groups, considering that USDA studies have shown that fewer than 10% of the families spending at the level of the Thrifty Food Plan (the full food stamp allotment) obtain 100% of the Recommended Daily Allowances and that fewer than half obtain 2/3 of the RDA's, and considering that the average benefit now provided through the food stamp program equals about 28 cents per person per meal,* we believe that further steps to cut nutrition benefits for the elderly poor, needy children, or low income women and infants at nutritional risk are not warranted.

* The average monthly food stamp benefit is now \$25.31 per recipient. At three meals per day, this equals about 28 cents per person per meal. The full cost of the Thrifty Food Plan is somewhat higher (about 45 cents per person per meal at the time of the GAO study in Oakland, and about 48 cents today), but only a very small percentage of food stamp households, those virtually without any income, receive this level of benefits. The average food stamp household has \$3,600 a year in gross income and receives benefits equalling 28 cents per person per meal from using food stamps.

[See GAO note.]

We appreciate this opportunity to comment on the GAO report.

Sincerely,


 CAROL TUCKER FOREMAN
 Assistant Secretary for
 Food and Consumer Services

GAO note: Twenty-seven pages of Agriculture comments on this report have not been reproduced here but are summarized and evaluated in appropriate sections of the report--primarily pp. 68 to 82 and app. III.

APPENDIX VII

APPENDIX VII



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20201

FEB 17 1978

Mr. Gregory J. Ahart
Director, Human Resources
Division
United States General
Accounting Office
Washington, D.C. 20548

Dear Mr. Ahart:

The Secretary asked that I respond to your request for our comments on your draft report entitled, "Federal Domestic Food Assistance Programs--A Time for Assessment and Change." The enclosed comments represent the tentative position of the Department and are subject to reevaluation when the final version of this report is received.

We appreciate the opportunity to comment on this draft report before its publication.

Sincerely yours,

Tom Morris
Thomas D. Morris
Inspector General

Enclosure

The GAO report attempts to assess the significance and extent of overlaps among food assistance programs and recommends studies and policy changes based on this assessment. In both regards, we have serious reservations concerning the report.

The report conveys the impression that overlaps among food assistance programs are widespread and significant. We feel that the evidence is unclear in this regard and that the report conveys a biased picture, for the following reasons, and therefore the report should be extensively modified before release.

- o The hypothetical and actual cases of program participation cited in the report are based on a small sample of families from Oakland, California — one of the highest welfare benefit areas in the nation. The sample is not even representative of the Oakland area, concentrating as it does on two kindergarten classrooms in a low-income area. While there are no fully satisfactory data on overlaps nationally, that which does exist shows that only around 35 percent of food stamp recipients receive school lunches and these not necessarily every day.
- o Food consumption even for these families is overestimated because a portion of money income (about one-third of AFDC) is counted as food benefits in the report. These funds are not relevant to the issue at hand, namely directed food assistance and food consumption.
- o With elimination of the purchase requirement in food stamps (and the report should refrain from mentioning allotment amounts as if they were any longer meaningful to recipients), bonus stamps for most recipient families are well below the Thrifty Food Plan. School lunches when added to bonus stamps may for most families simply be raising food consumption towards Thrifty Food Plan quantities. For example, a four-person family with only \$3000 of income a year (well below the official poverty threshold) receives only 70 percent of its allotment amount in stamps; even if there are three children receiving school lunches every day, the lunches account for only one-sixth of the family's daily meals for the week.
- o In addition to severe overstatement of food consumption of low-income families, consumption of food by average American families is understated, not only

[See GAO note.]

[See GAO note.]

- o Even if food consumption for recipient families were relatively high, there is no evidence to show that nutritional standards are being met, much less exceeded.

For these reasons, the analysis should be recast. Most importantly, the AFDC grant should be excluded from the tables showing food benefits and the examples utilizing the Oakland sample, if they cannot be deleted or supplemented, should be truthfully described as unrepresentative.

Whether overlaps in food programs are significant enough to cause concern or support policy and programmatic changes remains unclear. Nevertheless, better coordination and integration of programs is a worthwhile policy aim when pursued carefully and judiciously. Specific proposals for integrating programs must be evaluated with a full range of impacts in mind.

- o How are the aims of specific programs affected? Are there, in particular, important programmatic goals other than the provision of food, for example, the social aspects of the Title VII programs for the elderly? Are there important criteria for program eligibility other than income, such as health status in the case of WIC?
- o How will participation among eligibles be affected? If, for example, children must be certified for free and reduced price school lunches at welfare offices, will fewer families participate? If benefits from one program are taxed in another, how much will participation decline? Because a dollar of in-kind assistance is not often worth a dollar to a recipient, taxation of benefits at a 100% rate could literally destroy certain programs.
- o Will stigma be increased, if, for example, children must pay for school lunches with food stamps or families must deal with local welfare offices?

- c How will administration be accomplished and administrative costs affected? If school lunch benefits are taxed in the food stamp program, for example, would a family have to report the numbers of school lunches purchased each month to food stamp administrators? Would current food stamp benefits be based on past participation in school lunches, how would this be verified, etc.?
- c How will altered eligibility criteria (e.g., different needs standards, imposing asset tests on school lunches) affect program costs and caseloads? Cost implications could be enormous if, for example, a one month accounting period as in food stamps were imposed on the school lunch program which at present has an annual accounting period.

While the report raises dozens of potential programmatic changes aimed at better integration, the above questions are not even raised, much less answered. A careful evaluation might well show costs of such reforms to exceed benefits. After careful consideration of administrative problems and costs and of problems of valuing in-kind benefits, the Administration's welfare reform proposal, HR 9030, specifically exempts from consideration as income "the value of food received under any program or activity financed in whole or in part by any department or agency of the United States."

The report's recommendations should be modified to ensure that studies of specific proposals (particularly those dealing with the taxation of benefits and transfer of administration to local welfare offices) evaluate all impacts, including those on participation of eligible families. In addition, the recommendation that Congress adopt a uniform definition of the term needy and other eligibility criteria should either specify and recommend precisely what the criteria are to be or should be altered to recommend only a study of the alternatives.

Finally, as to the recommendations on welfare reform, the report should recognize that any economics of scale in consumption or equivalence scales pertaining to food cannot be simply applied to welfare benefits that are meant to cover all of a family's consumption needs.

GAO note: Deleted comments related to matters presented in the draft report that have been revised in the final report.

Community WASHINGTON, D.C. 20506
Services Administration



January 3, 1978

Mr. Gregory J. Ahart
Director
Human Resources Division
United States General Accounting Office
Washington, D. C. 20548

Dear Mr. Ahart:

Our Agency is in agreement with the report recommendations to reduce duplication and increase the efficiency of Federal feeding programs. The report correctly describes the Community Services Administration program as technical assistance to other feeding programs. It has concentrated on increasing the availability of other programs to poor people. In reducing duplication, great care must be taken to avoid reducing the total level of nutrition to poor people.

Sincerely,

A handwritten signature in cursive script that reads "William W. Allison".

William W. Allison
Deputy Director

APPENDIX IX

APPENDIX IX

PRINCIPAL OFFICIALS CURRENTLY RESPONSIBLE FOR
ADMINISTERING ACTIVITIES DISCUSSED IN THIS REPORT

	Tenure of office	
	From	To
<u>DEPARTMENT OF AGRICULTURE</u>		
Secretary of Agriculture: Bob Bergland	Jan. 1977	Present
Assistant Secretary for Food and Consumer Services: Carol Tucker Foreman	Mar. 1977	Present
Administrator, Food and Nutrition Service: Lewis B. Straus	May 1977	Present
<u>DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE</u>		
Secretary of Health, Education, and Welfare: Joseph A. Califano, Jr.	Jan. 1977	Present
Commissioner of Social Security: Don I. Wortman (acting)	Dec. 1977	Present
Assistant Secretary for Health: Julius B. Richmond	Jul. 1977	Present
Assistant Secretary for Human Development Services: Arabella Martinez	Apr. 1977	Present
Commissioner, Administration on Aging: Robert C. Benedict	Feb. 1978	Present
Commissioner, Administration for Children, Youth, and Families: Blandina Cardenas	Aug. 1977	Present
<u>COMMUNITY SERVICES ADMINISTRATION</u>		
Director: Graciela Olivarez	Apr. 1977	Present

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