

EFFECTIVENESS OF FOOD STAMPS FOR OLDER AMERICANS

HEARING
BEFORE THE
SPECIAL COMMITTEE ON AGING
UNITED STATES SENATE
NINETY-FIFTH CONGRESS
FIRST SESSION

PART 1—WASHINGTON, D.C.

APRIL 18, 1977



Printed for the use of the Special Committee on Aging

U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1977

90-498

For sale by the Superintendent of Documents, U.S. Government Printing Office
Washington, D.C. 20402
Stock Number 052-070-04152-8

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Effectiveness of Food Stamps for Older Americans :

Part 1. Washington, D.C., April 18, 1977.

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EFFECTIVENESS OF FOOD STAMPS FOR OLDER AMERICANS

MONDAY, APRIL 18, 1977

U.S. SENATE,
SPECIAL COMMITTEE ON AGING,
Washington, D.C.

The committee met, pursuant to notice, at 1 p.m., in room 322, Russell Senate Office Building, Hon. John Melcher, presiding.

Present: Senators Melcher and Domenici.

Also present: William E. Oriol, staff director; David A. Affeldt, chief counsel; Deborah K. Kilmer, professional staff member; John Guy Miller, minority staff director; Margaret S. Fayé, minority professional staff member; Alison Case, assistant chief clerk; and Eugene R. Cummings, printing assistant.

OPENING STATEMENT BY SENATOR JOHN MELCHER, PRESIDING

Senator MELCHER. Today the Committee on Aging begins the first of 2 days of hearings on the "Effectiveness of Food Stamps for Older Americans."

Our hearing has an added element of timeliness because the Senate Agriculture Committee will start drafting legislation this week dealing with food stamp amendments. As a member of the Agriculture, Nutrition, and Forestry Committee and the Committee on Aging, I know the urgent need to improve the food stamp program for all participants, and especially for older Americans.

Recently, I joined Senator Church in introducing S. 1272,¹ the National Food Stamp Reform Act for the Elderly. I hope that our witnesses today and tomorrow will comment on that bill, as well as offer any recommendations to improve or perfect it.

The National Food Stamp Reform Act for the Elderly has three major provisions:

First, it would eliminate the purchase requirement for food stamp recipients. This would allow low-income persons to participate in the program without the necessity of making a cash outlay.

Many elderly people now do not have the resources to pay \$35 or \$40 at one time to buy their way into the food stamp program. This, of course, has discouraged their participation in the program.

Our bill, however, would allow the food stamp recipient to receive the bonus value of the food stamp coupon. I am convinced that this will make it easier for eligible older Americans to obtain the food

¹ See appendix 1, p. 53.

stamps they need. I am also glad that the administration is advancing a similar measure in their omnibus legislative package.

Second, S. 1272 would simplify the certification process to obtain food stamps by placing an assistance person in the social security office to advise social security or supplemental security income beneficiaries about the availability of the food stamp program. This sensibly means that outreach personnel from the social security office can assist the elderly in their homes if it is difficult for the elderly to get to an office. Many of the elderly must have assistance to get certified for food stamps or need answers and explanations about food stamps.

In addition, our bill would make possible one-stop service for older Americans who become frustrated and tired of going from one Federal office to another, especially when they are without an automobile.

Third, S. 1272 is designed to remove some of the redtape now associated with the present food stamp program. Specifically, it would allow elderly households, with no wage earners, to be certified on an annual basis—instead of two, three, or four times a year—provided their monthly income does not increase by more than \$25.

I see no good reason to shuttle elderly participants with essentially limited and fixed incomes in and out of the food stamp office several times a year when one recertification should be sufficient. We will cut down on paperwork and lessen the administrative costs of the program.

OUTREACH NEEDED

I am also eager to hear recommendations to make the elderly more aware of the food stamp program. As things now stand, older Americans are underrepresented in the food stamp program.

Recent Bureau of the Census figures show that 1 out of 7 persons 65 and older live in severe circumstances, and this is a bare bones existence: \$2,572 annually for a single aged person and \$3,232 for an elderly couple. More than 3.2 million elderly live at these lowest income levels. I personally doubt the accuracy of these figures and it could well be twice this many. After they have paid the rent or taxes, heat and light bills, who can buy bread, milk, bacon, eggs, and an occasional pot roast on that kind of income? These elderly need food stamps for decent meals.

But this really represents only the tip of the iceberg because there are approximately 2 million elderly persons with incomes below the \$2,572 level of annual income and who are not counted in the 3 million because they live in institutions or with others—usually family members—and their incomes help the elderly in their home.

That means there are 5 million or more elderly poor persons who should be considered for food stamps but only about 1 million participate in the food stamp program. I would like to know why this is so.

What can we do to reach the elderly poor and let them know about the benefits of this program? I hope that our witnesses will have specific recommendations which I can pass along to the Senate Agriculture Committee when it begins its drafts of food stamp legislation.

Good nutrition is essential for good health, and the elderly are no exception. A Bureau of Labor Statistics survey reveals that low-income retired couples—those with incomes of \$4,501 or less—can pay out as much as 31 percent of their income on food as compared to the

average American family that only spends 17 percent of their disposable income and eat what and as much as they want. Imagine, one-third of a meager income used for one's grocery bill. Yet, many elderly reduce that amount and skimp on their food budgets when medical, housing, or utility costs must be paid. Poor nutritional habits can lead to poor health and oftentimes premature or unnecessary institutionalization for the older person.

An effective food stamp program can assist in supplementing the elderly's food budget. I hope that these hearings today and tomorrow can assist the Committee on Aging in making very constructive recommendations to the Senate about ways to enhance the capacity of the food stamp program to do what the Congress intended—assist the poor of this country in maintaining a nutritionally balanced diet.

At this point I will place in the record the statement of Senator Domenici.

[The statement of Senator Domenici follows:]

STATEMENT OF SENATOR PETE V. DOMENICI

Senator DOMENICI. Mr. Chairman, I am delighted that the committee is holding these hearings on the issue of food stamp reform with the emphasis on the effectiveness of food stamps for the elderly. With the proliferation of the numbers of persons using food stamps in the past several years, and the consequent cost to the Federal Government, it becomes essential that a close look be given to the program, to be certain that those most in need obtain the benefits.

No one in this country should go hungry. No one should be without an adequate nutritional diet.

Food stamps have been of great benefit to those who simply did not have sufficient funds for food in these days of rising costs. However, it is time now for us to review what steps can be taken to make the program equitable and to make sure that those who do have an adequate income do not become eligible because of the extraordinary use of the present allowable deductions from income.

We need a program which will be of benefit to all in need. I am certain that these 2 days of hearings will give us a most helpful insight regarding the particular problems of the elderly in the use of food stamps.

Senator MELCHER. Now the committee would like to hear from our leadoff witness, Assistant Secretary of Agriculture Carol Foreman.

Welcome to the committee, Carol. We will be delighted to have your testimony.

STATEMENT OF HON. CAROL TUCKER FOREMAN, ASSISTANT SECRETARY, FOOD AND CONSUMER SERVICES, U.S. DEPARTMENT OF AGRICULTURE; ACCOMPANIED BY ROBERT GREENSTEIN, SPECIAL ASSISTANT TO THE SECRETARY, AND NANCY SNYDER, DIRECTOR, FOOD STAMP DIVISION, FOOD AND NUTRITION SERVICE

Mrs. FOREMAN. Thank you, Senator Melcher.

I would like to introduce to the committee again the officials from the Department who are with me. Mrs. Nancy Snyder is director of the Food Stamp Division of the Food and Nutrition Service, and Bob

Greenstein, an Assistant to the Secretary, who has been dealing with the food stamp legislation this year.

I welcome this opportunity to testify before the Senate Special Committee on Aging today on the effect that the administration's new food stamp proposal would have on our Nation's elderly. Because there are a number of figures in my statement that I would like to be specific about, if you don't mind I would like to read it to you.

The administration's proposal should significantly improve access to the program by the elderly. Our proposal contains a number of provisions that should have a direct, beneficial impact on the elderly poor.

We believe the most important provision in the proposal for improving access to the program by the elderly is the elimination of the food stamp purchase requirement. The purchase requirement now operates as a barrier that prevents some elderly from obtaining the food stamp benefits to which they are legally entitled. Studies conducted by the Maryland State Office of Aging in 1975-76, and by the University of Mississippi in 1974, found that the purchase requirement posed a significant obstacle for elderly persons. The elimination of that requirement would help the elderly by ending the necessity for persons to come up with a lump sum of cash in order to "buy their way in" the food stamp program.

STIGMA PROBLEM ALLEVIATED

In addition, we believe that stigma problems might be eased by the removal of the purchase requirement. Some elderly persons do not like to be seen in the store shopping with food stamps. Under the current program, an elderly couple paying \$50 for \$92 in stamps must make \$92 of food purchases a month with food stamps. Under our proposal, this couple would have to use stamps for only \$42 worth of purchases, and could use their own cash the rest of the time. For elderly people who suffer embarrassment each time they do shop with stamps, this would reduce that embarrassment accordingly.

Of course, elimination of the purchase requirement does far more than improve access to the program by those in need. It also would greatly improve administration of the food stamp program. Currently, 17.3 million recipients pay over \$3 billion a year in cash to more than 13,000 food stamp vendors—including check-cashing firms, banks, post offices, welfare offices, town clerks, and even fire stations and stores. The problem involved in controlling the use and flow of this cash are serious. No other Federal program involves the collection of so much cash from so many persons through so many private agents. Eliminating the purchase requirement would completely resolve this issue by ending all cash transactions whatsoever.

Moreover, the elimination of the purchase requirement would mean that over \$3 billion less in stamps would be printed, shipped, stored, issued, redeemed and reconciled each year. You can image that that would have a great deal of beneficial effect in cutting the administrative costs and the possibility for abuse that exists at each stage along this process now. Any blackmarketing of stamps would also be sharply curtailed due to the reduction of stamps in circulation.

STANDARD DEDUCTION

The administration's bill should also help elderly persons through streamlining and simplifying the application process, and through its

standard deduction levels. Our bill replaces the current itemized deductions for all items except taxes, other mandatory payroll withholding, and work-related expenses with an \$80 standard deduction for all households. The itemized deductions for taxes, payroll withholding, and work related expenses, are replaced with a deduction of 20 percent of earned income.

In fashioning its proposal, the administration specifically rejected approaches that would lower the standard deduction for smaller households and raise it for larger households. Such a formula would have injured elderly persons who live primarily in one- and two-person households. Under our bill, the elderly person living alone and the elderly couple are entitled to the same \$80 standard deduction as the family of four or the family of eight.

We think it is important to note that the \$80 standard deduction compares favorably with the itemized deductions elderly households now receive. A USDA survey shows that the elderly now receive an average itemized deduction of \$46 a month under the current food stamp program.

OTHER PROVISIONS

There are many other provisions relating to the elderly in our bill:

(1) **Cooking facilities.** The current law, in some instances, disqualifies poor households that do not have cooking facilities. This has kept some elderly persons who live alone in rooms without cooking facilities from receiving food stamps—even if the persons have refrigerators, are extremely poor, and are badly in need of food assistance. Our proposal would allow such persons to participate in the food stamp program for the first time. They could use their stamps to purchase canned goods, peanut butter, bread, and—if they had access to refrigeration—dairy products and other foods requiring refrigeration.

(2) **Meals-on-wheels programs.** Current law allows food stamp recipients to pay for meals delivered by public or private nonprofit meal delivery services (“meals-on-wheels”) only if the recipients are both elderly and disabled or otherwise homebound. Our proposal allows eligible persons to pay for meals-on-wheels with stamps if they are elderly or disabled. In addition, our proposal would permit elderly or disabled persons to pay with stamps for meals provided by a restaurant or other profitmaking establishment that has contracted with the State to provide meals at concessional prices. This is designed to encourage the development of more services through the meals-on-wheels program.

(3) **Certification and issuance.** Our proposal should also make it easier for elderly persons to get to food stamp certification and issuance points. The difficulty in getting to such places has posed a problem for some elderly persons. A study of food stamp participation in the rural South, funded by HEW and conducted by the University of Mississippi in 1974, found that the need for transportation to distant food stamp issuance points hindered participation by the rural elderly poor. The study observed that “it was not the problem of securing transportation just to apply but the need for transportation on a regular basis to pick up the monthly food stamp allotment which was the prohibiting factor. Most indicated that securing transportation would require payment thus add-

ing to the true cost of participating in the food stamp program.”

The administration's proposal would deal with this problem in several ways:

First, the elimination of the purchase requirement would allow all participants to get their full monthly food stamp allotment at one time. Currently, some recipients find that in order to have the cash to buy their stamps, they must make two trips to the food stamp issuance point each month, and buy half of their stamps on each trip.

Second, the proposal requires the Secretary to set standards for “reasonably accessible points and hours of coupon issuance” and requires the States to comply with such standards. Currently there are no such standards.

Third, the proposal requires “reasonably accessible points and hours of certification as determined by the Secretary.” If a State fails to provide such reasonably accessible certification services, then it must instead provide “telephone contact by, mail delivery of forms to and mail return of forms by, and subsequent home or telephone interview with the elderly,” as well as with the handicapped and persons otherwise unable to get to a certification office. This is designed to provide that certification offices—including satellite offices—be located near people or, if that is not possible, that the certification services be brought directly to the elderly and the handicapped.

ADDITIONAL PROVISIONS

In addition, the administration's proposal would also:

Exempt persons over 60 years old from the work registration requirements. Our proposal adds a job search provision to the work requirement, but we do not consider it sound policy to compel recipients over age 60—many of whom are elderly women living alone—to go out and search for jobs that few of them are likely to find just to receive their food stamps.

Provide that households consisting entirely of elderly, or unemployed, or primarily self-employed persons may be certified for up to 12 months at a time.

Provide that reimbursements to volunteers for expenses incurred not be counted as income. Many such volunteers are elderly persons.

Provide that moneys received for the care and maintenance of a third-party beneficiary who is not a household member, such as an elderly person living in an institution, not be considered as income to the household.

Retain a provision of current regulations under which retroactive lump sum social security, SSI, and railroad retirement fund payments are counted as resources rather than as income. To count such payments as income would mean that an elderly person would have his or her food stamp benefits terminated or reduced in the month such a payment arrived and would then have to reapply and have his or her benefits restored to the original level in the month after the month in which these payments arrived. This would be a burden on both administrators and elderly recipients and it is a path that we have chosen not to follow.

Retain a provision of current law under which payments to elderly persons in the foster grandparents and senior volunteers programs of ACTION are not counted as income.

Make permanent a provision of law that expires on June 30, 1977, under which SSI recipients in all except two cash-out States—California and Massachusetts—may qualify for food stamps.

Require that all eligible households applying for stamps receive their stamps within 30 days of application and that households in immediate need receive their stamps on an expedited basis.

Require that all States use application forms designed or approved by the Secretary so that the forms may be as simple and comprehensible as possible.

Write into law a provision that households may designate an authorized representative to apply for stamps, be issued stamps, and/or shop with stamps on their behalf. This should be of particular use to the elderly poor who cannot get around well enough to perform these functions themselves.

We believe that these procedures coupled with the elimination of the purchase requirement should make the program much more accessible and simpler to use for elderly persons.

TIGHTENING MEASURES

Any discussion of our food stamp proposal would be incomplete if we did not also stress that we wish to take a number of steps to tighten up the food stamp program. The "tightening measures" that we propose would have only a small effect on the elderly but would substantially improve the program's overall integrity.

We propose to tighten the program first by lowering the net income eligibility limits for this program to the OMB nonfarm income poverty guideline—which is currently set at \$5,500 a year for a family of four. This would entail a reduction in the net income limits of over \$1,000 a year for a family of four.

We would also place firm gross income limits on the program. This is done by replacing the itemized deductions in the current program with standard deductions. If our bill were in effect today, four-person families who have no earned income would be ineligible if their incomes were over \$537 a month, or \$6,450 a year. Four-person families who derive all their income from employment—and who have to pay taxes and work expenses—would be ineligible if their gross incomes exceeded \$673 a month, or \$8,075 a year.

During fiscal year 1978, when next year's poverty guideline would be in effect, the eligibility limits would be \$6,800 a year for nonworking families of four, and \$8,500 a year for four-person families who derive all their income from employment. These income limits will eliminate about 500,000 households from the food stamp program—the participants with the highest income. It will also reduce the number of persons eligible for food stamps by about 5 million persons.

We would take a series of actions aimed at providing greater disincentives for households to commit fraud, and greater incentives for Federal and State officials to go after fraud. We would write into law a requirement that households found to have committed fraud be disqualified from the program for up to 1 year. We would provide 75 percent Federal funding for investigations and prosecutions conducted by the States. We would modify criminal penalties for a number of infractions so that they could be prosecuted before Federal magistrates. Too often today the U.S. attorneys believe they are too

busy to take food stamp cases to the district courts and no prosecution at all results.

We would require tougher enforcement and administration by States. We propose that the Department be authorized to establish State staffing standards for proper administration of this program and to withhold administrative funds from States failing to comply with these standards or otherwise failing to comply with our requirements. In addition, the Justice Department would be authorized to take injunctive action, at our request, against States failing to properly enforce the rules and regulations of this program.

We would also tighten up considerably on the emergency food stamp program. This winter there were problems with the emergency program in Buffalo, N.Y., and Florida. We will not tolerate continuation of these problems. Accordingly, we would revise the law to eliminate the stipulation in current law that the emergency eligibility standards must be "without regard to income and resources." Our plan is to respond to each emergency by deviating as little as possible from our regular eligibility standards and not by discarding these standards wholesale.

Overall, we believe that the administration's proposal stands as a balanced package. It eliminates the highest income participants but brings into the program more lower income households. It simplifies the program. It imposes access by those in need.

When fully implemented for an entire year, the proposal adds about \$100 million a year in costs. This represents a 2-percent increase in the cost of the program. During fiscal year 1978, when the proposal would be phased in, it would entail no added cost.

We should add that the President has asked us to emphasize that the administration stands opposed to provisions that would add any significant costs to our proposal.

Thank you for your interest in our proposal. We will be glad to answer any questions that you may have.

Senator MELCHER. Thank you very much, Carol.

COOKING FACILITIES

I first of all wonder about the cooking facilities. I wonder if it is not self-defeating to get good nutrition if we are very lax on that. Cooking facilities can be quite inexpensive and available to all. What is the experience of the Department right now on cooking facilities? You recommend eliminating the requirement. Has the outreach program connected with the food stamps demonstrated that there are very many households without cooking facilities?

Mrs. FOREMAN. I would like to defer most of that answer to Nancy Snyder. There are a number of elderly people who do live in circumstances where they are not allowed, as part of the rental agreement, to have hotplates or other cooking facilities in their rooms, and have therefore been unable to participate in the program.

Mrs. SNYDER. Yes, as Assistant Secretary Foreman said, I think fire laws in certain cities, certainly in the bigger cities, are pretty tightly structured so that hotplates and gas burners cannot be used. We do find that for many of the persons who are just roomers, this does apply, and there are now a considerable number. I think in your more rural

areas and smaller cities you don't have the strict fire laws, but we do have them in the metropolitan areas and this has prevented great numbers from participating.

Senator MELCHER. Well, if we are to have an adequate diet, it would be pretty difficult to get good nutrition simply out of cold cans or out of bottles.

Mrs. FOREMAN. But not when mixed with the capacity to purchase food outside the room, which these people are doing at this point. However, if they are going to have to buy all of their food outside—eating in restaurants—the restaurant meals, of course, tend to eat up that money much faster than if they were able to take at least a dry breakfast at home, and perhaps a luncheon sandwich at home, and then get a large meal out in the evening.

Mr. GREENSTEIN. We find in some of these places there is a refrigerator, although there may be no cooking facilities. I don't think we really know what the number of people involved here are.

Senator MELCHER. I would be interested in the fire codes that are so stringent to remove hotplates.

Mr. GREENSTEIN. We just know that there are situations.

Senator MELCHER. They allow refrigerators and hair dryers but not hotplates.

Mr. GREENSTEIN. We know there are situations; we don't know the number, but we know there are older people who live in rooms and are poor.

FOOD STAMPS FOR MEALS-ON-WHEELS

Senator MELCHER. I applaud the recommendations for meals-on-wheels because I do think a warm nutritious meal has value.

Mr. GREENSTEIN. There is one additional point here and that is that under the current situation, if you are, let's say, participating in the meals-on-wheels program, you need not have cooking facilities, but otherwise you do. There is also a provision in the current law that allows elderly persons to use food stamps for meals at restaurants where the restaurant, under contract with a State, is serving the meal especially for the elderly at concessional prices. So, if there were such services in the area and a person didn't have cooking facilities, he could use his food stamps at such restaurants or for delivered meals.

Senator MELCHER. Does the present law permit the senior citizen to use the food stamps for lunches or dinner?

Mrs. FOREMAN. Yes.

Senator MELCHER. What is the Department currently doing about outreach for food stamps?

Mrs. SNYDER. Well, as you know, we have a very active outreach program.

Senator MELCHER. I really don't know that now.

Mrs. SNYDER. Well, unfortunately we are under a court order to do so. It is unfortunate that it had to be an incentive for an outreach program, but that is exactly how it is. I think though that the States, as a result of the injunction, certainly have seen the need for an outreach program and are moving on their own, independently of any legal restrictions, to reach out to the large group of elderly people. I am interested in the many volunteer organizations that have joined with the States, such as the Girl Scouts and the Boy Scouts, and

so on, who actually have door-to-door campaigns not only to inform the elderly throughout the United States, but also to assist them in getting to the certification office, and so on. I am pleased to say that even though we are proposing it in our bill, the average certification period currently for the elderly is 10 to 12 months, so the situation is not quite as bad as some of us might think it is.

Senator MELCHER. Well, how much does an applicant pay in the outreach program, all of it?

Mrs. SNYDER. Fifty percent.

Senator MELCHER. Fifty percent. And the State pays for the rest.

Mrs. SNYDER. Yes.

BARRIERS TO PARTICIPATION

Senator MELCHER. Well, of course, I don't know about these figures. We have got figures that say 3 million people are below this level and should be eligible for food stamps and I think there may be many more. We know of about 2 million people that are in institutions, or perhaps with the family, who still, because of their income, should receive food stamps and yet it appears that there are only 1 million of the elderly out of the 17 million who are participating in the program. So there must be many reasons why they are not in the program. Outreach will solve some of these problems. If there are a lot of people that are hamstrung on using food stamps because of the cooking facility requirement, your recommendation would remove that barrier. Removing the purchase requirement will help, but what else can be done to get the elderly in the program?

Mr. GREENSTEIN. I think that certification and issuance are important. If in a particular rural area people generally have problems getting to certification or issuance centers, it is going to be more of a problem to the elderly. I was struck on looking at the study mentioned in the testimony, done in Mississippi, that this seems to come up a number of times in the rural areas where this transportation problem is an issue. We certainly believe that if you eliminate the purchase requirement, you eliminate some of this need for the security requirements now placed on issuance points. You may be able to get closer to where the people are in rural areas, and you will be able to do more on problems of this sort.

I think participation is a problem in every Federal program. I remember in the SSI program, the leaders of the last administration came in with figures way above the number of SSI's in the program. It seems that in every one of the programs we have to keep looking for better ways to overcome the difficulties. We think we can improve things like the purchase requirement and better access to the program. Elimination of the purchase requirement will allow recipients to get their full allotment once a month, and not have to make two trips.

Senator MELCHER. When you say better access, describe it. What do you mean? What would you do here in Washington for better access?

Mr. GREENSTEIN. I think access is more of a problem in the rural areas. The two main issues are the distances people have to travel to a certification place and the distances and number of times they have to go to the issuance point. So the two things needed are to have more

points that are more accessible, closer to where the people are, or what we have in our bill, which is that if for some reason the county were unable to have certification points that were reasonably accessible to the people, then they would have to, instead, provide for individual home contacts with elderly and handicapped people to get to them directly.

Mrs. SNYDER. I would add something else. I think the overall simplification of the process itself is tremendously important to the elderly. I think it is too complicated for the average American, and for the elderly it is twice as complicated. So we propose that kind of simplification with the standard deduction, for example.

Mrs. FOREMAN: It is the dredging up of all of those personnel files.

Mr. GREENSTEIN. Yes: The way it generally works now, Senator if that bill is not paid—I know where I used to be working we would occasionally get a call from someone where they had this medical expense and did not have the money to pay it, so they would buy the food stamps, but they would not get a medical deduction. It is a kind of catch 22, the medical deduction.

Senator MELCHER. I think the standard deduction goes a long way to help the elderly, and I am impressed, if I understood you right, Carol, that the \$80 standard deduction would apply also to a single member or one-member household.

Mrs. FOREMAN. That is correct. That is across the board.

Senator MELCHER. You say you use the telephone to get to the elderly. Well, of course, if you know who to call, that is fine, but again we are going to have to rely on outreach and this would be an integral part of outreach.

You say the States pay 50 percent and the Federal pays 50 percent. Well, do all the States pay 50 percent?

Mr. GREENSTEIN. Yes.

OUTREACH ON INDIAN RESERVATIONS

Senator MELCHER. How about an Indian reservation; the State pays 50 percent of that, too?

Mr. GREENSTEIN. The way it works right now is that the food stamp programs on the Indian reservations are run and administered by the State, and they are still 50-to-50 cost sharing. We are proposing some changes there. What we are first proposing is that tribes have a choice of food stamps or commodities.

Senator MELCHER. Family by family?

Mr. GREENSTEIN. No; the reservation would make the choice of food stamps or commodities, and in certain instances they could have a dual operation. For example, not all reservations would agree. They might want food stamps in the areas near cities. There might be some areas where there would be both programs if there are safeguards.

The other thing that we would have is where a tribe requested to administer its own program, after consultation with the BIA, and so forth, if the Secretary determined that the tribe had the administrative and fiscal capability of managing its own program, it would be permitted to do so. The Secretary would be permitted to provide such a share of administrative costs that he determined to be a proper

amount necessary for the program. The proper share would apply not only to tribally run programs, but if the State ran the program on the reservation, it, too, could get such shares as the Secretary deems appropriate, because you find now that you may go into a county where 80 percent of the low-income households are Indians, and they don't pay taxes. To ask the local people to pay 50 percent of the cost causes some resentment. Sometimes, some of the services are not that good. So whether it would be the State, or the Indian tribe running the program on the reservation, the Secretary would have the discretion to set a proper share of the administrative costs.

Senator MELCHER. What about in-kind services? Would the tribe provide some in-kind services as part of their payment?

Mr. GREENSTEIN. This is not specific in the bill. The bill, at this point, simply says that the Secretary has the discretion to determine the administrative cost arrangements for reservations.

Senator MELCHER. If there is going to be any outreach program on the Indian reservation, if they are going to have a successful outreach program, they will have to provide it to members of the tribe. There is the language barrier for one thing, and then there is the resentment for another. They also use the term "whitetape." They blame delays on "whitetape" the same way most of us blame delays on redtape.

SIMPLIFYING FORMS

There is an old rule of thumb on how the Secretary is going to simplify the forms. The old rule of thumb is if you make the form up on the local level, on the city or county level, it is pretty simple. If you have to have the State do it, it gets quite complicated. If you have to have the Federal Government do it, just throw up your hands and say, "Oh, my God."

How are you going to reverse this? I notice you are saying the Secretary is going to set standards for certification and is going to promote simplifications. Well, if this happens, it will be an unprecedented development. Imagine Federal Government thinking up a simpler form than the State.

Mr. GREENSTEIN. It is not so much thinking up the simpler form than the State, the forms vary so greatly from State to State. You find some States that have excellent forms and some States that have forms that are more complicated and cumbersome. I think we want to play a larger role in that, so that the States that have the more complicated and cumbersome forms, can move toward the States that have the simple forms.

Senator MELCHER. I applaud that very much, and I think you are right. I think perhaps there is a combination of reasons why the elderly do not participate in food stamps as much as they could. This is one of those reasons. It is too cumbersome and complicated.

I guess you have already said this, Bob. Do you think the participation rate is lower in rural areas than it is in city areas?

Mr. GREENSTEIN. Oh, there is no question about it.

Mrs. SNYDER. I believe, Senator Melcher, this has something to do with pride and the way of life. I was particularly distressed when I visited several certification offices anonymously and sat in during the certification process. Over and over again, older men came in and

made the statement at the beginning of the interview that, "I would not be here, Lord knows, if I weren't sick and needed this desperately." I think that this is particularly true in the rural areas. There is the overall pride in being able to be self-sufficient without help of any kind, and I think it is just intensified when you get to working with the elderly.

Mr. GREENSTEIN.—I have also heard it said that here in the inner city area there will be many other food stamp users, too, and there is less involved. If you are shopping in a store in town, let's say, in your area where everybody knows everybody, within a few days everybody knows you have food stamps.

Senator MELCHER. Well, does the Department have any projections on the number of SSI recipients who will be dropped from the program if the poverty level is used for this?

Mr. GREENSTEIN. We don't have it specifically by SSI and I would presume that there would be very few SSI. We have some figures by the elderly.

Senator MELCHER. What would happen if every elderly person on SSI was just given food stamps? Would there be anything wrong?

Mr. GREENSTEIN. What do you mean? Through the SSI?

Senator MELCHER. Yes. They are on SSI now and they ask to get food stamps. What is wrong with that?

Mr. GREENSTEIN. Since the SSI payment laws are different in different States, you have to have a process to find out how many.

Senator MELCHER. Does the Department really address that? The SSI levels are different in different States for a basic reason. They are not just willy-nilly, are they? When you were testifying here last week, the minority brought up the point about cold winters. I didn't say anything, but Milt Young from North Dakota was sitting here with me, and we know all about cold winters in our part of the country.

Since the SSI figures are based on need in a certain area, why shouldn't an elderly person on SSI be eligible for food stamps? Is there any real reason?

STANDARDS VARY

Mr. GREENSTEIN. A couple things. When the Congress set up the SSI program, they required States to pick up on that at the level the States were paying under the Federal old age program, and while those levels tended to be higher, they don't necessarily track the differences in the standard of living. For example, Colorado, if I remember correctly, has a higher SSI payment than your State of Montana does, and I doubt if it costs more to live in rural Colorado than it does in Montana.

Senator MELCHER. It would be about the same.

Mr. GREENSTEIN. In terms of the automatic eligibility, it has been our feeling that when Congress sets the standards for eligibility for the food stamp program, that they ought to be pretty uniform or there are equity problems. Say one person on SSI has income and is eligible. The person next door on social security or who is 64 is ineligible. At the levels we have set, we don't think there are very many SSI people eliminated.

There are some elderly who are eliminated. I think they tend more to be social security recipients than SSI. There are more that will come

into the program, not only because of the elimination of the purchase requirement, but also because with the \$80. standard deduction they may be eligible for larger benefits than under the current program.

Senator MELCHER. Isn't it imperative before we act on this to have accurate figures? If we amend the law in such a way, following the procedure you are advocating, and we find we have removed quite a few people from the food stamp program, including SSI beneficiaries, and we continue to lop off others, we would not feel very good about that.

Mr. GREENSTEIN. I think we would get SSI. We can supply that for you.

Senator MELCHER. I would certainly appreciate having that.

Mr. GREENSTEIN. The only SSI recipients who could be eliminated would be in a very few States who might have very high State supplements. The first two States that come to mind are California and Massachusetts, but they are ineligible anyway because of the cashout provision. There may be a few other States where that is true.

Senator MELCHER. I think we need to know that.

Mrs. SNYDER. We will supply that.

[The material referred to follows:]

SSI PAYMENT LEVELS.

	Singles	Couples
Federal guarantee.....	\$177. 80	\$266. 70
Alabama.....	()	()
Alaska.....	\$ 334. 00	\$ 490. 00
Arkansas.....	()	()
Arizona.....	()	()
California.....	\$ 296. 00	\$ 557. 00
Colorado.....	201. 00	402. 00
Connecticut.....	\$ 256. 00	312. 00
Delaware.....	()	()
District of Columbia.....	()	()
Florida.....	()	()
Georgia.....	()	()
Hawaii.....	193. 00	290. 90
Idaho.....	231. 00	302. 00
Illinois.....	175. 00	251. 80
Indiana.....	()	()
Iowa.....	()	()
Kansas.....	()	()
Kentucky.....	()	()
Louisiana.....	()	()
Maine.....	187. 80	281. 70
Maryland.....	()	()
Massachusetts.....	\$ 282. 41	\$ 430. 00
Michigan.....	202. 10	303. 10
Minnesota.....	196. 00	289. 00
Mississippi.....	()	()
Missouri.....	()	()
Montana.....	()	()
Nebraska.....	233. 00	326. 00
Nevada.....	217. 85	\$ 343. 76
New Hampshire.....	170. 00	251. 80
New Jersey.....	200. 00	277. 00
New Mexico.....	()	()
New York.....	238. 65	\$ 342. 64
North Carolina.....	()	()
North Dakota.....	()	()
Ohio.....	()	()
Oklahoma.....	189. 70	300. 60
Oregon.....	179. 80	261. 80

SSI PAYMENT LEVELS—Continued

	Singles	Couples
Pennsylvania.....	\$210.20	\$315.40
Rhode Island.....	209.24	326.02
South Carolina.....	()	
South Dakota.....	()	
Tennessee.....	()	
Texas.....	()	
Utah.....	()	
Vermont.....	210.00	310.00
Virginia.....	()	
Washington.....	210.90	287.80
West Virginia.....	()	
Wisconsin.....	254.00	385.90
Wyoming.....	()	

¹ Federal grant payment level. The Federal payment level is well below the poverty line.

² Last year's payment levels—may go slightly higher this year.

Note: In Alaska and Colorado, 2-person SSI households without earnings will be over the eligibility limits, and will no longer be eligible for food stamps. There will also be a very small number of SSI households with earned income who will become ineligible for food stamps. This is because the SSI program disregards the first \$85 of earned income plus 50 percent of all remaining earned income, and thus households can qualify for SSI at higher income levels. However, the percentage of SSI households who have earned income is very small.

Mr. GREENSTEIN. We can tell from our computer. What we can also do is show what the income limits would be under our proposal and compare those with the current SSI limitations in each State to see which States have limits higher than ours.

Senator MELCHER. Will elderly food stamp recipients receive any actual gain in total benefits from the food stamp program if the elimination of the purchase requirement is implemented with a 30 percent benefit reduction rate, which is substantially higher than the current average elderly reduction rate of approximately 20 percent?

Mr. GREENSTEIN. Our figures are that almost 70 percent of the current elderly participants would either get the same size benefit or a larger benefit.

Senator MELCHER. What about the other 30 percent?

Mr. GREENSTEIN. Of the other 30 percent, a very small percentage would be eliminated and the rest of them would receive less benefits, maybe \$5 to \$15 or \$20 a month. There is roughly an equivalent number of gainers, say \$5 to \$20 a month. There are several hundred thousand elderly households where the new standard deduction creates some gainers and some losers. The average deduction for the elderly is now \$46. Some get less but some get more.

THE TALMADGE PROPOSAL

Senator MELCHER. Isn't Senator Talmadge's proposal more generous for the elderly than that?

Mr. GREENSTEIN. Senator Talmadge's proposal is more generous for the very poorest households. In his proposal, there is a \$95 deduction for the elderly. We have an \$80 deduction. It is true that if you look at the dollar benefit it would be slightly larger in his bill. The difference in a \$15 deduction usually works out to about \$4 or \$5 a month difference in the benefit, but I think the key thing is that although the

benefit is a little larger under his bill, people would have to put up money to get that benefit, and if they didn't have the cash to do it, they would not get anything. If they had half the cash, they would get only half the benefit.

Under his proposal, you don't have the thousands of new elderly coming into the program. If you eliminate the purchase requirement, which occurs under our bill, there is a problem of cost because of the new recipients entering the program. If we provided everyone with the same size benefit as they are getting now, and then also eliminated the purchase requirement, the cost would be somewhere around half a billion dollars over the current cost of the program.

Senator MELCHER. Don't you think that everybody, including the President, would be delighted if we found a way to bring a couple million more of the elderly into the program or, for that matter, 3 or 4 million more into the program, and be delighted that the Federal Government would have to pay more and be willing to say that, yes, this increases the food stamp cost but we are doing it for the very people for whom the bill was originally drafted? I cannot see how you can relate holding down the cost to the elderly. That is why we have food stamps. That is one of the two or three basic primary reasons for the food stamp program. In Senator Talmadge's recommendation, he also adds to that all Federal, State, and local taxes and mandatory retirement. Is that in your proposal?

Mrs. SNYDER. For taxes, yes.

Senator MELCHER. When you make this deduction do you think you are, the \$80?

Mr. GREENSTEIN. We add the second deduction, 20 percent of earned income, and that is going to be a little more.

Senator MELCHER. But that does not relate to property taxes.

Mr. GREENSTEIN. The property taxes are not included as a separate deduction under either bill.

Senator MELCHER. He says it is right here.

Mr. GREENSTEIN. I am talking about local income taxes.

Senator MELCHER. Look at the fine print.

Mr. GREENSTEIN. The property taxes, if you are a homeowner, are currently contained in the shelter deduction.

Senator MELCHER. Yes; that is right.

Mr. GREENSTEIN. That is replaced by the standard deduction.

Mrs. SNYDER. Our figures, Senator, are in the books, and show that the average deduction now for households with one or more elderly members is \$46. We are saying that even at the most for elderly households who claim deductions, the deduction averaged only \$62. So we are saying that with \$80—I do want to reinforce the point that Carol made—that is, that we are raising it considerably.

Senator MELCHER. I am trying to think of the only modest hope in the rural area where the local property taxes were \$400. That relates to about \$35 a month.

Mr. GREENSTEIN. Except that under the current program you would not get a deduction for that whole \$35.

Senator MELCHER. Thirty percent.

Mr. GREENSTEIN. You only get the amount by which it exceeds 30 percent. What we find is that for many elderly people who own their

homes and pay off the mortgage, often they are ineligible for the shelter deduction.

Senator MELCHER. A few years ago, when we were working on this, I was very much interested in the amendments. I think it was a few years ago, 3 to 4 years ago.

Mr. GREENSTEIN. In 1973, there was 50 percent cost sharing.

USE OF POASTAL SERVICE

Senator MELCHER. I was interested in this opportunity to mail out stamps. I understand about 37 States now mail out stamps.

Mr. GREENSTEIN. That is correct.

Senator MELCHER. Of course, if we eliminate the purchase price, would it not be cheaper to mail the stamps?

Mrs. FOREMAN. Not where you have negotiable food stamps in the mail box. Where you have some pickup at a local post office you might be able to do that.

Senator MELCHER. Look, we mail out everything else, and we do it by way of endorsement. Aren't we sharp enough to come up with a system of mailing these out without fear of somebody stealing them from the mail box? Can't they have endorsements?

Mrs. SNYDER. We have not been able to try some program alternatives because we do not have demonstration authority. We are looking at photo ID and countersignatures, and so on, as possibilities. We have not had the authority to try these, unfortunately, in the past. We are proposing this in our new bill.

Senator MELCHER. Well, of course, it would be simple to issue whatever they are eligible for and the first time they endorse it, the first purchase, they get the balance back in stamps. It is not complicated. Isn't that possible?

Mr. GREENSTEIN. In a sense there is something lacking if you now get the card in the mail. You might take that in, or endorse it, or whatever, and then you get your stamps. I think what you are talking about is going one step beyond that and mailing the stamps themselves.

Senator MELCHER. No; I recognize you cannot do that. As you say, Carol, they are negotiable.

Mrs. FOREMAN. Well, the certification part, I am certainly very anxious about.

Senator MELCHER. The certification card must go to a center to get the stamps, right?

Mrs. FOREMAN. No.

Mrs. SNYDER. Not necessarily, because as we said before, 37 States are using mail issuance.

Senator MELCHER. Could you go right to the grocery store?

Mrs. SNYDER. It is possible. I have had some preliminary discussions with people in the food industry who are rather intrigued by that possibility. I think it is a little early to say. I do think, though, that we need to be a little bit cautious in terms of what the Justice Department has reminded us about the propensity in big cities to turning the authorization to purchase cards into a negotiable item. A number of these have been stolen from the mails.

We have just uncovered, through a survey of activity with hidden cameras and trucks, a large scheme in a northern city where children

were stealing ATP cards from the mail boxes and selling them in the warehouse. So we do have to be very careful about mailing almost anything that is negotiable. Security on ATP cards, for example, is something that is very vulnerable, but I am sure that we can devise some new alternatives for looking at the endorsement question, and I am sure we will.

USE OF SOCIAL SECURITY OFFICE

Senator MELCHER. In the bill that Senator Church and I have introduced, S. 1272, we are trying to cut down on the redtape for the elderly by permitting SSI and Social Security recipients to apply for the food stamps at the Social Security office and by having a State public assistance person in that office to handle food stamp applications. Now does this offend the Department at all?

Mrs. FOREMAN. No, sir.

Senator MELCHER. Do you like it?

Mrs. FOREMAN. We would like to have the opportunity to explore it with the Social Security and Unemployment Compensation personnel.

Senator MELCHER. I suspect they are not going to be very anxious.

Mrs. FOREMAN. They are no more enthusiastic about it than the post office is.

Mr. GREENSTEIN. We have had some discussions with the administration about putting out the proposal to get some representation from the Social Security Administration and explore it specifically.

Senator MELCHER. Don't you think that would cut down a lot of redtape?

Mr. GREENSTEIN. I think there are two things that you may want to look at. There is one approach that you are looking at. We also get some complaint from some of the States on that, that they are short-handed, as it is, with the food stamp program, and don't have enough people for the social security office.

Another idea that we have heard, that I think we would like very much to explore, is the idea of having the SSI recipient when he applies for SSI—I think there is something in your bill on this—execute, let's say, a simple form as a food stamp application. You would not need to have the food stamp caseworker there, and the SSI caseworker could indicate on the form what the income was, and what the SSI benefit was. Then these forms, let's say once a week or every so often, twice a week, could be mailed to the food stamp office. That is another possibility. It may turn out to be simpler than actually having a person stationed here.

We were very concerned when the SSI program moved out of the State welfare office, where you used to apply for help for the aged and where you still apply for the food stamps. When SSI went to the social security office, this link was broken. We are concerned with the various ways of repairing that break. I think our view is that we would like to explore this and try to come up with the one that seems to do the job the best.

Senator DOMENICI. Would you yield?

Senator MELCHER. Yes, Pête.

Senator DOMENICI. I apologize for being late. I missed the early testimony and your questions, but let me ask you this: In terms of the class of people that we expect to use food stamps and the evaluation of how many could be using food stamps who are entitled to them, is it fair to say that of the senior citizens who do qualify, as complicated as it is, with cash required and what have you, that substantial numbers are not using the system today?

Mr. GREENSTEIN. Yes.

THE WELFARE STIGMA

Senator DOMENICI. I will tell you, and I share this with the chairman. I just returned from a community where a volunteer nutrition expert was working in that particular rural town to set up a meals-on-wheels program and she got involved in food stamps as a result. She told me she saw 32 senior citizens who would qualify for food stamps and only 2 had applied and were using them. Now from what I know about the problem they are having, and I assume the chairman agrees, with the energy crisis and all the other problems that are being imposed on them more than on the rest of the population, it would seem that we ought to have a genuine concern to try to address the issue of what is keeping them away.

I asked this lady and she said: "Well, they consider it to be typical welfare because of where they have to go and all the forms they have to fill out. They are not going to go do that."

Am I correct to this point? Is that your assessment, also, of one of the problems we are having?

Mrs. SNYDER. Yes.

Mr. GREENSTEIN. We think that is definitely part of it, but these other issues are important—the need to come up with the lump sum of cash, and sometimes the need to travel long distances. Sometimes, Senator, I think they all fit together. It may be that the program is enough of a hassle or pride is such that it is not worth paying \$35 to get the stamps.

Senator DOMENICI. I put that in the equation.

Mr. GREENSTEIN. It may be, as much of a hassle as it is, or as much of a stigma, as it is, that if there was not a purchase price requirement, maybe the hassle and stigma does push people over the boundary, to say it is not worth it. I think these factors kind of interact and it is difficult to get at the problem. We are trying to get a purchase requirement factor, the access to certification and issuance points, the requirements for cooking facilities and some of the other things, but our view is that the two key things that we have to try and deal with are the elimination of the purchase requirement and the simplification of the program through the standard deductions.

Senator DOMENICI. I have only one more question.

Assume we had your proposal. How much would an eligible senior citizen get in food stamps per month, how many dollars worth?

Mr. GREENSTEIN. It would depend on their income. Give me an example.

Senator DOMENICI. Why don't you give me an example.

Mr. GREENSTEIN. Let's say they had \$200 a month in income. What is the SSI income?

Mr. AFFELDT. \$168 for a single person and \$252 for a qualifying couple, rounded to the nearest dollar. They receive an \$80 deduction. Let's assume a single person had no earned income. His net income would be \$88.

The SSI individual receiving the basic Federal payment level would receive \$24 worth of food stamps.

Mr. GREENSTEIN. No. You are assuming that they have an \$80 deduction, but under the current program the average is \$46. The better comparison would be to have \$168 and subtract \$46 which will give you \$122.

Mr. AFFELDT. They pay \$24 for \$50 in food stamps.

Mr. GREENSTEIN. They may as well save the \$2 and not have as many trips to make.

Senator DOMENICI. Let me ask you this question. How much should it cost, per month, for total food needs for one senior citizen living alone?

THE "THRIFTY FOOD PLAN"

Mr. GREENSTEIN. This is a difficult question to answer. The Department does have a plan called the "Thrifty Food Plan," and that plan is the basis of the food stamp allotments under the current program.

Senator DOMENICI. I am wondering if that is very relevant today.

Mr. GREENSTEIN. The plan is for a specific amount of food and it is costed out every month. The food stamp allotments at any given time—for example, the allotments from January 1 to July 1, the period we are in right now—are determined by the costs of that plan for last August. The allotments for July 1 to December will be based on the cost of the plan for last February. The cost of that plan right now for a single person household is \$50 a month.

Senator MELCHER. And you don't eat very well.

Senator DOMENICI. What I am trying to determine, in my mind, is the answer to this question: Are there a substantial number of recipients that are getting what we, their Government, assume would be the total cost of food in food stamps? I would assume the answer is no.

Mrs. SNYDER. You are right, Senator, because we must remember that the food stamp program is a supplement to their ordinary diet.

Senator DOMENICI. Therefore, if we were to assume, as the Congress, that because of the energy crisis there is a real problem in terms of "heat or eat," which is now being used as more than a cliché, then there are people who are in that bind. When you add up everything they have, including their food stamp allotment, it would not be illogical to use food stamps as a mechanism for supplementing the income of senior citizens having the high fuel costs, with the diminution of its impact on them as an objective. Is that correct? There would be some rationale for that, would there not?

Mr. GREENSTEIN. Under the current program, there is an itemized deduction for the shelter costs, which includes heating costs, to the degree they exceed 30 percent of your net income. Under our proposal, we kind of even those deductions out and standardize them. There are a number of Members of the Congress, as well as private groups, and I believe some of the elderly groups, who feel that the itemized

deductions for shelter costs ought to be retained because of the issues that you are talking about.

I think that is the area in which that issue comes up. It is a question, which I think the Congress will be faced with head on, of whether we should have one standard deduction for everything, or whether we should have a somewhat lower standard deduction and retain the deduction for actual shelter and heating costs, and so forth.

Senator DOMENICI. Thank you, Mr. Chairman.

Senator MELCHER. Carol, last week the Secretary said, if I recall the statement correctly, that the President would have a very tough time approving the bill that increased the food stamp cost more than his goal, and I think he had significantly above the \$5.4 million for fiscal year 1978. What is the significance of that statement?

Mrs. FOREMAN. I think we would probably be safer with the bill that is about what the program costs are for this year, Senator. I think the Secretary made it perfectly clear when he was here last week that we are not asking you to ratify the bill as we sent it up here. You can jiggle those standard deduction figures and benefits in any way that the Senate finds is necessary. After a lot of research, we think we have come up with a pretty good set, but you may, of course, do with that as you wish. I am afraid if we come in at anything over the President's budget for the food stamp program, that we risk having persons not approve it.

EFFECT OF ENERGY COST

Senator MELCHER. I think we are arriving at some facts, that Senator Domenici brought out very emphatically, about what it costs to heat. If we are going to help people to eat, particularly the elderly, we may, because of the additional heating costs, have to allow more food stamps.

Surely the President would not contemplate the veto.

Mrs. FOREMAN. The President may have some provisions in the energy message that he is going to send up this week, to try to ease the burden of some of the increased energy costs.

Senator DOMENICI. I think the point we are making is that we have been searching for a way to minimize the burden of the energy costs. If we are going to simplify the food stamp program for them and then dream up another program to give an energy offset or the like, it certainly would be reform in this area of food stamps which ought to be looked at as a mechanism. As the chairman says, dollars. You know it is dollars. If you can add on to the food end, it means they have a little bit left to pay for heat. I think that is why I was asking the question.

Mr. GREENSTEIN. The report you read from there is not really exactly accurate. It does not accurately represent what the President is saying. He is saying that he would have very serious problems with the bill that has significant costs over ours. Now our proposal does come in at the same cost as the current program in fiscal 1978 because the people who are cut off from the program are cut off the day the proposal goes into effect, while the people who newly come in as a result of eliminating the purchasing requirement, come in over a period of time. The full year impact of the administration bill, which would first develop in fiscal 1979, would be an increase of about \$100 million. So

I think there has been some misunderstanding and people think that the administration bill is exactly the same every year. It is not: The actual impact is about \$100 million, which is about a 2-percent increase over current costs.

In terms of the energy issue, if the President is proposing something at a certain cost to offset the impact of the energy bill and if the Congress, in its wisdom, should decide to do something costing the same amount of money but to put that package in the food stamp program rather than some place else, I would not think that the President would have a problem with it. I think what he is referring to is that over and above whatever he is proposing on energy if there are significant additional costs added above our proposal on food stamps that he will oppose this.

Just last Friday I had a conversation with people on the staff of the White House Domestic Council, and I indicated to them that we were getting a lot of concern, especially from regions of the country where there are high shelter costs, about our food stamp bill. I also indicated there would likely be amendments in Congress that might put back the sort of deduction for shelter, and we asked that they direct us as to what position the administration should take. The directive that we got back was that we have the proposal for the \$80 standard deduction and no itemized deductions. However, if the Congress should decide to include those shelter deductions, the administration would not have a problem with that so long as it ended up around the same costs as our proposal. What that would mean is that if a shelter deduction is added, which is not in our proposal, the President won't find that unacceptable if the basic standard deduction is lowered so the overall costs are about the same.

Mrs. FOREMAN. Let me just point out, sort of in addition, that it somewhat hampers the efficiency in the program that is built into a standard deduction. Now things may just be this year that we are all going to have to live with that, but it does raise the administration cost and burden of the program.

Senator MELCHER. Why does the Department only advocate a 2-year program?

GENERAL WELFARE REFORM

Mrs. FOREMAN. The Secretary of HEW will present to the President, on May 1 of this year, a proposal for general welfare reform, and that proposal may or may not include cashing out the food stamp program. The administration wanted to leave open as many options as possible in dealing with the welfare reform. We were kind of in an awkward time bind. We had to come up with a food stamp bill before the decisions have been made about welfare reform, and we were not anxious to get locked into a long program. I think you are likely to have a food stamp bill passed before a bill comes to the Congress on welfare reform. We didn't want to get locked into a lengthy bill for that reason.

Senator MELCHER. I doubt whether there is much reason to think that if we amend the act now the Senate would want to consider a cash-out program very soon.

Mrs. FOREMAN. Well, sir, it is really our feeling that we are going to have a food stamp law and a food stamp program for some time to come. Of course, you have control over how long it takes to deal with the welfare reform program, but even after you pass such a law, and

we anticipate that there will be a phase-in time. This just gives the administration some flexibility for dealing with welfare reform.

Senator MELCHER. The House bill is 4 years and the Senate bill 5 years. Action on food stamps is long overdue. We should have done it last year, but perhaps we are better prepared now. Perhaps we have better information available. I hope that is the case.

If we act this year, it would seem to me that there would not be much chance of the Senate then looking at welfare reform as a vehicle for cashing out food stamps. If we do enact the food stamp act for 3, 4, 5 years, surely that does not pose any problem to the administration, does it? We don't have to worry about a veto of the bill simply because of the length of time.

Mrs. FOREMAN. The President certainly didn't tell us that he would veto a bill which authorized the program for longer than 2 years. That time period specifically was his desire in terms of the extension of the program at this time.

Senator MELCHER. Do you have any further questions?

Senator DOMENICI. Yes.

CASH IN LIEU OF STAMPS

I know that our chairman has very strong feelings that we ought not to try to change the food stamp program into a cash program. I would say from this Senator's standpoint, I would have great concerns in changing it. But I believe that the overall simplification of the welfare system has a goal. Therefore, I don't have my mind closed to some ideas, nor to seeing what the implications of such would be.

I didn't get to read your testimony in depth. I wonder, is there any demonstration type authority that you seek?

Mrs. SNYDER. Yes. We had to turn down many States who came to us with exciting proposals to try alternatives to the program; for example, the retrospective accounting and monthly reporting experiment in Colorado. We had to pull out of the proposal because we didn't have the authority.

We are seeking this authority in the proposals that we presented to you last week. We hope to have that privilege. I think that we could do a lot administratively even beyond the letter of the law.

Senator DOMENICI. Is the authority which you seek broad enough to experiment with cash in lieu of the food stamp program?

Mrs. SNYDER. Bob, would you answer that? Do you have the last word on that?

Mr. GREENSTEIN. I am not sure, but the authority requested says that the provisions of the act could be waived so long as the income or resource standards are not further restricted or the benefit levels further lowered. I would want to check with our lawyers on this, but presumably if you were giving the same amount in cash as the benefit in stamps, you could do a pilot project.

Senator DOMENICI. I assume that if you do have such authority that you would then have inherent authority to monitor such a program in terms of answering some of the lingering questions.

Mr. GREENSTEIN. Absolutely.

Senator DOMENICI. Because there are two sides to this. Obviously they will spend the cash for food, or they won't. They will spend it

less for food than they are doing now under stamps. I don't think we would ever make this change without some feeling for that. I myself would like to see the demonstration authority in a 2-year bill, 4-year bill or whatever. Although it could be greatly restricted and limited, it is something that would be recognizable on your side as having an impact on some statistical gathering.

Mr. GREENSTEIN. We do have some very interesting new information that is not necessarily conclusive itself, but it is an important piece of information on the food purchasing issue that makes us feel even more strongly about our proposal to eliminate purchase requirements. As you know, some people have said that if a food stamp recipient does not have to pay an amount and then gets a larger amount of stamps, the money they are now paying will not go for food.

The preliminary results we have gotten from the Bureau of the Census on the major new study they have done in 1976, called "a survey in income and education," found that 63 percent of the food stamp households were currently spending more than the food stamp allotment for food and that one-third of the food stamp households were spending at least \$26 more than the allotment of food.

Now this information indicates—at least it is the opinion of the analyst in the Department of Health, Education, and Welfare, who sent it to us last week—that a reduction of food purchases as a result of elimination of the purchase requirement would be quite small, and that it might very well be offset by the increased purchases of the new people who would come into the program. Of course, when one talks about things like cash-out, and so forth, there would be a lot more questions.

Senator DOMENICI. Thank you, Mr. Chairman.

Senator MELCHER. One final question. In our S. 1272, we allow the household of one or two elderly persons to be certified for a year unless they have a change in their income which exceeds \$25 per month. Is the provision we have in that bill similar to what you are recommending?

Mrs. FOREMAN. Yes. We simply say "may be certified" rather than "shall be." We would like to have some flexibility because there may be areas where the absolute demand could be a problem for us.

Senator MELCHER. There is one question I should have asked before. Does the survey provide information by age group? Are we talking about the elderly?

Mr. GREENSTEIN. In some of the information we have collected, which is by the age of the household head, we can tell how the household with the head 65 or over is affected, as well as the household whose head is in the age group of 35 to 65.

Senator MELCHER. You don't have everybody in the family.

Mr. GREENSTEIN. Those households headed by a person 65 or over may have other people in them who are eligible. We also have figures on how many elderly people there are in the program, but when you talk about how people will be affected in terms of their benefits, you may have a household of five that is not headed by an elderly person, but happens to have an elderly person in it, and we don't usually classify that as an elderly household.

Senator MELCHER. All right. Thank you all very much. We appreciate it. You have been very helpful.

Our next witnesses are a panel of national senior citizen organizations. Faye L. Mench, legislative representative for the National Retired Teachers Association-American Association of Retired Persons; William Hutton, executive director of the National Council of Senior Citizens; Dr. Alvin Loving, director of education and training, National Center on Black Aged, Inc.; and Peter Meek, member, board of directors, National Council on the Aging.

Miss Mench.

**STATEMENT OF FAYE L. MENCH, LEGISLATIVE REPRESENTATIVE,
NATIONAL RETIRED TEACHERS ASSOCIATION-AMERICAN ASSO-
CIATION OF RETIRED PERSONS, WASHINGTON, D.C.**

MISS MENCH. I bring the regrets of Peter Hughes, who had a conflict of schedules today. He has asked me to give the associations' remarks.

We now have a national membership in excess of 10 million older persons, and our associations have a special concern for the economic well-being of older Americans. We have supported the food stamp program because we view it as an important component in present efforts to cope with the nutritional needs of older Americans. Unfortunately, however, the number of eligible older persons who participate in the program is woefully low. Nationally, only about 25 percent of the eligible older population participate in the food stamp program. Even more alarming, only 18 percent of the poorest elderly, blind and disabled—those eligible for SSI benefits—currently participate in the program. If the program is to serve the needs of older persons, then we must eliminate the barriers which keeps participation rates for the elderly so low.

As a preface to our comments on needed program reform, I would like to emphasize that in the long run our associations would prefer to see guaranteed minimum incomes raised to a level which would render the food stamp program unnecessary for the majority of elderly persons. For the elderly in particular, food stamps are not adequate substitutes for real income. Even if outreach efforts were redoubled, distribution problems resolved, and the purchase requirement eliminated, we suspect that large numbers of elderly persons would still not participate in the program for one reason or another. Because of this, our associations place highest priority on increasing minimum income levels for older persons under the supplemental security income program.

However, we are realists and we know that until action to raise these minimum income levels for older persons is realized, every effort should be made to make the program as efficient as possible and to make it more responsive to the needs of those it is intended to serve. For the elderly who choose to participate, we know the food stamps they receive do make an economic difference.

PURCHASE REQUIREMENT IS DETERRENT

A reason which is frequently cited to explain low participation rates for eligible persons below the poverty line is the requirement that participants make a cash contribution toward the purchase of food

stamps. Under present law, households pay between 25 and 26 percent of net income as a purchase price. Low as this figure might seem when dealing with poverty level incomes, it still represents a large expenditure for the elderly. Often, timing plays an important role in whether an older person has the money needed to purchase his food stamp allotment. If SSI checks are received on the first of the month and food stamp certification cards during the second week of the month, for instance, many elderly simply do not have the ready cash to go ahead and buy their food stamp coupons.

In addition to making the program more available to elderly participation, our associations also recognize that by eliminating the purchase requirement, administrative costs could be cut and a good deal of paperwork and redtape associated with it would be eliminated.

A further benefit to be derived from elimination of the purchase requirement would be marked decrease in vendor abuse. If there were no purchase requirement, vendors, those persons who sell food stamps to the certified eligibles, would not be necessary and an opportunity for program abuse would be eliminated. Our associations note, Mr. Chairman, that S. 1272 amends the Food Stamp Act of 1964 to eliminate the purchase requirement.

An alternative relating to the elimination of the purchase requirement was raised in the House of Representatives last year during committee consideration of the various food stamp reform proposals. Under this alternative, the elderly and those blind and disabled receiving benefits from the SSI program would receive cash to equal the value of their bonus stamps, thereby eliminating the use of stamps entirely. This approach would go a long way toward eliminating the welfare stigma attached to the use of food stamps and would encourage many proud needy elderly to participate in the program. Further, it moves the program one step closer to adequate income supplementation as a means of achieving adequate nutrition. While such a provision might be impractical for all program eligibles, the application of such an approach for elderly food stamp eligibles could serve as a demonstration of the effectiveness of direct cash assistance as opposed to the use of food stamp coupons.

THE STANDARD DEDUCTION

While S. 1272 does not deal with the use of a standard deduction in determining eligibility, our associations believe that this issue must be considered together with any discussion of the elimination of the purchase requirement. EPR is an expensive provision to include in a program which is attacked as too costly. In cutting corners to make room for EPR, we must not lose sight of the impact of such maneuvering on program recipients. The standard deduction must have a base sufficiently adequate to reflect the elderly's present itemized deductions. Taxes and other mandatory payroll withholdings must be subtracted separately to maintain equity between the working and the nonworking.

In addition, a separate shelter expense deduction would provide for regional variations in the cost of living and would help to maintain a balance between those sections of the country with high housing and utility costs and those sections where costs are lower. And finally,

just as S. 1272 calls for semiannual adjustments in coupon allotments, the standard deduction should be adjusted semiannually to reflect changes in the cost of living and to help maintain the food purchasing power of older Americans.

Our associations support the provision of S. 1272 calling for annual certification of elderly food stamp program recipients and also the opportunity for SSI and social security beneficiaries to apply for food stamps in their local or district social security offices. Current application procedures are an obstacle to participation for many older persons.

Further, because an older person's income is generally derived from social security, SSI, pensions, and so forth, it is fixed and not likely to change dramatically within a year's time.

While the provisions of S. 1272 would greatly increase the opportunity for older persons to participate in the food stamp program, our associations are concerned that several other factors being considered in the current debate over the program's future may work against the elderly. We have touched upon these in our testimony before both Senate and House Agriculture Committees during hearings on food stamp program reform.

I would like to ask that a copy of our statement presented to the Senate Agriculture Committee be included along with my comments today as part of the hearing record.

Senator MELCHER. It will be made a part of the hearing record.¹

Miss MENCH. That concludes my remarks.

Senator MELCHER. All right.

Mr. Hutton.

**STATEMENT OF WILLIAM R. HUTTON, EXECUTIVE DIRECTOR,
NATIONAL COUNCIL OF SENIOR CITIZENS, WASHINGTON, D.C.;
ACCOMPANIED BY BETTY DUSKIN, RESEARCH DIRECTOR**

Mr. HUTTON. Mr. Chairman and members of the Senate Special Committee on Aging, my name is William R. Hutton, executive director of the National Council of Senior Citizens, an organization with a membership of over 3,700 older people's clubs located in all 50 States. These clubs have as their primary goal a better life for all Americans. We are concerned not only with a better life for the elderly, but also dedicated to a better life for all Americans.

I would like to thank the chairman and the distinguished members of the committee for the opportunity to testify on a matter of pressing importance to the elderly poor—the food stamp program.

The food stamp program exists to assist those with low incomes and to insure that no American goes hungry because of the inability to buy food. Any proposals to alter the present program must be rated on the basis of how closely they adhere to this fundamental principle. Moreover, changes in the food stamp program must also be viewed in terms of their ultimate effect upon the aged, one of the groups uppermost in the mind of Congress when this program was conceived.

The rapid growth in program expenditures in recent years has created concern in many quarters. Increasing demands on the scarce

¹ See appendix 2, p. 56.

dollar resources available has led to varied proposals for food stamp reform, some of which have been less than deserving of the term "reform." Constraining the size of the program is best achieved by a commitment to full employment, and not by haphazard slashes in program benefits or the administratively costly regulatory approach. True program reform requires not only reasonable control on program costs, but more importantly, efficient and equitable targeting of the dollars which are spent. To this end, reforms which increase the accessibility and simplicity of the program are beneficial. We are, therefore, in full support of the proposals in S. 1272, sponsored by Senators Church and Melcher.

The greatest priority in food stamp reform is elimination of the purchase requirement. Current participants in the program are paying, on the average, 26 percent of their incomes for food stamps. In addition, one and two person households, many consisting of elderly people, generally pay anywhere from 10 to 24 percent of their small incomes to purchase the stamps. It must be remembered that an estimated 6 million potentially eligible beneficiaries do not reap the benefits of the program, primarily, I believe, because they cannot afford to spend the minimum funds necessary to receive the bonus stamps. Thus, the poorest of the poor, the people the program was designed to address, are now excluded from participation. Among the elderly, it has been estimated that as much as 70 percent of those who would be eligible are not receiving benefits.

BENEFITS OF ELIMINATING PURCHASE REQUIREMENT

For this reason, we applaud the provision of S. 1272 that would eliminate the purchase requirement. Not only would such a move enable many desperate people to receive the bonus stamps, but it would also allow them greater latitude in the purchase of other life-sustaining essentials, such as medical treatment, utility bills, and rent or mortgage payments.

There are several other very tangible benefits associated with elimination of the purchase requirement. First of all, elimination of the purchase requirement would substantially reduce the administrative complexity and expense associated with the program. The bonus stamps may be distributed without the necessity of a middleman or vendor. There would be no need to handle cash transactions in exchange for the stamps. Estimates suggest that States are now paying as much as \$1 to food stamp vendors each time a transaction occurs—generally, twice a month for every recipient. Second, the opportunity for fraud and abuse—a problem largely associated with vendors—would be virtually eliminated.

A related benefit of EPR is that bonus stamps could be mailed to recipients. This is particularly beneficial for our elderly participants, many of whom have a great deal of trouble getting to and from the point of purchase each time they buy their stamps.

Finally, eliminating the necessity for a cash outlay to purchase food stamps would enable people to purchase more of their food and commodities with cash. Proud elderly people are often embarrassed and demeaned by using food stamps and would welcome the chance

to make at least a portion of their food purchases with cash, like everyone else.

In addition, the provisions in S. 1272 would simplify application and certification procedures for SSI and social security recipients and will be a blessing to the elderly as well as an administrative cost-saving device for the program. Unnecessary redtape presents both financial and physical hardship to the elderly and should be eliminated throughout the program.

There are numerous other proposals for food stamp reform, although not addressed in the context of S. 1272, which deserve a brief comment. Among them are proposals for standard deduction and related modifications.

THE STANDARD DEDUCTION

In testifying last year before the House Agriculture Committee, the National Council of Senior Citizens supported and welcomed the idea of introducing the standard deduction to replace the present system of itemized deduction. It is a move in the right direction, not only because it erects a barrier against cheating and makes program costs more predictable, but also because the need to fill out complicated forms to obtain food stamps has always been particularly burdensome to the elderly.

Although a standard deduction of less than \$100 a month is far less than generous, we would agree to this course of action—if an important modification were added—an excess shelter allowance for both the elderly and nonelderly. In contrast to a special \$25 additional deduction for the elderly, we feel this is not only more equitable, but also offers more efficient targeting of benefits among the elderly.

It is important in measuring the need of a household to exclude from income not only involuntary payments, such as taxes and employment-related expenses, but also other nondiscretionary outlays which are related to differences in the cost of living in different areas of the country. Involuntary payments, such as taxes, are adjusted for by the standard deduction and the proposed additional deduction of 20 percent of earnings may reasonably approximate work-related expenses for households. But what accounts for real differences in purchasing power?

EXCESS HOUSING ALLOWANCE

Regionalizing benefits by using the Consumer Price Index may cause greater inequities than it resolves, since uniform treatment of a whole region or State may be inappropriate. There are more differences within a single State or region than across States or regions. Usually, the largest single indicator of cost-of-living differences among low-income households is their housing expense, including rent or mortgage payments, real estate taxes, utilities, water, and refuse collection.

Subtracting the excess as a proportion of income of these actual costs provides a more reliable picture of the income available for variable essential expenses, such as food consumption. Thus, an excess housing allowance based on the actual outlays of households provides an excellent alternative to regionalization of benefits, and one that is perhaps even better, since it provides cost-of-living distinctions within areas as well as between areas.

In addition, the Bureau of the Census' 1975 survey of housing indicates that the elderly, 65 years of age and over, represent a disproportionate number of households within low-income groups in almost all areas of the country, particularly in the Northeast and North Central United States.

For illustration, among the under \$5,000 income category, elderly individuals head 77 percent of owner-occupied one-person households in the Northeast, 71 percent in the North Central area, 69 percent in the West, and 50 percent in the South. For elderly renters in single-person households, the proportions are also significantly large: 57 percent in the Northeast, 52 percent in the North Central United States, 46 percent in the West, and 51 percent in the South. Larger households headed by an elderly person are also disproportionately represented but not by as large a fraction as in the case of single-person households. The incidence of two or more person elderly households is again larger in the North.

REGIONAL VARIATIONS

The reason for the disproportionate representation of low-income elderly households in all areas of the country is simple: The elderly are disproportionately represented at the lower end of the income distribution. What is somewhat more complicated, however, is that elderly households with the same low income, some living in the North and some living in the South, are not necessarily in similar circumstances. Basic housing costs are higher in the North, fuel for the home heating is consumed in greater quantities in the North, and residential property taxes are higher in the North. Additionally, the variations in housing costs are, on the average, far greater than the variations in other basic essentials.

The survey of housing also substantiates that the lower the income, the higher is the percentage of income paid for housing costs. At the lowest income categories, under \$3,000 and \$3,000 up to \$5,000, 50 percent of elderly households paid more than 35 percent of their gross income for housing. Certainly, this infers that a substantial number of households, particularly in high shelter cost areas, are paying more than 50 percent of their net income on fixed overhead. Unfortunately, the housing market frequently does not offer lower cost alternatives.

Thus, in assessing the income available for food consumption, the important factor, these differences must be taken into account. The evidence indicates that use of an excess housing allowance will most likely favor the least well off of benefit recipients to whom an extra dollar means more than to those who are slightly better off. If we do not have more dollars to spend, and we are forced to make a difficult choice, we favor the direction which treats the poorest of the poor elderly generously rather than a uniform categorical \$25 deduction for the elderly which does not adequately distinguish between important differences in circumstances.

In summary, we urge members from both sides of the aisle to support real efficiency in the food stamp program. Target program dollars so that those who are most in need receive adequate help.

- (1) Eliminate the purchase requirement.
- (2) Provide an adequate standard deduction and 20 percent deduction for work related expenses.
- (3) Provide an excess housing allowance.
- (4) Keep the program administratively simple and understandable; simplify eligibility and certification requirements, particularly for the elderly.

Thank you, Mr. Chairman.

Senator MELCHER. Thank you. Dr. Loving.

STATEMENT OF DR. ALVIN D. LOVING, SR., DIRECTOR, EDUCATION AND TRAINING, NATIONAL CENTER ON BLACK AGED, INC., WASHINGTON, D.C.

Dr. LOVING. Thank you, Mr. Chairman.

My name is Alvin D. Loving, Sr. Incidentally, I am an emeritus professor and dean from the University of Michigan. I am on my third job since retirement for survival. [Laughter.]

I am director of the division of education and training of the National Center on Black Aged, Inc., Washington, D.C. With me is Arlene T. Shadoan, legal counsel and director of Federal and States programs for the center. The National Center on Black Aged, Inc.—NCBA—was formed in 1973 as a multidisciplinary, multiracial, nongovernmental and nonprofit research, training, service and information organization. What that says is that we are an organization concerned about the welfare of a group of Americans whose lifestyle may be a little different from the lifestyle of others, who are a part of a subcultural group of this American culture. We are involved, as a catalyst, with all kinds of direct services that can be made available for minority people although we do not involve ourselves in direct services, except by demonstration projects.

The lifestyle, for instance, of black Americans is different from the majority of Americans. Having lived in India for a couple of years and having lived in Nigeria for a couple of years, I recognize that the extended family concept among black Americans is very prevalent. Rarely will you ever hear of an old lady down the street or an old man next door in a black community starving to death or freezing to death. The awareness of that community of that person's presence in that house is usually taken care of and the neighbors intercede. So these are the kinds of things that we are assisting gerontology programs throughout the country to understand and to train people to go out into the field and serve all elderly.

As I have listened to the discussion, we have talked about outreach. We must recognize that 60 percent of the elderly black are still living in the rural South primarily in a poor condition, and I need not tell you how difficult it is. Many of them have never heard of food stamps. A young woman from Georgia came up to our office last summer seeking help, and she had no idea of what was available, and I think this would be true of so many who live in the rural South or in the scrub country of Michigan. I can think of areas on the Sandy Trail of the Upper Peninsula of Michigan, which is my home State, where we still have people living in houses with dirt floors. So when

we talk about the South as a deprived area, there are spots across the country that are similar.

I think I have said enough to indicate why we are here. There are other comments in the statement that we are submitting to you that further substantiates this. We can talk further, if necessary, about specific things that we do. Inasmuch as we are part of what we think is the national aging network, we have a specific program and that program is to assist not just black elderly but all minority elderly and poor elderly. One of our sister organizations is the National Caucus of the Black Aged. In Alabama, one-third of the caucus membership is white, so there is no concern about race as such but people who are in circumstances that are difficult.

I have with me today our legal counsel and director of Federal and States programs for the National Center, Arlene Shadoan. Arlene has done most of the research on this so I will let her make the presentation. If we can answer any questions after she has finished, we will be glad to.

Arlene.

**STATEMENT OF ARLENE T. SHADOAN, LEGAL COUNSEL AND
DIRECTOR, FEDERAL AND STATE PROGRAMS, NATIONAL CENTER
ON BLACK AGED, INC., WASHINGTON, D.C.**

Mrs. SHADOAN. Thank you, Dr. Loving.

Mr. Chairman, as Dr. Loving has done, I am also going to just highlight certain areas of our formal written statement and ask that it be made a part of the record.

Senator MELCHER. Your full prepared statement will be made a part of the record.¹

Mrs. SHADOAN. Thank you.

First let me make it clear that the National Center on Black Aged, Inc., sees, as does the American Association of Retired Persons, the continuance of the food stamp program as an important part of the country's total income maintenance system. However, we together with the other groups testifying here today believe that there are serious deficiencies in the structure and in the operation of this program as it presently exists.

All of the elderly are affected by these deficiencies. However, these deficiencies and the weakness in the system impact more heavily upon the black aged because they, together with other minority groups, are the poorest of the poor. On the bottom of page 2 of our prepared statement, I have a table² which shows the relationship of blacks and whites in families and unrelated individuals and of the percentage of each below the poverty line.

As is evidenced by this table, nearly 24 percent of the elderly black aged 65 and over, in families in 1975, had incomes falling below the poverty line as compared with nearly 7 percent of white persons living in households having an age of 65 and over. Of the black elderly not living in a household setting, approximately 61 percent had incomes below the poverty levels as compared to 28 percent of elderly whites not living in a household setting.

¹ See p. 34.

² See p. 35.

The elderly black are the poorest of the poor, together with the minority groups. The elimination of the purchase requirement would have greater impact upon black elderly because proportionately a greater number of them are unable to purchase food stamps at all. Thus, NCBA strongly supports legislation such as S. 1272 that would eliminate the purchase requirement and provide the equivalent of the "bonus value" to those elderly unable to purchase food stamps.

ELIMINATE PURCHASE REQUIREMENT

Second, EPR—I keep wanting to say ERA—would also aid the elderly black who now purchase food stamps, giving them the equivalent of the bonus value and thus free cash to spend where and as they please. Let me give you one example and then underscore an example that Dr. Loving has already given you.

Take the aged black woman who is working to support a grandchild, and they are not uncommon, and she pays, say, \$40 for \$50 worth of food stamps. She is proud and she does not like to have this welfare stigma imposed upon her. Thus, the EPR would free this \$40, which she could spend where and as she pleased, and give her that \$10 bonus value in stamps.

Also, I might add that this welfare stigma that you heard the administration witnesses talk about, causes many persons not to apply for food stamps and just the passage of EPR would act as an outreach mechanism.

In regard to rural blacks, most of whom do not know about the food stamp program, the outreach system is an outrage in rural areas. EPR would free moneys so that those rural families could purchase commodities available, perhaps at the next door farm or produce stands, that have a lesser price and obtain better quality foods.

Now I want to make another point regarding the inner city black, although this would include inner city white elderly also, but most of the inner city population is black. They have a lack of access to supermarkets; they are dependent upon "mom and pop" stores, where the prices of food is higher and the quality of this food is lower. Thus, for an equal amount of food stamps, the inner city elderly black is actually receiving less value than another person who has access to a supermarket.

Now the present law provides for such higher costs for Hawaii and Alaska. I would think that some mechanism—I cannot give you the mechanism, I might be able to come up with one after some thought—could be developed to recognize the plight of the inner city black and their access to quality food. EPR does aid the inner city black in this manner by freeing up cash so that they can use some of the money for transportation to supermarkets where they can probably get better quality foods at lower cost, even including the travel expense, than they could get by shopping at mom and pop stores.

Now, your legislation also provides for the simplification of application and for food stamps and certification. This is particularly important for the rural elderly. They find it difficult to travel to local welfare offices. Also, the elderly black and the elderly in general, once in these welfare offices, have to compete with all others that are applying for food stamps and, to use a friend's favorite term, know how to "work the system."

The forms are complex. The elderly as well as the elderly black have less education and less understanding of how to accumulate the necessary information for these complicated forms. Thus, we strongly support the provisions in S. 1272 that provide for application and annual certification of SSI and social security recipients at local or district social security offices. I will say, however, I don't know whether that solves a problem for the rural black who still will have a distance to go to their district social security offices. Also having the elderly apply at the local or district social security offices, we have a better opportunity to improve outreach efforts.

DEDUCTIONS

Now, there is one item that has been discussed greatly here by other people on this panel, and by this committee, regarding deductions which S. 1272 does not address. NCBA strongly believes that you should look at the subject of deductions from the income of the elderly, especially considering the deduction for those poor households paying disproportionate shares of income for shelter, including utility costs. I might add that the value that they pay and the value that they receive is not equal to their payment for such costs and in most cases do not even approximate those costs.

Thus, I believe this committee really should look at the subject of deductions and especially at the deduction for the shelter costs for the elderly living on meager fixed incomes. We hope that the committee will address itself to this subject in this legislation and not look at it as a piecemeal solution in the administration's energy proposal. We believe it belongs in any legislation in the reform of the Food Stamp Act.

Thank you. We are available for any questions.

Senator MELCHER. Thank you. The prepared statement of the National Center on Black Aged, Inc., will be inserted into the record at this time.

[The prepared statement of Dr. Loving follows:]

PREPARED STATEMENT OF DR. ALVIN D. LOVING, SR.

Mr. Chairman and members of the committee: My name is Alvin D. Loving, Sr. I am director of the division of education and training of the National Center on Black Aged, Inc., Washington, D.C. With me is Arlene T. Shadoan, legal counsel and director of Federal and States programs for the center. The National Center on Black Aged, Inc. (NCBA), was formed in 1973 as a multidisciplinary, multiracial, nongovernmental and nonprofit research, training, service and information organization. The purposes of NCBA are multifold and include:

- (1) Determining and highlighting the problems affecting the aging and aged, especially blacks and other minorities;
- (2) Planning, initiating, implementing, monitoring, and evaluating policies and actions to change conditions inimical to the well being of the black aged;
- (3) Providing factual and programmatic information regarding the problems of the black aged and serve as a clearinghouse for the information on all aspects of black aging; and
- (4) Providing technical assistance to black organizations; to emerging NCBA chapters; to Federal, State, and local government programs and to public and private organizations.

NCBA is presently primarily funded by a grant from the Administration on Aging and is committed to becoming a self-supporting organization.

I thank you for inviting the comments of the National Center on Black Aged, Inc., on S. 1272, introduced by Senators Church and Melcher, as well as on other legislation to reform the food stamp program. We are particularly grateful to be able to present to this committee certain special problems that the black elderly experience in regard to the existing food stamp program.

First, let me make it clear that the National Center on Black Aged, Inc., sees the continuance of the food stamp program as an important part of the country's total income maintenance system. However, we, together with other groups testifying here today, believe that there are serious deficiencies in the structure and the operation of this program as it presently exists. All of the elderly poor are affected by these deficiencies, but the weaknesses in the system impact more heavily upon the black aged because they, together with other minority groups, are the poorest of the elderly poor. Mr. Chairman, as this committee knows, in proportion to their numbers, the number of nonwhite elderly poor is almost three times greater than the white elderly poor. The proportions of black and white persons over the age of 65 falling below the poverty line in 1975 is highlighted in the following table:

Age, race, and status	Total number	Percentage below poverty line
65-plus, white, in families.....	2,460,000	6.7
65-plus, black, in families.....	652,000	23.9
65-plus, white, unrelated individual.....		28.0
65-plus, black, unrelated individual.....		61.1

Source: Extracted from Brotman, Herman B., "Income and Poverty in the Older Population in 1975," 17:1 "The Gerontologist", table 4, p. 25.

As is evidenced by this table, nearly 24 percent of elderly blacks age 65 and over in families in 1975 had incomes falling below the poverty line as compared with nearly 7 percent of white persons over 65 years of age in families. Of the black elderly not living in a household setting, approximately 61 percent had incomes below the poverty level as compared to 28 percent of elderly whites not living in a household setting.

ELIMINATION OF PURCHASE REQUIREMENT (EPR)

These figures lead us to the purchase requirement of the present food stamp program and the proposal in S. 1272 and other pieces of legislation introduced in both Houses of Congress to eliminate the purchase requirement for food stamps (EPR) in order for eligible persons to receive the stamps. One rationale behind this proposal is that many low-income persons and especially the elderly poor cannot afford to purchase the stamps. It is obvious from the figures cited that of the elderly poor that cannot afford to pay cash for food stamps, the greatest proportion in relation to their numbers are elderly blacks. Thus the National Center on Black Aged, Inc., strongly supports legislation such as S. 1272 which would eliminate the purchase requirement in order for an eligible person to receive food stamps. Provision of stamps equal to the present "bonus value" would provide assistance to those elderly presently unable to purchase food stamps.

Elimination of the purchase requirement also would aid the elderly black as well as the elderly white who now purchase food stamps. Furnishing eligible persons with stamps in the amount of the "bonus-value" would make more cash available to the needy to spend where and as they please. For example, take the proud aging or aged black woman who works to support a child or grandchild and pays \$40 a month for \$50 worth of food stamps. By giving her the \$10 "bonus value" directly in stamps, she is able to spend the \$40 directly on food without feeling marked as a "welfare recipient." Many such people feel this "welfare" stigma in using these stamps. Some for this and other reasons do not apply for food stamps. In rural areas the black and white elderly alike can receive the "bonus value" in stamps and be free to use the cash that they would have used to purchase food stamps to purchase produce at the next farm or produce stands at prices less than they would pay for the same items in a store accepting food stamps.

A problem with the present food stamp program impacting particularly upon the elderly black living in the inner city is the lack of inner city supermarkets and the proliferation of "mom and pop" stores which charge higher prices and, for the most part, have lower quality foods. Therefore, the elderly black living in the inner city are, in fact, receiving less value for food stamps purchased than persons having access to major food stores. Presently, the food stamp law recognizes

such high cost areas as Alaska and Hawaii and allows those States to reflect these higher costs in their food stamp allotments. Therefore, ideally a mechanism should be developed to similarly recognize the high cost of food in the inner cities. However, it should be noted that the adoption by Congress of EPR would free cash to inner city residents so that they could travel to stores and markets that have lower priced and better quality foods.

APPLICATION FOR FOOD STAMPS

The National Center on Black Aged, Inc., supports legislation to simplify the application for food stamps by the elderly poor. Many elderly, especially the rural elderly, find it difficult to travel to the local welfare office to make application for food stamps. Furthermore, once at the local welfare office, the elderly must compete with all persons making application for food stamp benefits. Thus, the wait for the elderly, who also may be infirm, could be 1 hour, 3 hours, and not infrequently all day.

Furthermore, the forms are complicated and many elderly and black elderly are unable to comprehend what information is needed or are unable to gather the requisite information. Also, there is some evidence that the black elderly must wait the longest and receive the least information from case workers. There is an indication that this is the result of prejudice by case workers. However, it should not be discounted that younger persons eligible for food stamps are apt to be both more aggressive and knowledgeable in regard to "working the system."

Thus, provision for the application by SSI and social security recipients for food stamps in local and district social security offices as proposed in the Church/Melcher legislation (S.1272) would greatly aid the elderly poor. It would aid them in insuring that elderly persons' application for food stamps would be considered separate and exclusive from all other applications for stamps. Also the location of the local or district social security office is more readily known to the elderly than the local welfare office. However, it is important that competent personnel sensitive to the needs of the elderly poor man the food stamp programs in these offices for the program to effectively serve the elderly.

Furthermore, a simplified form for application, also proposed in the Church/Melcher legislation, based upon the income and asset information in the SSI and social security files should be a must. Provision for application in local or district social security offices should also provide a better mechanism and opportunity for outreach efforts. This is especially important in the rural areas where many black elderly are unaware of the food stamp program.

CERTIFICATION

As this committee knows, the present law may require recertification of eligible recipients of food stamp programs several times a year and the States may require monthly reporting of income. This arduous process is burdensome and unrealistic for elderly recipients of SSI and social security benefits where such benefits normally change only as the result of cost-of-living increases.

Thus, there should be annual recertification of elderly recipients of SSI or social security benefits. However, it is reasonable to require such recipients to report monthly income increases in excess of \$25 as is provided in S. 1272.

DEDUCTIONS

Although the Church/Melcher legislation does not address itself to such items as deductions from income in determining eligibility for food stamps, other legislation pending both in the House and Senate do. The National Center on Black Aged, Inc., strongly believes that S. 1272 should address the subject of deductions from the income of the elderly. Of particular importance to the elderly poor is the allowance of a deduction for those poor households who pay a disproportionate share of their income for shelter, including utility costs. The newspapers are replete with stories of the hardships the elderly—especially the inner city elderly—are experiencing as a result of spiraling shelter and utility costs. It is clear that the elderly and especially the elderly poor who live on meager, fixed incomes are particularly affected by these costs. The National Center on Black Aged, Inc., urges this committee to address itself to this serious national problem that impacts significantly upon the elderly poor.

On behalf of the National Center on Black Aged, Inc., I thank you for this opportunity to testify on this legislation which significantly affects the black aged.

Senator MELCHER. Mr. Meek.

**STATEMENT OF PETER MEEK, MEMBER, BOARD OF DIRECTORS,
NATIONAL COUNCIL ON THE AGING, WASHINGTON, D.C.**

Mr. MEEK. Mr. Chairman, I am Peter Meek. I am a retired senior citizen. Among my volunteer activities, I am a member of the board of directors of the National Council on the Aging, chairman of NCOA's committee on health and nutrition, and chairman of the National Voluntary Organizations for Independent Living for the Aged, which is a unit of NCOA representing 158 national voluntary organizations working to ensure a life of dignity, comfort, and self-determination for the elderly. It is my pleasure to appear before you today to discuss the importance of the food stamp program for older Americans.

As you know, NCOA is a nonprofit organization that provides leadership and guidance in the development of services for older persons in hundreds of communities, in every State, Puerto Rico, Canada, and other parts of the world. Our members are individuals and organizations working throughout the Nation to eliminate the problems of aging and to open up opportunities for older people. NCOA's primary goal is to guarantee a life of independence and self-sufficiency, to the greatest extent possible, for every older individual.

In most cases—I would say in almost every case—the major barriers to independence are poor health and inadequate income. The food stamp program is designed to address both these problems by increasing a recipient's ability to purchase enough food for a nutritionally adequate diet. Unfortunately, studies show that a significant majority of the elderly poor—those most in need of assistance to maintain their health—are not receiving food stamps.

Census Bureau data on characteristics of households using food stamps in July 1975, reveal that only 17 percent of all food stamp recipients were 65 or older. The figures also show that participation rates of the elderly poor living alone were tragically low: only 12.1 percent of older men and 20.4 percent of older women with incomes below poverty level used food stamps. Clearly, the program is not reaching many thousands of older people in dire need of assistance and must be made more responsive to their need.

Unfortunately, as is the case with many Federal programs, administrative procedures are major barriers to program participation by the elderly. Inadequate outreach efforts, complicated application and certification procedures, a purchase requirement which many of the poorest applicants are unable to fulfill combine to deny the elderly access to food stamps. As Congress deliberates on ways to make the program more efficient and more responsive to those in greatest need, we hope it will pay particular attention to program reforms that will bring food stamp assistance within reach of all of the eligible elderly. NCOA believes that a food stamp reform bill that is to meet the needs of the elderly should contain the following provisions:

RECOMMENDATIONS

One: Elimination of the purchase requirement. Under the current program, recipients must pay part of the value of their household coupon allotment in cash in order to receive stamps. For example, a household might pay \$50 for \$75 worth of food stamps. Often, however, the very poorest eligible recipients are unable to pull together the lump sum of the purchase price each time it is necessary to purchase food coupons; thus, they are shut out of the program. The low participation rates among the elderly poor can be blamed in large measure on this administrative detail.

If the purchase requirement was eliminated, recipients would simply receive the difference between the purchase price and the coupon allotment—the “bonus” value—without having to present cash in payment. Recipients’ coupon allotments would still be reduced by a proportion of their net incomes with what is now the purchase price becoming the benefit reduction rate. Not only would elimination of the purchase requirement allow many more of the very poor to finally use food stamps to supplement their meager incomes but it would reduce administrative costs and eliminate the opportunity for vendor fraud—a matter that just recently received national concern.

NCOA is very pleased to see that many of the food stamp bills now under consideration, including that of Senator Church and you, Senator Melcher, would eliminate the purchase price requirement. It is estimated that this action would make food stamps accessible to between 2.5 and 3 million of the Nation’s poorest individuals, many of them over 65. We urge the Congress to support such a long overdue reform.

Two: Establishment of an adequate standard deduction. NCOA supports the use of a standard deduction in place of numerous itemized deductions in determining income eligibility. Use of a standard deduction would reduce the complexities of the application process and cut administrative costs. However, a standard deduction should reasonably reflect the needs of current recipients as itemized deductions now do by considering work related expenses, medical expenses, shelter costs, and emergency expenses, which might be caused by a disaster such as a fire.

In September 1975, the average deduction for all households claiming deductions was \$93—a figure that is surely much higher now because of the pressures of inflation. If only one standard deduction is to be considered in this program, NCOA supports a deduction of \$100 as most accurately reflecting recipients’ need. We are aware that most of the proposals being considered by Congress propose a basic standard deduction \$15 to \$25 below that figure, but most also include important additional flat rate deductions for dependent care costs, work-related costs such as payroll deductions, shelter costs or costs incurred by emergency hardship.

Given the inclusion of other deductions to reflect individual circumstances, NCOA could support a basic standard deduction of less than \$100. However, any additional other deductions should cover individual conditions of hardship so that recipients like the elderly who may face sudden insurmountable costs such as emergency medical ex-

penses may be protected. In addition, all deductions should be adjusted on a semiannual basis to keep up with the increasing cost of living.

Three: Automatic eligibility for Federal supplemental security income—SSI—recipients. While NCOA recognizes that the food stamp program has come under fire because of its allegedly lax eligibility standards, we believe that SSI recipients should continue to be automatically eligible for food stamps. SSI payments are distributed to the elderly, blind, and disabled who have no other sources of income. Federal payments hardly allow an individual recipient an annual income over \$2,000, so we may assume that the overwhelming majority of SSI recipients who would apply for food stamp assistance would meet eligibility requirements. Also, SSI assets limits are far more stringent than those being used under the current food stamp program. Not only does it serve to stigmatize and discourage older applicants, it is an unnecessary duplication of administrative time and paperwork to have SSI recipients apply separately for food stamps. We urge Congress to continue the present automatic eligibility provision for SSI recipients.

Four: Benefit reduction rate of no more than 25 percent of net income. The elderly food stamp recipient living alone would bear the greatest burden of current proposals to increase the purchase price—or benefit reduction rate—to a flat 30 percent of net income instead of using the current sliding scale based on income. According to the Senate Nutrition Committee's food stamp program profile, all one-person households pay less than 25 percent of net income for their coupons and most—70 percent—pay less than 20 percent. The majority of recipients over 65—60.6 percent—live alone; the average household size for the elderly is 1.7. If a flat 30-percent reduction rate was enacted, most older recipients would see their actual coupon allotment drastically reduced.

NCOA does not believe the Congress intends to deprive older recipients of their urgently needed benefits. We have heard the arguments about containing program costs, but we must reject the reasoning of an economist who would put the burden of increased cost on the backs of the poorest recipients. We call on you to support a more justifiable benefit reduction rate for all recipients.

Five: Retention of the current assets limitations. The present food stamp program sets reasonable assets limitations that should be continued. More restrictive limits would threaten many older recipients who might be forced to choose between selling their homes and cherished personal effects or doing without that necessary extra amount of food which food stamps allow them. Too many programs insist on degrading and pauperizing individuals before offering assistance. In the case of the elderly, this is a particularly cruel and unjust way to repay them for their years of hard work and contributions to American society. We urge you to reject any efforts to impose more restrictive assets limits on food stamp recipients.

Six: Expanded outreach efforts. While simplified administrative procedures and elimination of the purchase requirement would remove many obstacles to the full use of the food stamp program, a strength-

ened outreach program is required to assure that the program serve the eligible older population. Too many times NCOA has seen vital human assistance programs pass the elderly by because of insufficient outreach efforts. The abandoned elderly in inner city rooming houses or isolated rural areas are most likely to need help but least likely to find it. We must encourage vigorous outreach and strengthened cooperation between food stamp and other social service offices, such as local Social Security offices. But we must also work to reach those individuals outside of all the Federal assistance networks. NCOA urges congressional support for a more active food stamp outreach program.

Mr. Chairman, we are grateful for your attention to our recommendations and wish to commend you for focusing attention on the special concerns of elderly food stamp recipients. We hope the Agriculture Committees and the full Congress will be as attentive to their needs as they consider food stamp reform programs.

Thank you very much.

Senator MELCHER. Thank you all for some very interesting testimony and some very helpful testimony.

FAILURE OF OUTREACH

Now we are pondering, of course, what are the major obstacles, other than the purchase requirement, which prevent elderly persons from participating in the food stamp program. Several of you, perhaps all of you, have said the outreach program has failed, particularly in rural areas. I wonder why. It isn't that difficult, is it? Is it a lack of manpower or a lack of funds or a lack of ingenuity or what is it? The administration witnesses talked about a telephone outreach, and it is not very hard to use telephones. Why are we failing in outreach?

Mr. HURON. I think there are a number of reasons, and some of them were mentioned in the hearing. As to the outreach programs themselves, so many of the best of them have been done by older people. Older people are the best communicators to older people. Unfortunately, our Government does not work that way. We had a very good example some years ago when medicaid was first introduced. Operation "medicaid alert" was operated by organizations of the elderly, using elderly people, and when people came to the door and knocked and the older people answered and saw another older person, there was immediate rapport. They opened the door. This was not what happened when younger people came around. This is another way in which you communicate. Unfortunately, older people have rarely been used in the medicare program operations since that time.

The methods of communication are not good in government and they catch on very, very late, I am afraid. Of course, most government documents are horrors. They don't use words which older people can read and understand and they very rarely use the size of type which older people can read. So there are lots of other reasons why government is bad at communication. It is really astounding when you think of how many thousands of public relations people we have in government, that there are whole sections of communities they don't reach because they consider everybody just like themselves—sharp, young, bright, and ready to move fast—and older people are not.

I am sure there are many other ideas.

POST OFFICE AS FOCAL POINT

Mrs. SHADOAN. I don't think the postal system would like my saying this, but I think, probably, most of your elderly manage to get to the post office. I think that there should be some mechanism, if only a brochure, that an older person can read and understand for outreach in post offices. I would also like to see a dispersal of food stamps after the certification actually in post offices.

Senator MELCHER. I know of no reason not to.

Mrs. SHADOAN. Well, I understand that the postal authorities don't like the idea.

Senator MELCHER. Well, I am sure they don't but if we are talking about the outreach program failing primarily in rural areas, surely, then the post office is in contact with rural areas.

Mrs. SHADOAN. Just the very distribution of the stamps in post offices serves as an outreach effort, the familiarization. The older people become familiar with other older people picking up food stamps and they are going to communicate with each other because they congregate there.

Mr. LOVING. I mentioned the South and the 60 percent black elderly who reside there, and I mentioned Unadilla. Unadilla is 21 miles from the service areas where you have to go to pick up stamps or to get any kind of service. So, if they know anything about the program, transportation becomes a problem. If that community had one way to get itself together and to transport people back and forth, fine. We have, at the National Center, been working with this community to see if we cannot come up with a program to get them effectively involved.

One other thing that I think is necessary. I think that we have got to help our young people. We talk about people in the cities being afraid to venture out into the streets. We just submitted a proposal for consumer education in which we would involve 100 junior high school students who would serve as escorts to go shopping once a week with an elderly person, getting that person out of the house. It gives that person a degree of safety because there is somebody with them.

Hopefully, then, we can have our youngsters seen in a different light by the elderly and then those youngsters having worked with them, walked with them, and ridden the bus with them, can get to understand really what the aged are like. That, in itself, would have a great impact on the out-reach side of this particular proposal that I am talking about. These youngsters are going to find the people they know about. You see, they know that old lady Smith, a few doors down the street, is an old woman who needs a lot of help. Through the school, we can locate most of these people.

The same thing would be true in the rural areas. There are ways that we could utilize the young people. I heard some mention here earlier today of Girl Scouts and Boy Scouts. If we can utilize our youth, we are helping them to understand, and we are helping the elderly to understand. I think it will help us to find the people that we think we can't find.

Mr. MEEK. Senator, I don't think outreach in the food stamp program is any different, so far as being a problem, as in many of the other services that we are trying to extend to older people. I have been en-

gaged in a lot of volunteer activities, trying to stimulate the delivery of other kinds of home services, that will enable elderly people to stay in their homes. We have precisely the same problem with trying to reach the elderly.

TELEPHONE REASSURANCE PROGRAM

Our problems are worse, obviously, in rural areas, because it is just the sheer logistics of reaching people. But in the community where I live, just outside of New York, an urbanized suburb in northern New Jersey, we decided we needed a telephone reassurance program. I guess you know what that is. That is calling older people who are homebound.

Statistics in our area tell us that we have so many older people in the community, impoverished people. We have been unable to stimulate those people, other than 10 or 12 of them, to respond to volunteer programs. And we don't have anything like food stamps to offer. The only thing we have to offer is companionship, reassurance, and that sort of thing. We cannot get them to respond. They are reluctant, and somehow we have got to figure out how we can reach these people and stimulate them to communicate. So it is not just solely the food stamp program. It is a basic problem of reaching these people with all kinds of services that they need.

Mr. HUTTON. I think that for the past 8 years we have had administrations which were not anxious to extend social services and other programs to the elderly, and consequently there have been really few ideas coming up. I am hopeful that we are going to have a change now.

Senator MELCHER. Well, Doctor, you have said that 60 percent of the blacks are in the rural South and that puzzled me. What is the South, first of all? That includes Texas, is that right?

Dr. LOVING. The South is where I was born, born in Chattanooga, but I grew up in Michigan. The South to me is, as my father defined it, anything below the Mason and Dixon Line and it does not matter whether it is Southeast, or Deep South, or whether it is Southwest. Incidentally, the South today is a better place to live than the old community that I grew up in in Detroit.

When we talk about the rural South, we are talking particularly of the nonurban area—from whence came the raw cotton and the old songs of “10 cent cotton and 20 cent meat.” The milling industry was not there. Industry is going into the South today and the South is being revolutionized economically but there are still those large poor rural areas.

Much of the land is still owned by black families. Acres and acres and acres of land are owned by black Americans and scattered throughout those poor communities.

Poor blacks and poor whites, who have more in common than they have differences, work things out themselves pretty well.

So when I talk of the South, I am talking—as I say, I have friends in Washington who would not admit that this is below the Mason and Dixon Line—but when I came down out of Pennsylvania, coming from Michigan, on I-70 south, I passed the sign that says “Mason-Dixon Line” and I crossed it 100 miles from here. So this is the South, too.

Senator MELCHER. Well, the 60 percent is disproportionate then?

Dr. LOVING. Yes.

Senator MELCHER. I mean there is a disproportionate number of elderly blacks living in the rural South.

Dr. LOVING. Right.

Senator MELCHER. As compared to the general population of blacks across the 50 States?

Dr. LOVING. The assumption is that blacks migrated North and went into the inner cities. Many of the elderly blacks didn't go. Many of the elderly blacks and elderly whites who had come out of the poor South have gone back into those communities. So it is disproportioned and some consideration needs to be given as to how to develop a program that can reach these people and give service to them?

Senator MELCHER. Well, I mentioned Indians earlier, and you mentioned this mileage to the county seat. In my home county in Montana, Ashland and Wayne, which are separate communities, are both about 65 miles from the county seat. A great number of elderly probably have not been to the county seat in town in 10, 20 years, and maybe won't ever be for the rest of their lives, because the town is 65 miles away.

USE OF VOLUNTEER ORGANIZATIONS

The northern Cheyenne Reservation, to the extent that we are dealing with the tribe and members of the tribe, they have a better opportunity for outreach through the tribe itself. The problem with the rural areas, unless you have some sort of an organization—you suggested to use the elderly, and I agree. However, you also mentioned the Girl Scouts, the Boy Scouts. I think that volunteer outreach programs are great if they are managed professionally by people who are on the job all the time.

In this instance, I question whether or not we can rely so much on volunteers. I do not believe any of these bills adequately address the outreach problems. I do believe that it is the intent of Congress that outreach should be a very vital part, and I am interested in your saying that it is only a part of the package. Outreach is not working.

Mr. MEEK. I don't think that we will ever succeed in our outreach if we rely exclusively on public agencies or the governmental structure. Maybe the voluntary structure needs a paid hand here and there, but it is the churches and the service clubs that can be the networks if they can be mobilized. There is no clear-cut, simple way, at the moment, that you can mobilize them because they are all free agents to do what they please in volunteerism. But you could utilize them some way and the Department of Agriculture could relate it effectively to them. Our governmental agencies don't relate that effectively to voluntary agencies but if they could, they could really use the churches, the Lions, the Kiwanians, and so on. These are the groups that are everywhere.

Senator MELCHER. Well, your collective organizations obviously are the ones that should be doing the voluntary work.

Mr. HURTON. We have asked for an extension of the title IX program, authorization of \$200 million this year as against the \$96 million where we are now. It seems to me that in this area this is the kind of thing which older people do really well. Organized community service programs put talent and skills to work and the elderly people make a

really wonderful contribution. It is not just in the food stamp area, it is in every aspect of social service.

Dr. LOVING. The interesting thing is that you are talking about service clubs. This package that I have been talking about, the proposal that we submitted, the Kiwanis Club is a component and the retirees of the Kiwanis Club are a part of this. Last year, when the consumer education program was introduced, there were 800 applications and they funded 66. Five community projects were funded, most of the grants went to the colleges.

I spent the last 18 years with major universities and a lot of Federal moneys go to them. It would have been much better to have funded those practical programs out there in the community than to have put that money into a research project. I think there is tremendous need at the grassroot level.

Mr. MEEK. Then, of course, the program itself has to be valid enough so that the voluntary agencies will want to support it. They don't want to go out and peddle a program that people perceive as demeaning or stingy, that sort of thing. They want to really offer something and work for something that they believe is good.

Senator MELCHER. Well, our bill does not include or does not even address deductions and I am personally very much impressed with recommendations for a standard deduction. But, I am alarmed that the \$80 standard deduction does not take into consideration the cost of heat and the cost of shelter. The shelter itself costs more where it is cold, and then the heat bill comes on top of that. So, that proposal, to me, seemed to be the basic flaw that can't be allowed to exist and one that is very pertinent that we correct in the amendments to the act this year.

Senator Talmadge's proposal for the elderly is that a person over 60 years of age be entitled to an additional \$25. Now that is \$70 plus \$25 which gets pretty close to what you recommended in the \$100. Have you looked at the Talmadge proposal?

Mr. HUTTON. Yes; we have.

This is Betty Duskin, research director, National Council of Senior Citizens.

THE RICHMOND BILL

Miss DUSKIN. The House Agriculture Committee looked at what it would be of the various situations. The one that causes the least disruption for current beneficiaries and does the least to the bill, given that we don't have costly amendments, is the Richmond bill. All others have fewer people who maintain their status quo and more gainers than losers. This is the one that accommodates the itemized deductions.

Mrs. SHADOAN. I agree. I would be very reluctant to take the extra \$25 across the board and give up the deduction for shelter and utility costs. I think that the Richmond bill provision is much better not only for the elderly but for all other groups.

Senator MELCHER. Well, it is better because it starts with the basic standard deduction at \$75.

Mrs. SHADOAN. Yes.

Senator MELCHER. And then up to the shelter.

Mrs. SHADOAN. Yes.

Senator MELCHER. So you could have a combination of \$150.

Mrs. SHADOAN. Yes; you could in those areas. That is, where you have excessive housing and utility costs.

Miss DUSKIN. The Richmond approach is still preferable even if you look at the bills costing comparable sums of money. It nevertheless comes out better when the cost is fed out.

Senator MELCHER. Well, what about this one principle though. Does the Richmond bill have a specific or an added deduction in order to be eligible?

Miss DUSKIN. No.

Mrs. SHADOAN. No.

Senator MELCHER. Don't you think the elderly are entitled to that?

Mrs. SHADOAN. I think what the elderly are getting under the Richmond bill is greater than throwing them an extra \$25 across the board. I think that the benefits would be going to the neediest elderly under the Richmond proposal.

PERIODIC ADJUSTMENT NEEDED

Senator MELCHER. Well, several people have mentioned that the standard deduction concept must be adjusted.

Mrs. SHADOAN. Right.

Miss DUSKIN. Yes.

Senator MELCHER. Of course it isn't. We write a 4- or 5-year bill, or a 3-year bill, and if it is not adjusted it would be quite meaningless, perhaps after the end of 2 or 3 years.

I don't know how you can relate present costs of the food stamp bill to the elderly because we start out all agreeing the elderly are not participating to the extent they should. I think Bob Greenstein might have oversimplified it when he said we are not all going to come on stream at once. Well, if we get any kind of performance from outreach and we overcome the problem of simplification and add to that the cash payment and we really overcame the reluctance of the elderly to use food stamps, we would be doubling the elderly that are using food stamps within a year or two. So I frankly can't visualize how anyone can say, well, we want to keep the program costing the same in relationship to the elderly.

Mr. HUTTON. The administration is saying that.

Senator MELCHER. I don't think we ought to echo them.

Miss MENCH. I think that helps to explain the lack of enthusiasm on the part of the administration in advocating outreach. You know, if you increase outreach, you are bringing in more participants.

Senator MELCHER. I should have pinned Bob down on this specifically; we will follow it up. Maybe there are not enough funds available, maybe the Congress is being niggardly in providing the funds, or perhaps the Department of Agriculture, either under the Republicans or Democrats, is reluctant to utilize the funds.

Mrs. SHADOAN. Remember, you are picking up some money—I don't know whether it would cover it—from the lower administrative costs through simplification.

Senator MELCHER. Yes.

Mr. HUTTON. Some of us feel that no matter what kind of an administration you have up there, Senator, the Office of Management and Budget remains the same.

SENATOR MELCHER. I refuse to believe that we are people governed by an entity signified by a few initials.

MR. MEEK. When they were starting the SSI program, were there not funds made available to finance an outreach program at that time? Was it the Red Cross that was funded to hunt everybody, and they didn't succeed?

MR. HUTTON. That was only because they happened to have \$4 million left over from a previous fund which they had to hand back to the Government, and so the Government took the \$4 million and the Red Cross into the program, and that limited their outreach program to only \$4 million, whereas Government should have appropriated much more. For 8 years, we have had a system whereby if anybody came up with outreach ideas which increased the cost of the program, they were demoted rather than promoted.

SENATOR MELCHER. As a budgetary saving.

MR. HUTTON. Yes.

SENATOR MELCHER. Not for the success of the program.

DR. LOVING. Maybe it is a false philosophy and "let's hold the line." I think we have to press for priority in terms of how welfare moneys and other moneys are used. I think all of us in our organization have a responsibility to help educate.

MISS MENCH. One of the things that is happening in proposals that are being discussed now—the administration bill, Senator Talmadge's bill—is that we are getting the money to bring in new recipients out of the pockets of current recipients. We are cutting back benefits and that money that is being saved is being used to pay for the new people we expect to come into the program. Now maybe that is keying benefits to those mostly in need. I cannot argue that philosophy, but it ignores a group of people on the margin of poverty whose need may be just as great.

MR. HUTTON. If we do not have those extra dollars to spend, it may well be that things are in a tough shape. If we have to make a duplicate choice, we have to stay in the direction of treating the poorest first and not the broad, across-the-board, categorical \$25 deduction for the elderly. I think the housing allowance system does it better than anything.

SENATOR MELCHER. I think you have made a very valid point and I very much appreciate that. I think every Member of Congress, and I suspect President Carter, and before him President Ford, gets thousands of letters a week criticizing the food stamp program. I read the letters that I receive and no one has referred with criticism to food stamps for the elderly. I don't think anybody is getting that kind of mail.

To the contrary, in all the discussions that come up regarding food stamps, it is clear that Americans believe that the hungry elderly ought to have food stamps, and it ought to be made easy for them. Now I judge that you would recommend using the mails in some sort of way and the post office as a distribution point.

USE OF SENIOR CITIZEN CENTERS

Now what can we do to utilize senior citizen centers for food stamps? How can we improve the food stamp program in relationship to senior citizen centers?

Mr. HUTTON. I think they say the bill gives authorization for demonstration projects.

Senator MELCHER. Is that enough?

Mr. HUTTON. It is a start, it is a foot in the door. If we can see that they can get quick returns or something like that, that is fine. The question is, do they want to utilize that efficient method of spreading it out and getting more people? Do they really want to go that route?

Senator MELCHER. I would say yes, we should do that. That will help it to go, won't it?

Mr. HUTTON. Yes; it sure will.

Senator MELCHER. Isn't that a vital part of it?

Mr. HUTTON. Yes, sir.

Senator MELCHER. In our State, senior citizen centers have caught on very well, and this is part of the solution of outreach, if we can work with senior citizens.

Mr. HUTTON. In the club programs there must be something from 15,000 to 20,000 older people sponsored across this Nation. Some of them have as many as 10,000 members.

Senator MELCHER. Faye, do you have anything specific in that testimony on regionalizing the difference in housing and utility costs?

Miss MENCH. That is what we were talking about, Senator, with the standard deduction and a special shelter expense deduction.

Senator MELCHER. Have we got anything that is mapped out that should be put into the bill?

Miss MENCH. In terms of language, Senator?

Senator MELCHER. Yes; what have you. The State of California, I think you made the point that it varies greatly within a State.

Mr. HUTTON. Even more than it does—

Senator MELCHER. Parts of California are very cold and yet a lot of it is very hot.

PROBLEMS OF REGIONALIZING

Miss MENCH. If you allowed an extra deduction on top of the standard deduction for shelter expense which would include utilities, fuel costs, and so forth, then I think that is what we were suggesting would, in effect, account for regional variations in the cost of living.

Senator MELCHER. I think the equity of that is so obvious that if we can have language on that, we can get that accepted.

Miss MENCH. I think the Richmond bill deals with that.

Senator MELCHER. Does it break it down into regions?

Mrs. SHADOAN. No; it is written in such a manner that you don't have to break it down to regions.

Senator MELCHER. Thank you very much.

Mrs. SHADOAN. I believe the Richmond bill reads to the effect if more than one-half of net income is paid for shelter and utility costs, an extra \$75 is—

Miss DUSKIN. I think it is a maximum.

Mrs. SHADOAN. A maximum up to, yes.

Miss DUSKIN. Of the excess you pay over 50 percent.

Senator MELCHER. Then we get into this itemizing.

Miss DUSKIN. It is one element

Senator MELCHER. One element opposed to a bunch of them.

Miss MENCH. I think the alternative, where you try to set down a system for regionalization, will present some problems—I mean Cali-

ifornia, for instance, might be in one region, but as Mr. Hutton suggests, the State itself has variations. When this is true, you are faced with breaking a State into regions and chance introducing a greater administrative burden into the program. So I think a shelter deduction is the simplest way to get at regionalization. Talking about regional scales, where would we draw the line? What constitutes region 1?

Senator MELCHER. I would like to regionalize it and get away from the recordkeeping that I don't think does anybody very much good.

Now when Senator Domenici was here we were talking about how this could help in paying the fuel cost. Actually, as Dr. Loving mentioned, in the Upper Peninsula, there are some very poor people living in shelters with dirt floors. To the extent that we provide food to them, perhaps they can improve the floor. Now there won't be a utility bill that amounts to much there; I'll bet they are probably burning wood.

Mr. HUTTON. I don't think there is going to be any weatherization program to take care of the floors.

Senator MELCHER. So if it could be regionalized, I think we could keep it fairly simple.

Mr. HUTTON. I think it is a good way and a quick way to get help where it is needed the most.

Senator MELCHER. I do, too.

Miss DUSKIN. I question whether you mean regionalization. The Consumer Price Index that is applied to different areas, the excess housing allowance does exactly that.

Senator MELCHER. It does?

Miss DUSKIN. Yes, it does exactly that. It is regionalizing.

Senator MELCHER. But if you have to add up your utility bills to arrive at that, an individual household—

Miss DUSKIN. One might say a choice. Do you prefer a slightly more administrative complexity in the program to service it?

Senator MELCHER. I am thinking about equity of the thing. If you are living in the rural area and burning wood, you don't have the utility bill, but you might be awfully clean. You really have the need for food.

One thing we cannot lose track of is the higher calorie necessity for living in the colder climate. You cannot ignore that, you have to have it. If you are in the cold, you have to have a higher calorie intake. My point about regionalism is you can have a standard deduction for the housing where it is cold and you can still keep a very simple standard deduction.

Miss DUSKIN. Well, I am not sure that that is the case. What do you do about some very lovely areas out on the west coast that are quite lovely as far as the climate is concerned?

Senator MELCHER. You would not regionalize it just on cold then? You could not.

Miss DUSKIN. Yes.

Senator MELCHER. That would not be equitable.

Miss DUSKIN. That is right.

Senator MELCHER. I get your point. Miss Mench, I noticed that you testified in favor of cash-out on SSI. Is that just a start of cash-out?

Miss MENCH. That was just a suggestion that we offered, as a point of consideration from last year, since one of the problems that we ran

up against in getting older people to use food stamps is the kind of welfare stigma attached to the program. If EPR goes through it will help in getting over the burden of not having enough money but people will still be using food stamps; and, as has been pointed out several times, in rural areas, especially where everybody knows everybody, sometimes using food stamps becomes a matter of pride. If they were given cash instead of stamps, then money is money; it would not necessarily have any stigma attached to it.

Senator MELCHER. But if you are just doing it for SSI—

Miss MENCH. Excuse me. It was for all elderly and those blind and disabled on the SSI rolls. I said it might be impractical for all recipients but would be useful for elderly recipients on a demonstration basis. It could help prove the fact that —

Mr. HUTTON. We would deplore cash-out.

Senator MELCHER. You are not for it?

Mr. HUTTON. No, sir.

Senator MELCHER. I'm not either.

"MOM AND POP" STORE PRICES

Arlene talked about the mom and pop stores where it cost more to buy food.

Mrs. SHADOAN. Yes; I know. I go to one to pick up a sandwich at lunchtime and look at the canned goods and other items that are twice as much or more than in a supermarket. It is fantastic.

Senator MELCHER. Your recommendation was that some sort of roll off—

Mrs. SHADOAN. I would like to see some sort of mechanism—I know it will be difficult to establish a mechanism, but I don't think it is impossible—to recognize the difficulties of the inner-city elderly in access to quality food as well as fair priced food.

Now you do that in the present food stamp law in Alaska and Hawaii. Perhaps there should be a bonus value for inner-city people, that would be more redtape. Perhaps there should be a transportation allowance. It seems to me that you have enough imagination on the staff so that they can develop some sort of mechanism.

Dr. LOVING. I am concerned about this. Having grown up in the city, having grown up in a home where my mother went out and did day-work and my dad worked in the factory with three boys all trying to make a household go, I recognize that these things have been happening. I can still remember that "book" that we carried to the store to make a purchase. When we boys got old enough to recognize what was happening in that book and the kinds of things going on, we became really conscious but were helpless to do anything about it.

Today, all we have to do is go into one of the inner-city stores. I don't believe them when they say they can only buy quantities in gross or less and so in order for him to make a profit he has to put a little bit more on to it. He is a vendor but it is unfair to people who are on very limited incomes to have to buy those gross purchased items at 20 percent or 30 percent more than they would have to pay in the supermarket.

Senator MELCHER. You are certainly right and I think it is tougher than in rural areas. I don't believe there are the black spots in rural areas as there are in the inner city as to having access to so-called

supermarket prices. I mentioned Lane Bernat. Lane Bernat is located in small communities and they have close to supermarket prices.

Mrs. SHADOAN. I remember once, when I had a woman to take care of me after major surgery, and I was living in Arlington, Va. At that time she did her shopping in Virginia because she could not get the quality food in the inner city. I also had occasion in the last year to go to the Safeway at 14th and P Streets. I am informed that it is now closed. Well, they had the same prices on the food but the quality was terrible. Terrible. Now maybe it means that Mr. Danzansky can be persuaded to come in and build a number of Giants in the inner city and perhaps someone—

Senator MELCHER. The distribution costs for inner city for the same chain—I don't care whether it is Safeway or Giant—the distribution costs for an inner city store are higher, it costs more to get it there. This is because of the time it takes to get into the inner city. The traffic can move very slow when they deliver in the inner city. It is time consuming, so the costs are more. It is more distance to give service to the stores and they are generally smaller, most of them are not very big.

You said a lot of mom and pops are buying gross. You buy one case which is generally 24 or 48, and to a lesser extent the chains do have the problem in the inner city, and the costs are higher for it. So the markup is higher which is the same thing.

Well, I don't know how to solve it. Maybe you do.

Dr. LOVING. Someday somebody will come up with a concept of a co-op that really works. The IGA stores, for instance, in Michigan, buy wholesale. Twenty or more stores will buy wholesale carloads in order to get the benefit of reduced cost.

Mrs. SHADOAN. This is another benefit of EPR that I didn't go into because I found so far it is not valid, but by having this cash available, perhaps communities can form cooperatives and benefit thereby.

Senator MELCHER. Well, it could be—

Mrs. SHADOAN. They have not been very successful here in the District of Columbia, so far, but we cannot tell.

Senator MELCHER. Well, Dr. Loving, you mentioned the IGA stores, which interest me, because they are large, but I don't know of any IGA's in this area.

Dr. LOVING. No; they are not in the area. There are, however, groups of stores that could get together, I don't know what the mechanism is, and they can buy a carload and get a lower wholesale cost.

Senator MELCHER. Yes; buy through a cooperative. In my State, IGA is dominant and it became dominant in the last 20 years because of the huge volume that they do buy.

Well, I very much appreciate your testimony. I think it is extremely helpful, and I hope we are up to the task. You have the votes, which is the next thing. I hope we are up to the task of drafting sensible legislation, and then I hope we have plenty of votes to carry it through.

I very much agree with you that the standards on the shelter are very necessary even though we don't have that in S. 1272. It is worth noting that Senator Talmadge very vigorously opposes the EPR, and I think quite a few on this committee oppose it philosophically,

but I feel that perhaps we can vote on the need for EPR for the elderly, just as it makes sense not to do it. I am hoping that we get to the point with the omnibus bill where we deal with these things and we can successfully incorporate in the Senate version EPR for the elderly.

Mr. HUTTON. If you can get that in the bill, you have a lot of support. We will work it out.

Senator MELCHER. Thank you all very much.

[Whereupon, at 3:55 p.m., the committee recessed, to reconvene at 1 p.m., Tuesday, April 19, 1977.]

APPENDICES

Appendix 1

EXCERPT FROM THE CONGRESSIONAL RECORD, APRIL 7, 1977, INTRODUCING S. 1272

By Mr. CHURCH (for himself and Mr. Melcher) :
S. 1272. A bill to reform the food stamp program; to the Committee on Agriculture, Nutrition, and Forestry.

NATIONAL FOOD STAMP REFORM ACT FOR THE ELDERLY

Mr. CHURCH. Mr. President, on behalf of Senator Melcher and myself, I introduce for appropriate reference the 1977 National Food Stamp Reform Act for the Elderly.

Recent statistics released by the Bureau of Labor Statistics show that low-income—\$4,501 and below—elderly couples residing in urban areas spend about 31.7 percent of their income for food. When this amount is added to shelter costs, which are usually the elderly's highest expense, more than one-half of the typical low-income aged couple's budget is earmarked for food and housing.

These statistics show the critical need for effective income maintenance programs and social services for our indigent elderly. Time and time again, the Committee on Aging has heard elderly witnesses testify that they must skimp on medical and food costs in order to meet their escalating housing, utilities and transportation costs. Poor health care and eating habits can only intensify the elderly's problems. In the long run this will force more and more older Americans into institutions.

Over the past several years, programs which supplement the elderly's food budget have become increasingly important. Nutrition programs for older Americans have become popular in every State. Quite often the meal provided at a senior center is the only nutritious meal that the elderly person will have all day.

The 1976 poverty report of the Bureau of the Census revealed that one out of seven persons 65 and older live in poverty—having incomes below \$2,752 for a single aged person and \$3,232 for elderly couples. All in all 3.3 million elderly live in poverty. This does not include, however, the 2 million "hidden" poor who are not counted because they are institutionalized or reside in the homes of others with sufficient incomes to raise them above the poverty line. Yet, USDA figures tell us that only about 6 percent of all food stamp participants are elderly—approximately 1 million persons 65 and older. Yet, perhaps 3 to 4 million poor elderly could possibly benefit from the food stamp program. And this figure may be conservative.

Why are these poor elderly not participating in a program which could help to supplement their food budgets? That is a question that the Senate Committee on Aging has been studying for some time. The committee has held hearings all around the country on how the escalating cost-of-living affects older Americans. I have heard elderly people testify that they are not aware of food stamps; they cannot afford to pay the \$25 to \$40 purchase price at one time; they are unable to travel to and from the welfare office to be certified and to pick up their coupons; and they are unwilling to put themselves through what they consider a demeaning process to apply for the benefits.

The bill Senator Melcher and I introduce today would help to alleviate these obstacles so that the elderly poor can have greater accessibility to the food stamp program.

First, our bill would eliminate the purchase requirement in order that participants could receive their stamps without making a payment based on their income. In effect they would receive the bonus value of the food stamp coupon above their purchase requirement. This provision would be very helpful to the poor elderly who frequently are unable to buy their way into the food stamp program. Since many live on limited fixed incomes they find it difficult to make a larger outlay for food stamps once a month. Our bill would assist in bringing some of the poorest elderly into the program by doing away with the purchase requirement and allowing them to receive their bonus value in stamps based on their incomes and household size.

Second, the National Food Stamp Reform Act for the Elderly would allow supplemental security income, SSI, and social security beneficiaries to apply for food stamps in their local or district social security offices. This would be accomplished by housing State assistance personnel in the social security offices. These individuals would have responsibility for assisting SSI and social security beneficiaries concerning application procedures for the food stamp program and any questions they may have. Our bill would allow the applicant to supply a simplified affidavit at the social security office and be certified on the basis of income and asset information in their SSI and social security files. This provision would enable the elderly poor to participate more readily in the food stamp program and without the redtape in the existing program. This simplification of the application process would also assist in educating more older Americans about the program, minimizing their difficulties in traveling from office to office and encouraging their participating in the program.

Third, our bill would allow for annual means that aged recipients need only go to the assistance or social security offices once a year to be certified unless they have a change of income in excess of \$25 per month. Most SSI and social security beneficiaries could be certified for the entire year since their income would usually not change except for the annual July cost-of-living adjustments. If the recipients adjustments exceeded \$25 a month, they would be required to report that change in income to the food stamp office. This allowance for annual recertification would help considerably to eliminate the financial and physical barriers which the elderly must overcome when traveling to and from their assistance or social security offices.

Mr. President, I endorse the need for food stamp reform. While the Congress is considering various food stamps bills, I do not want the special needs of the elderly overlooked. Without such attention, genuine reform simply would not be possible.

I ask unanimous consent that the text of this bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 1272

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled. That this Act may be cited as the "1977 National Food Stamp Reform Act for the Elderly".

EFFICIENT CERTIFICATION

SEC. 1. Section 10 of the Food Stamp Act of 1964, as amended, is amended by adding at the end thereof the following:

"(j) The Secretary, in conjunction with the Secretary of Health, Education, and Welfare, shall promulgate regulations permitting households in which all members are recipients of Supplemental Security Income to apply for participation in the food stamp program by executing a simplified affidavit at the Social Security Office and be certified for eligibility based on information contained in files of the Social Security Administration.

"(k) The Secretary, in conjunction with the Secretaries of Health, Education, and Welfare and Labor shall prescribe regulations permitting applicants for and recipients of social security or unemployment compensation benefits to apply for food stamps at social security or unemployment compensation offices and be certified for food stamp eligibility in such offices in order that the application and

certification for food stamp assistance may be accomplished as efficiently and conveniently as possible."

"(1) Households containing one or more elderly persons, but no wage earners, shall be certified for a period of one year; provided that a member of any such household shall report any change of income in excess of \$25 per month."

ELIMINATION OF PURCHASE PRICE

SEC. 2. (a) The first sentence of section 4(a) of the Food Stamp Act of 1964, as amended, is amended to read as follows: "The Secretary is authorized to formulate and administer a food stamp program under which, at the request of the State agency, eligible households within the State shall be provided with a supplement to their incomes, through the use of a coupon allotment, sufficient to provide such households with an opportunity to obtain a nutritionally adequate diet."

(b) The section head of section 7 of the Food Stamp Act of 1964 is amended by striking out "AND CHARGES TO BE MADE".

(c) Section 7(a) of such Act is amended by striking out that portion preceding "adjusted semiannually." and inserting in lieu thereof the following: "The face value of the coupon allotment which State agencies shall be authorized to issue for any period to any household certified as eligible to participate in the food stamp program shall be in such amount as the Secretary determines to be the cost of a nutritionally adequate diet, reduced by an amount equal to 30 per centum of such household's income: Provided, That the minimum allotment shall be \$10 and the coupon allotment shall be adjusted semiannually."

(d) Sections 7(b) and 7(d) of the Act are repealed.

(e) Section 7(c) is redesignated as 7(b) and the following is deleted: "which is in excess of the amount charged such household for such allotment".

(f) (1) Clause (6) of the second sentence of section 10(e) is repealed.

(2) Clause (7) of the second sentence of section 10(e) is redesignated as (6) and is amended to read as follows: "(6) notwithstanding any other provisions of law, the institution of procedures under which any household participating in the program shall be entitled to have its coupon allotment distributed to it with any grant or payment to which such household may be entitled under title IV of the Social Security Act, except in areas in which the Secretary determines that such distribution of coupons is impractical because of the risk of theft of coupons, or of danger to mail carriers, and".

(3) Clause (8) of the second sentence of section 10(e) is redesignated as (7).

(4) Section 10(g) of the Food Stamp Act of 1964 is amended to read as follows:

"(g) If the Secretary determines that there has been gross negligence or fraud on the part of the State agency in the certification of applicant households, the State shall, upon request of the Secretary, deposit into a separate account established in the Treasury a sum equal to the face value of any coupon issued as a result of such negligence or fraud. Funds deposited into such account shall be available without fiscal year limitation for the redemption of coupons."

(g) (1) The third sentence of section 16(a) of the Food Stamp Act of 1964 is amended to read as follows: "Such portion of any such appropriation as may be required to pay for the value of the coupon allotments issued to eligible households shall be transferred to and made a part of a separate account maintained in the Treasury of the United States and such deposits shall be available, without limitation to fiscal years, for the redemption of coupons."

(2) Subsections (b) and (c) of section 16 of such Act are repealed and subsection (d) is redesignated as subsection (b).

(h) (1) Subsection (m) of section (3) of the Food Stamp Act of 1964, as amended, is amended to read as follows:

"(m) The term 'issuance authorization card' means any document issued by the State agency to an eligible household which shows the face value of the coupon allotment the household is entitled to be issued on presentment of such document."

(2) Subsection (b) of section (14) is amended by deleting the words "authorization to purchase cards" wherever such words appear and inserting in lieu thereof the words "issuance authorization cards".

Appendix 2

STATEMENT OF THE NATIONAL RETIRED TEACHERS ASSOCIATION-AMERICAN ASSOCIATION OF RETIRED PERSONS¹ BEFORE THE SENATE AGRICULTURE COMMITTEE, MARCH 8, 1977

Good morning, Mr. Chairman, I am John B. Martin, legislative consultant to the National Retired Teachers Association and the American Association of Retired Persons. Accompanying me today is Mr. Thomas Borzilleri, our staff economist, and Ms. Faye Mench, a legislative representative to the associations. On behalf of the over 10 million older Americans who are members of these affiliated, nonprofit organizations, I would like to extend our appreciation for this opportunity to comment on the food stamp program and proposals to reform and improve the program.

In the long run, our associations would prefer to see guaranteed minimum incomes raised to a level which would render the food stamp program unnecessary for the majority of elderly persons. For the elderly in particular, food stamps are not adequate substitute for real income. Participation rates for elderly persons eligible for the program are very low. In fact, only 17 percent (USDA-FNS data, May 1976) of food stamp households contained one or more elderly persons (age 65 or older). We suspect that even if outreach efforts were redoubled, distribution problems resolved, and the purchase requirement eliminated, large numbers of elderly persons would still not participate in the program for one reason or another. Because of this, our associations place highest priority on increasing minimum income levels for older persons under the supplemental security income program.

However, until action to raise these minimum income levels for older persons is realized, we feel that every effort should be made to make the program as efficient as possible and to make it more responsive to the needs of those it is intended to serve. Particularly for the elderly who choose to participate, the food stamp program has become a means to make ends meet from one month to the next.

Our associations are well aware of the criticism which has been leveled against the food stamp program. As a program which is particularly sensitive to changing economic conditions, it has grown significantly in the past few years as a result of inflation and high levels of unemployment. At the same time, public interest in the program has increased with every media report of program abuse and fraud. Our associations join with those who believe that program administration must be streamlined and greater emphasis be placed on benefits to those most in need.

From the debates on the need for reform have evolved several key issues around which efforts to improve the program have focused. I would like to address several of these issues as they affect the elderly.

STANDARD DEDUCTION

One of the sharpest criticisms which has been leveled at the food stamp program concerns the alleged number of participants with incomes reportedly as high as \$16,000 who qualify for food stamp benefits. To the contrary, data reflected in a recent Congressional Budget Office issue paper finds that 95 percent of program benefits went to households below 125 percent of the poverty line.

One proposal to restrict participation in the program to low-income households calls for the use of a standard deduction in determining income eligibility. This approach would eliminate the itemization of deductions which is now permitted under the program.

¹ See statement of Faye Mench, p. 25.

Our associations support the use of a standard deduction rather than the itemized deductions now permitted. This would simplify the certification process, reduce the possibility of error in calculating eligibility for participation under the program, and save time and paperwork resulting in reduced administrative costs. A simplified application process would also encourage more needy persons to participate in the program. By reducing administrative costs, more money would be available for actual benefits to participants.

In setting the standard deduction limit for all food stamp households, special consideration should be given to the effect of regional cost-of-living variations and levels of income under the current system of itemized deductions. Our associations believe that the standard deduction should be varied geographically to take into account regional differences in housing costs, utility costs, etc.

In computing the standard deduction, our associations feel that taxes should be subtracted separately. Treating taxes separately would remove a major work disincentive. Comparing two households having the same income—one receiving income from productive work and one from public assistance—the working family household would be at a definite disadvantage in terms of real income. While they both may apply the standard deduction, the working family must still pay taxes whereas the public assistance family does not.

Furthermore, in order to maintain participants' food purchasing power, our associations support semiannual or at least annual adjustments to the standard deduction to take into account changes in the cost of living as reflected in the Consumer Price Index. Under the present law, itemized deductions increase with increased living costs. If the standard deduction is not adjusted to keep pace with inflation, loss of program benefits would eventually close program participation to many eligible persons.

Through the use of a standard deduction, those households which experience severe drains on their incomes from unexpected major expenses, such as high medical bills, would be denied participation in the food stamp program. Our associations urge that the program retain some flexibility to assist households which fall victim to such hapless circumstances by providing for special deductions to cover disaster or casualty losses beyond what is taken into consideration in computing the standard deduction.

INCOME ELIGIBILITY LEVELS

Our associations believe that present income eligibility standards should be retained at approximately the same levels. We are concerned that in periods of economic instability, the poor and near-poor elderly and nonelderly suffer the most as basic necessities are the most affected by inflation.

Additionally, we feel that income eligibility should be determined based on income after taxes have been subtracted. A deduction from gross income for Federal, State, and local income taxes as well as social security taxes (in addition to the standard deduction) is vital to insure equity in the program between the working and nonworking eligibles.

Income eligibility should be established at a level which would allow participation by those older persons who exist on the margin of poverty. Our associations are concerned that income standards of eligibility set at the poverty level are too severe with respect to many near-poor elderly.

ASSETS TEST

Our associations believe that the assets test applied under the present food stamp program is the best alternative as far as the elderly are concerned. It allows for a number of exemptions—a house, one car, household goods, and personal effects—which otherwise would eliminate many older persons from the program. In addition, it allows \$1,500 in resources—or 3,000 for households of two or more with at least one elderly member.

Our associations would oppose attempts to bring the food stamp program assets limits into conformity with more restrictive assets such as that used in the supplemental income (SSI) program. We view the application of the SSI assets test as a harsh barrier which unnecessarily prevents many needy older persons from participating in this vitally essential program. This type of test is unfair for several reasons: (1) There is seldom any comparability in values for a particular item on a national scale; (2) Values may vary based on market conditions, locations, basis for evaluation, and other judgmental decisions; and (3) Values in many cases are arbitrary because they could not truly reflect market value, as in the example of priceless heirlooms.

We would urge this committee to retain the current program's assets limits.

ELIMINATION OF PURCHASE REQUIREMENT

A reason which is frequently cited to explain low participation rates for eligible persons below the poverty line is the requirement that participants make a cash contribution toward the purchase of food stamps. Under present law, households pay between 25 and 26 percent of net income as a purchase price. Low as this figure might seem when dealing with poverty level incomes, it still represents a large expenditure for an elderly person who receives a monthly income from SSI, for instance. Often, timing plays an important role in whether an older person has the money needed to purchase his food stamp allotment. If SSI checks are received on the first of the month and food stamp certification cards during the second week, many elderly simply do not have the ready cash to go ahead and buy their food stamp coupons.

In addition to making the program more available to elderly participation, our associations also recognize that by eliminating the purchase requirement, administrative costs could be cut and a good deal of paperwork and redtape associated with it would be eliminated.

A further benefit to be derived from elimination of the purchase requirement would be a marked decrease in vendor abuse. If there was no purchase requirement, vendors—those persons who sell food stamps to the certified eligibles—would not be necessary and an opportunity for program abuse would be eliminated.

An alternative relating to the elimination of the purchase requirement was raised in the House of Representatives last year during committee consideration of the various food stamp reform proposals. Under this alternative, the elderly, blind, and disabled who were eligible for food stamp program benefits would receive cash to equal the value of their bonus stamps, thereby eliminating the use of stamps entirely. This approach would go a long way toward eliminating the welfare stigma attached to the use of food stamps and would encourage many proud, needy elderly to participate in the program. Further, it would move the program one step closer to adequate income supplementation as a means of achieving adequate nutrition.

CERTIFICATION PERIOD

Our associations feel that the period for which an older person is certified eligible for the food stamp program should be at least 6 months to a year. Because their income is generally derived from social security, SSI, pensions, etc., it is fixed and not likely to change dramatically within that period of time. To require more frequent certification would present undue inconvenience for the elderly and could become a barrier to their participation. Transportation problems, waiting in line, filling out complicated forms, and other difficulties associated with the process are particularly bothersome to the elderly.

Our associations firmly oppose efforts to require monthly income reporting as a means of determining program eligibility. We feel that the inconvenience of such a provision would deter many older persons from participating in the program. Our associations would also question the administrative feasibility of such a provision. Given the delays in certification experienced under the present program, how could such a provision hope to alleviate this situation?

AUTOMATIC ELIGIBILITY FOR SSI AND WELFARE ASSISTANCE RECIPIENTS

While our associations support efforts to simplify administrative procedures under the food stamp program, we are not convinced that universal eligibility for SSI and welfare assistance recipients would be less costly than individual certification. We feel that it is extremely important in a period of fiscal stringency to concentrate Federal resources on those programs which can offer the greatest benefit to the greatest number of vulnerable and disadvantaged persons. NRTA and AARP believe that increasing the income of older persons should receive the highest priority of Congress. For this reason, we do not advocate any step which will expand the less efficient food stamp program to the detriment of more efficient income security programs. Our associations therefore urge that recipients of SSI and welfare assistance be made more eligible for food stamp participation only in those cases where they meet the income criteria of the food stamp program.

SELF-CERTIFICATION

Another concern in terms of elderly participation in the program involves delays in the certification process. Our associations fully endorse required action on an application within 30 days. Further, if such action cannot be completed within that period, we recommend that applicants be self-certified, based on information contained in the application, until the certification process can be completed.

HOUSEHOLD UNIT

A further issue of some concern to the elderly involves the definition of a food stamp household. Under the present law, an elderly person living in another person's household may be eligible for food stamps because his income is derived separately from that of the household and he is, therefore, considered a separate economic unit. Our associations urge that the current definition of a food stamp household, as defined in a Federal court ruling in the case of *Knowles v. Butz*, be maintained. We also urge stricter enforcement of this definition at the local level to assure those elderly living in another's household the right to participate in the food stamp program if they meet the established income criteria.

OUTREACH

As presently mandated, States are required to run outreach programs to inform low-income households of the availability and benefits of the food stamp program and to insure participation of eligible households. Our associations feel these efforts are essential and should receive increased attention.

CONCLUSION

Our associations are aware that the future of the food stamp program is closely tied to the debate over the future of the county's welfare system. We are hopeful that early discussion of the welfare issue during this Congress will lead to early resolution of problems within the system. Until that time, however, we cannot afford to lose sight of the meaning of the food stamp program in the lives of the poor and near-poor.

Our associations agree that there is room for reform in the food stamp program but we caution that reform should come as a result of sound reasoning and fiscal responsibility, not as a panic reaction to the many charges of abuse and fraud which have been leveled against the program.

We appreciate this opportunity to present our views on program reform to the committee.

Appendix 3

ARTICLE FROM THE MONTANA STANDARD (BUTTE), APRIL 4, 1977

PROUD BUTTE OLDSTERS PASS UP FOOD STAMPS

Many low-income senior citizens in the Butte area who are eligible for food stamps are not receiving them.

A 1975 State study indicated 13.6 percent, or about 982 of Silver Bow County's 7,219 residents over 65, were eligible for food stamps.

But, County Welfare Director Queenie Lynch estimates only about 300 elderly individuals and couples are taking part in the program.

"Many are too proud to come into the welfare office for food stamps," asserted Margaret Raihl of the Montana Department of Social and Rehabilitation Services.

But, Mrs. Lynch said complicated written applications and restrictive regulations of the federal program are greater deterrents for older people.

Stating nonparticipation by needy senior citizens is not a major problem in the county, Mrs. Lynch conceded "there are people who could benefit more if certain rules and regulations . . . were changed.

She said there have been unofficial indications some changes recommended by her and other local welfare directors may be put into effect soon.

"Having to come to the welfare department to get food stamps is not a major problem," she said. "They had no reluctance to coming in under the (former) old-age program."

Mrs. Lynch said many who would have been eligible because they received old-age assistance failed to apply for food stamps when they became available.

Silver Bow County was among the first eight in the United States to implement the food stamp program about 1962, she noted.

But, in case pride is a factor, Mrs. Lynch has moved the county food stamp office to the fourth floor of the courthouse "so they don't have to get involved with the welfare department if they don't want to.

"One reason older persons choose not to get food stamps is that they like to combine part of their food budgets with what they have set aside for recreation. They can go out to a restaurant together now and then. They can't do that with food stamps."

Mrs. Lynch argued an arrangement should be made to allow seniors to use food stamps in restaurants.

"A number of years back, we requested they eliminate the cash purchase (required for participation) and only deal with the bonus. I understand this is coming into being right now," she aid, stressing her information was unofficial.

Under current regulations, a person would be required to spend \$28 on food to receive \$6 worth of "bonus" food stamps.

"This change would encourage the older people to use food stamps, because they could hold onto their own money," she said.

Another possible reason for the apparent reluctance of senior citizens to seek food stamps is the four-page application and three other forms which Mrs. Lynch likened to income tax returns.

She said "long, tedious applications" must be filed every 6 months to continue eligibility.

Mrs. Lynch said 931 individuals and families in Silver Bow County are enrolled in the food stamp program, including 459 who also receive aid to dependent children and 163 who receive general assistance welfare benefits.

Eligibility for food stamps is determined by monthly income and total financial resources.

Income, after deductions for medical care and housing, cannot exceed \$245 per month for a single person, or \$322 per month for a two-person household.

Resources, including cash, bank accounts, and investments, but not a home, car, or life insurance policies, cannot exceed \$1,500 for one person or \$3,000 for a two-person household in which at least one is over 60.

Appendix 4

PROFILE OF ELDERLY FOOD STAMP PARTICIPANTS

Elderly

885,000 Households	(17 percent of total households)
1,000,000 Persons	(6 percent of total participants)
Average Deduction Claimed	\$46 per month
Average Household Size	1.7 persons
Median Specified Certification Period	10-12 months
Average Gross Income	\$223 per month
Average Net Income	\$178 per month

THE ELDERLY

Seventeen percent of food stamp households contained one or more elderly persons (age 65 or over), for a total of 1 million elderly participants. Over 88 percent of the households with elderly persons were one- and two-person households. The average size of a household with an elderly member was 1.7 persons.

While most households with elderly were one- or two-person households, only 42 percent of all one-person households were composed of elderly persons (contrary to the belief that most one-person households are elderly). Only 23 percent of all two-person households had one or more elderly persons in them. Therefore, while elderly people tended to live in small households, small households were not predominantly elderly.

Of the entire caseload, 499,000 participants (3 percent) were elderly persons living alone. Of these 499,000 elderly persons, 419,000 were single elderly females. There were only 60,000 elderly persons heading households of three or more persons.

There were 285,000 household heads between age 60 and 65, or about 5 percent of all household heads. There were 775,000 household heads over age 65 (15 percent of all households). Therefore, 20 percent of all food stamp households were headed by a person over age 60.

TOTAL DEDUCTIONS OF THE ELDERLY

While the total monthly deduction for all households averaged \$77 per month, among households with one or more elderly members the total monthly deduction averaged \$46. Among households which did not include elderly members, the total deduction averaged \$84 a month.

Seventy-four percent of households with one or more elderly persons claimed deductions, compared with the 83 percent of all households who claimed deductions. The deduction for elderly households claiming deductions averaged \$62 per month. Households with no elderly members claimed deductions 85 percent of the time, averaging \$99 a month.

WORK STATUS OF THE ELDERLY

Of household heads over age 65, 4.3 percent were working full or part time (33,000 persons). Another 70,000 household heads age 55-64 were working at least part time.