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THE WHITE HOUSE
WASHINGTON

April 23, 1976

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: JIM CANNON

FROM: JIM CONNOR *JEC*

SUBJECT: Pending Issues on Food Stamp
Reform Regulations

The President reviewed your memorandum of April 19 on the above subject and approved the following:

1. The degree of risk to a registrant's health or safety be restored as a suitability criteria when considering employment.
2. Stable households, as strictly defined above, be exempt at state option from monthly reporting. Also, following actual experience with a monthly reporting system, reconsider this issue and evaluate the need to extend monthly reporting to the entire caseload.

Please follow-up with appropriate action.

cc: Dick Cheney

THE WHITE HOUSE

WASHINGTON

April 21, 1976

MR PRESIDENT:

Pending Issues on Food Stamp Reform
Regulations

The attached memorandum was staffed to Messrs. Buchen, Marsh, Friedersdorf, Seidman, Duval and Austin.

They all support the recommendations presented by Jim Cannon.

Jack Marsh suggests that Congressional Affairs do some groundwork with Michel and Buckley to get them on board.

Jim Connor

THE WHITE HOUSE

WASHINGTON

DECISION

April 19, 1976

MEMORANDUM FOR THE PRESIDENT

FROM: JIM CANNON *JMC*

SUBJECT: Pending Issues on Food Stamp Reform
Regulations

This is to present for your consideration issues concerning the Food Stamp Program reform regulations: job suitability criteria for food stamp recipients, and frequency of eligibility status reports for food stamp households.

BACKGROUND

On February 27, 1976, the food stamp reform regulations were published in the Federal Register. The 30-day comment period has been concluded and these regulations are about to go into effect along the lines discussed with Senator Buckley and Congressman Michel. However, two issues are pending that need your attention: 1) whether to continue risk to health and safety as criteria for deciding if a job is unsuitable for food stamp recipients, and 2) whether all food stamp households should be required to report monthly on their income and other eligibility circumstances.

1. Job suitability

The proposed regulations would delete the degree of risk to health and safety as a grounds for declaring a job unsuitable. Currently, if the registrant can demonstrate that the degree of risk to his health and safety is unreasonable, the registrant could refuse the job on the grounds that it is unsuitable. The Department of Agriculture is unaware of any abuse of this condition of suitability. Also, similar criteria currently apply to job placements resulting from the use of DHEW/WIN and DOL/CETA funds. To delete this condition now for food stamp recipients would create a very sensitive issue.

Under the proposed regulations the registrant must accept any offer of employment, not just jobs to which he is referred by the Employment Service. Although, he can still refuse if he can demonstrate he is "mentally or physically unfit" for the job. Congressman W.R. Poage, one of the principal authors of the work registration requirement wrote the Department of Agriculture expressing his view that consideration of health and safety was not objectionable based on the rule of reason.

2. Monthly reporting requirement

Currently, households can be certified eligible for varying periods of time up to one year. The proposed regulations would require all households to report their income and other eligibility circumstances every month. If all households are included, States will have to process reports filed by approximately four million households each month. The Department received comment letters from 34 States, none of which favored a monthly reporting system for all households. Each State said that the proposed system would increase administrative costs to such an extent that they would outweigh the reduced benefit costs that come from assuring all changes are reported. Also, HEW proposed monthly reporting for AFDC households last August, but is withholding final action pending the results of local tests. On the other hand, monthly reporting and eligibility determinations could discourage potential applicants and thereby permit legitimate benefit reductions without unnecessary procedural impediments.

As an alternative to universal reporting, the option of exempting stable households from the monthly reporting requirement at state option could be permitted. Stable households would be defined as those without any earned income and whose income is received solely from AFDC, SSI, Social Security or retirement income such as pensions and annuities. All other households including any household with earned income, would have to report monthly. We

estimate, based on September 1975 survey data, that approximately 51.3 percent of the current caseload has income from only one or a combination of transfer and insurance programs. Such households have few, if any, changes in their circumstances. Therefore, if stable households were eliminated from the proposed monthly reporting requirement, States could be relieved of the increased burden of processing numerous reports which would show few if any changes. Stable households would still be required to report when any change occurred, and States would still have the added administrative burden of processing monthly reports from the non-exempted households.

In addition, 15 States currently plan to join in a suit against the Department to enjoin the implementation of final regulations. Significant reduction of the number of households that must report monthly may mitigate their claims against the regulations.

RECOMMENDATIONS AND COMMENTS

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|---------------|---|
| Agriculture | Concur. Department of Agriculture supports restoring health and safety suitability criteria for registrant's employment, and also that stable households be exempt, at state option, from monthly reporting requirements. |
| Labor | Concur. DOL supports restoring health safety suitable criteria for registrant's employment. |
| OMB | Concur. |
| Congressional | The changes would move away from the understanding reached with Senator Buckley and Congressman Michel on these points. However, Mr. Michel has been contacted and has agreed to the proposal changes. |

RECOMMENDATION

1. I recommend that the degree of risk to a registrant's health or safety be restored as a suitability criteria when considering employment.

DECISION

MR7 Approve

_____ Disapprove

2. I recommend that stable households, as strictly defined above, be exempt at state option from monthly reporting. Also, that following actual experience with a monthly reporting system, you may want to reconsider this issue and evaluate the need to extend monthly reporting to the entire caseload.

DECISION

MC9 Approve

_____ Disapprove