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October 20, 1975

Office of the White House Press Secretary

THE WHITE HOUSEFACT SHEETNATIONAL FOOD STAMP REFORM ACT OF 1975

The President is transmitting to Congress today the National Food Stamp Reform Act of 1975. This legislation will correct serious problems in the current Food Stamp program, assure that Food Stamp benefits are available only to the needy, and make the program simpler and less costly to administer. It will reduce the costs of the program by approximately \$1.2 billion.

Background

The Food Stamp program has grown very rapidly. From total Federal outlays of \$30 million in fiscal year 1964, and 360,000 participants, it grew to \$4.7 billion in 1975 and is currently projected at \$6 billion and 19 million participants. Through an array of deductions currently allowed, families with incomes in excess of \$12,000 can participate in the program. The program is complex and expensive to administer.

Highlights of the National Food Stamp Reform Act of 1975

The President has proposed the following major changes to concentrate benefits on those truly in need and to simplify administration of the program:

- Any family whose net income is below the poverty level would be eligible for benefits. The poverty income level, \$5050 for a family of four, is a computation at which a household can meet all of its needs including a nutritionally adequate diet. This provision would assure that benefits would only be available to those who truly need them.
- Families would receive a \$100 monthly deduction from gross income in computing net income. Families consisting of at least one member over 60 years of age would receive a \$125 deduction. A standard deduction would simplify the present set of itemized deductions which are used to compute eligibility for food stamps. Households with the lowest incomes would receive additional aid since the standard deduction would represent a higher deduction than is now claimed. In addition, relatively high income households would not be able to become eligible by accumulating a large series of deductions.
- Income would be calculated on the basis of actual income during the previous 90 days. Household eligibility is now determined by computing an estimate of future income anticipated during the upcoming months. This estimating approach is inaccurate, cumbersome, and administratively complex. Retrospective accounting would apply an income determination to the previous 90-days producing an average applied monthly income for purposes of eligibility. This would allow for more precision and quality control since it is a better measure of income a family has available to purchase food.

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- All households receiving food stamps will pay a standard 30 percent of net monthly income for their Food Stamp allotment. Those participating households with no income would continue to be eligible for free stamps. This proposal is consistent with current law which provides that the amount a household pays for its Food Stamps should not exceed 30 percent of the household's income. Every household of the same size with the same income would have the same purchase requirement.
- Participants in other welfare programs would no longer be automatically eligible for Food Stamps. The practice of automatically making recipients of Aid to Families with Dependent Children (AFDC) and Supplemental Security Income (SSI) eligible for Food Stamps creates an inequity, especially since working families may receive less income than welfare recipients and yet not be able to obtain Food Stamps which are automatically available to the welfare recipients. Income would be treated alike whether derived from public assistance or non-assistance sources. Moreover, this proposal will simplify the computation of eligibility since certification workers need only compute one level of eligibility.
- Food Stamp allotments will increase slightly and will continue to be adjusted for increases in the cost of food semi-annually. The value of food stamps for an eligible family of four will go from \$162 to \$166 a month.
- College students who are considered dependents by their families will only be eligible for Food Stamps if their families are eligible for Food Stamps. In addition, the legislation establishes the age of majority in each state as the minimum age for qualification as a separate household.

Summary

These reforms will achieve the following net effect upon the Food Stamp program:

- Will serve only the needy.
- Significantly increase benefits for those truly in need.
- Estimated reduction in Federal program costs are approximately \$1.2 billion.
- Significantly improve program administration.

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