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THE SPIRALING FOOD STAMP PROGRAM

Martin A. Frey*

During the past decade we have witnessed spiraling welfare costs. Within the federal welfare system, few programs have a growth rate exceeding that of the food stamp program. Few programs have gained as much attention. Having begun as a permanent program at $75 million a year in 1964, the food stamp program is now operating at a cost in excess of $100 million a month. Why has this program spiraled to such a dramatic degree? The answer appears two-fold. The first chronologically was a shift in objective. As the program changed from agricultural to welfare, costs increased. Once the shift to welfare had occurred, the pressure to expand both the number of participants and the benefits for each participant took hold. As the coverage of the program increased, costs again increased. This article will first follow the evolutionary stages of the program as the objective shifted from agriculture to welfare. Then the closing of the participation and food income gaps will be studied. Finally the increase in participation and benefits will be discussed in terms of costs.

A SHIFT IN OBJECTIVE

Initially the food stamp concept may be traced to the great depression and the Agricultural Adjustment Act of 1933 which was enacted to rejuvenate the purchasing power of the farmer by establishing a balance between production and consumption. As amended in 1935, it gave the Secretary of Agriculture a separate fund to increase the exportation and domestic consumption of agricultural commodities. Acting under this authority, the Secretary on April 21, 1939 promulgated regulations governing the issuance of food order stamps. Orange and blue stamps were issued to persons certified by duly authorized agencies as eligible for public assistance. Any certified recipient could purchase for himself

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2. Specifically the Secretary had discretion to allocate funds to "encourage the domestic consumption of such commodities or products by diverting them, by the payment of benefits or indemnities or by other means, from the normal channels of trade and commerce . . . ." Act of Aug. 24, 1935, ch. 641, § 32, cl. 2, 49 Stat. 774-75.
and each dependent orange stamps of a total value of $1.00 to $1.50 per week. Persons purchasing two orange stamps would be given one blue surplus stamp. In certain areas where a substantial portion of eligible recipients were unable to purchase the minimum value of stamps, blue surplus stamps were given without regard to the purchasing of orange stamps. Orange stamps could be used in any retail food store for any food sold in the store, including surplus food. Blue stamps could be used only for surplus food. The designation of the first areas to participate in the program occurred on July 14, 1939. By late August 1940, approximately 48 cities or townships and 136 counties had been designated as participants. On March 1, 1943, when wartime conditions greatly re-

3. The Federal Surplus Commodities Corporation, an agency under the Secretary of Agriculture, prepared bulletins in which foods found by the Secretary to be surplus were designated. The term "food" meant any agricultural commodity or product sold in retail food stores for internal consumption not on the premises and could include household necessities usually purchased in grocery stores such as soap and starch, but not alcoholic beverages or tobacco. The term "retail food store" meant a merchandising establishment where a food and grocery retailer carried on the business of selling food or grocery products to consumers, not for the purpose of resale in any form and not consumed in the usual course of business on the premises. The retail food store merchant was to deliver food or surplus food to the holder of the stamps in exchange for the stamps. The merchant would in turn receive payment from funds held by or for the Federal Surplus Commodities Corporation for the stamps at a rate of 25 cents for each stamp. The United States Post Office, wholesalers, or banks could act as agents for retail food merchants in presenting to the Federal Surplus Commodities Corporation claims for payment for food delivered to holders of food stamps. The United States Post Office could, if authorized, act as agent for the Federal Surplus Commodities Corporation in connection with payment of these claims. 4 Fed. Reg. 1683 (1939).

For a description of the program in operation, see Boston v. United States, 106 Ct. Cl. 183 (1946); New York v. United States, 106 Ct. Cl. 141 (1946).

The surplus commodities bulletin began appearing on May 11, 1939. A sample designation of surplus food would be:

<table>
<thead>
<tr>
<th>Food</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Butter</td>
<td>Fresh Peaches</td>
</tr>
<tr>
<td>Cabbage</td>
<td>Fresh Pears</td>
</tr>
<tr>
<td>Corn Meal</td>
<td>Fresh Tomatoes</td>
</tr>
<tr>
<td>Dried Prunes</td>
<td>Onions (Except Green Onions)</td>
</tr>
<tr>
<td>Dry Edible Beans</td>
<td>Rice</td>
</tr>
<tr>
<td>Fresh Green Peas</td>
<td>Shell Eggs</td>
</tr>
<tr>
<td>Wheat Flour &amp; Whole Wheat (Graham) Flour</td>
<td></td>
</tr>
</tbody>
</table>


For illustrations of the agreements between the designated area and the federal agency administering the program, see Boston v. United States, 106 Ct. Cl. 183, 186-87 (1946); New York v. United States, 106 Ct. Cl. 141, 145-46 (1946).

On June 29, 1940, Secretary Wallace revised the regulations of the food stamp program giving
duced unemployment and substantially increased demands on the national food supply, the plan was discontinued. Proponents of future stamp plans would subsequently claim the 1939-43 plan highly popular and highly effective as a means for increasing food consumption among participating households.

Following the discontinuation of the food stamp plan in 1943, legislation providing for a food stamp program had been introduced unsuccessfully in every session of Congress. Finally on September 21, 1959 in legislation to extend the Agricultural Trade Development and Assistance Act of 1954, the Secretary of Agriculture was authorized to place a food stamp program into operation. Like the 1939-43 plan, this program was designed to use surplus. Its objectives, however, were different. While the 1939-43 plan was designed to rejuvenate the purchasing power of the farmer by increasing the domestic consumption of agricultural commodities, the 1959 plan was both agriculture and welfare oriented. This dual purpose consisted of disposing of food commodities diverted from the normal channels of commerce or acquired from price support operations and raising the levels of health and nourishment for persons whose incomes prevented them from enjoying adequate diets. Whether this change in objective would have resulted in an increase in program cost is only speculative since no administrative action was taken and the program never became a reality.

On January 24, 1961, President Kennedy issued an executive order providing for an expanded program of food distribution to needy families. Unlike the 1939-43 and 1959 programs, it was not based on surplus. It was to use all food commodities in the normal flow of commerce. In addition, where the 1959 program stated both agriculture and welfare goals, the President's order barely mentioned the farmer. The thrust of the program would now be directed almost exclusively at the development of a positive food and nutrition program. To insure that a pilot program could be available for participating localities, the administrative duties to the Surplus Marketing Administration of the Department of Agriculture. 5 Fed. Reg. 2438-40 (1940). On April 17, 1942, the administrative duties became the responsibility of the Agricultural Marketing Administration of the Department of Agriculture and the plan was rewritten. 7 Fed. Reg. 2921-22 (1942).

10. Exec. Order No. 10914, 3 C.F.R. 443-44 (1959-63 compilation). This was followed, on February 2, by the President's message to Congress discussing economic recovery and growth:

... I have instructed the Secretary of Agriculture, consistent with the bill enacted by the Congress last year authorizing establishment of pilot food stamp programs, to proceed as rapidly as possible to establish pilot programs for needy families in localities in
program could function for at least a year, it was placed into operation under the authority of section 32(2) of the Agricultural Adjustment Act (the same authority under which the 1939-43 program operated) instead of the Agricultural Trade and Development and Assistance Act of 1954.\textsuperscript{11} The first pilot project was opened in McDowell County, West Virginia, on May 29, 1961, and seven additional areas were in operation by mid-July.\textsuperscript{12} Following the initial year of operation, a limited expansion of the pilot program was undertaken. New localities were designated to evaluate the program under a wider range of operating conditions. Programs were established with more than one county or other political subdivision of a state involved. By May 1964, pilot programs were operating in 40 counties and 3 large cities in 22 states.\textsuperscript{13} During this fiscal year, participation reached its seasonal peak in March when 392,000 persons were recipients.\textsuperscript{14}

The pilot food stamp program was designed to operate with a high degree of federal, state, and local cooperation. Within each state, the state agency responsible for administering the federally aided public assistance program assumed responsibility for the certification of applicant families and for the sale and issuance of food coupons. Individual families were certified to participate in the program by local offices of the state welfare agency on the basis of their financial need. Households receiving public assistance, as well as other low-income households not receiving any form of public assistance, were eligible under standards developed cooperatively with the states. Participating households bought

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12. U.S. Code Cong. & Ad. News 3275, 3277 (1964). On March 7, 1961, the Department of Agriculture announced eight areas selected for the pilot program: Franklin County, Illinois; Floyd County, Kentucky; City of Detroit, Michigan; Virginia-Hibbing-Nashwauk complex in northern Minnesota; Silver Bow County, Montana; San Miguel County, New Mexico; Fayette County, Pennsylvania; and McDowell County, West Virginia. 26 Fed. Reg. 4137 (1961).


14. The pilot program showed that participation followed a seasonal pattern—increasing in the winter months when unemployment increased and then declining in the late spring and summer months. Also, the level of participation had been very responsive to other changes which affected employment opportunities in the 43 pilot areas. U.S. Code Cong. & Ad. News 3275, 3277 (1964). For a tabulation of the change in participation between April and May 1964 see U.S. Code Cong. & Ad. News 3275, 3278 (1964).
the food coupons at issuance offices established by the state agency or the local governmental unit. The coupon price would approximate the amount that the household would spend for food out of whatever income was available to it. When the households had little or no income, they would make only "token" payments or they would receive some coupons free of charge. In return, they would receive an allotment of food coupons of higher monetary value. In January 1964, for example, the average participant was paying $6 for every $10 worth of coupons received. Participating households would then use the coupons to purchase food in any retail store approved to accept and redeem food stamps. Generally, except for those store owners who did not wish to participate, all retail stores in the designated areas were approved. Under the pilot program, participants were able to use their coupons to purchase any food for human consumption except designated imported foods. Also excluded were alcoholic beverages and tobacco. The retail store, in turn, would redeem the food coupons through the commercial banking system.\(^{15}\)

Special studies by the Department of Agriculture were conducted to evaluate the effectiveness of the pilot program in expanding food markets and in improving the nutrition of low-income households.\(^{16}\) In

15. The coupons were deposited in the bank just as other cash receipts and commercial paper. The banks then redeemed the coupons through the Federal Reserve System and the Federal Reserve banks were reimbursed out of a special account maintained in the United States Treasury. Money collected from participants for the coupons purchased was deposited into this account through the commercial banking system and the Department of Agriculture would transfer sufficient section 32 funds to this account to cover the cost of the free coupons. U.S. Code Cong. & Ad. News 3275, 3278-79 (1964). For the pilot projects' regulations as established by the program's administrator and approved by the Secretary of Agriculture on May 12, 1961, see 26 Fed. Reg. 4137-40 (1961). The use of registered mail to distribute food stamp coupons to designated receiving agents of the issuing agencies was found to be impractical and costly in certain instances and deleted from the regulations. 26 Fed. Reg. 5945 (1961). The provision concerning risk of shipment from a bank was revised and a provision for the issuance and redemption of coupons for administrative investigation added. 26 Fed. Reg. 8967 (1961). The regulations governing the pilot program were revised and reissued on September 13, 1962. 27 Fed. Reg. 9207-11 (1962). Several amendments followed: 28 Fed. Reg. 1583-84 (1963) (provision for the redemption of coupons received by unauthorized retail food stores or wholesale food concerns added on February 19, 1963); 28 Fed. Reg. 5711 (1963) (provision for the redemption from households was amended on July 7, 1963); 29 Fed. Reg. 5506 (1964) (provision for the period of disqualification for retail food stores and wholesale food concerns was amended on April 21, 1964).

16. The evaluation was favorable:

1. Participating households made significant increases in their food consumption under the stamp program even though they had formerly been receiving federally donated commodities.

2. Over 80 percent of this increase was accounted for by livestock products and fruits and vegetables alone.

3. The nutritional value of the diets of participating households were substantially
light of the favorable reaction to the pilot program, President Johnson recommended institution of a permanent program.\textsuperscript{17} Congress responded and the Food Stamp Act of 1964 became law on August 31, 1964.\textsuperscript{18} Unlike the pilot program which stressed the development of a positive food and nutrition program almost to the exclusion of the farmer, the permanent program revived, at least in name, a secondary benefit to agriculture. Thus the new program stated its purpose as promoting the general welfare of those households with low incomes by establishing and maintaining adequate national levels of nutrition through an increased utilization of foods which in turn would "tend to cause the distribution in a beneficial manner of our agricultural abundance and will strengthen our agricultural economy, as well as result in more orderly marketing and distribution of food."\textsuperscript{19}

Even within the welfare concept of the food stamp program, a shift

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\textsuperscript{19} Food Stamp Program, 7 U.S.C.A. § 2011 (Supp. 1970). This provision was revised but the content remained basically the same. Food Stamp Act—Amendments, 84 Stat. 2048 (1971).
in emphasis occurred. Initially the program had been thought of as a supplement program. The recipients would use the food stamps to increase their diets from their present levels to one that would be considered nutritionally adequate. This has since changed to a support program. The food stamps, in many instances, now are used to supply the complete diet. The natural result is an increase in program costs.

The shift in the program's objective from agriculture to welfare left the Department of Agriculture, the administrative agency in charge of the program from its inception, in a precipitous position. A department which had as its primary aim the improvement of agriculture and the position of the farmer could not have as its secondary duty the feeding of the poor. Four reasons justified an administrative shift. First, it would be good administrative practice to operate programs with similar objectives, similar clientele, and similar local arrangements out of one office. Food programs were originally put under the Department of Agriculture because their primary aim was the expansion of surplus disposal. Now, food programs are of marginal importance in expanding the demand for farm products but of critical importance in the health and educational development of the hungry. Second, at a time when the food programs are undergoing fundamental revision, there is merit in having new people administer new programs or administer existing programs in new ways to meet the new objectives. Third, since food stamps are only one step short of giving people cash to spend on food, and are in many cases a supplement to welfare payments, integrated administration of food and welfare programs may help speed the time when this country takes the next step beyond adequate food programs to a guaranteed minimum income plan. Fourth, the administrative shift would transfer items not of direct or immediate benefit to the farmer to other budgets in the executive branch and thus relieve the farmer of his concern of being neglected since for many years he has looked with some apprehension on the growing, nonagricultural portion of the Department of Agriculture's budget. The ultimate result was a shift of program responsibility
from the Department of Agriculture to the Food and Nutrition Service, a newly created agency within the Department of Agriculture. 22

THE CLOSING OF THE PARTICIPATION AND FOOD INCOME GAPS

Once the food stamp program had taken on its welfare characteristics and had developed into a permanent program, the pressure for the inclusion of more recipients and increasing the benefits for each recipient began to grow. 23 This section will present a brief summary of the provisions of the original food stamp act, a survey of the problems concerning these provisions that resulted in the participation and food income gaps, some corrective measures that have led to a closing of the gaps, and the closure of these gaps.

The Act covered basically eight phases: (1) program initiation; (2) certification of eligibility; (3) issuance of coupons; (4) recipient’s use of coupons; (5) approval of retail food stores and wholesale food concerns; (6) coupon redemption; (7) financing; and (8) effect of the food stamp program on other programs. 24

Program Initiation. Participation in the program was elective on the part of the states. It was contemplated that the governor would request the program, 25 and the state agency responsible for the adminis-

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23. On July 30, 1968, the Senate unanimously authorized establishment of the Senate Select Committee on Nutrition and Human Needs to isolate the problems and recommend solutions. The committee was instructed:

    to study the food, . . . medical, and other related basic needs among the people of the United States and to report back to the appropriate committees of the Senate and terminate its activities not later than June 30, 1969. Such report may contain such recommendations as the Committee finds necessary to establish a coordinated program or programs which will assure every United States resident adequate food, medical assistance, and other related basic necessities of life and health; provided further, that the select committee shall recommend to the Senate appropriate procedures for congressional consideration and oversight of such coordinated programs.


25. Id. at 3289 (1964).
tation of federally aided public assistance programs would be required to submit for approval to the Secretary of Agriculture a plan specifying the manner in which the program would be conducted, the political subdivisions in which the state desired to conduct the program and the effective dates of participation by each subdivision. In addition, the plan also was to provide: (1) the specific standards to be used in determining the eligibility of applicant households; (2) that the state agency would undertake the certification of applicant households in accordance with the general procedures and personnel standards used by them in the certification of applicants for benefits under the federally aided public assistance program; (3) safeguards which would restrict disclosure of information obtained from applicant households to persons directly connected with the administration of enforcement of the provisions of the program; and (4) for the submission of reports and other information as would from time to time be required. In approving the participation of the subdivisions requested by each state in its plan of operation, the Secretary of Agriculture was directed to provide for an equitable and orderly expansion among the states in accordance with their relative need and readiness to meet their requested effective dates of participation.26

Certification of Eligibility. Once the state's plan had been accepted by the Secretary of Agriculture, the state agency responsible for the administration of the federally aided public assistance programs assumed the responsibility for the certification of applicant households.27 It was intended that eligibility for the program would be determined with the same care and in the same manner as states determined eligibility for the federally aided public assistance program. Thus, the Act required the state agency to carry out its certification responsibilities under the same general procedures and personnel standards as were required of these agencies by HEW in the administration of the federally aided public assistance program. While the Act provided that the state public assistance agency would assume full responsibility for the certification of applicant households, it was not intended to preclude the use of case work information and records on the economic status of households which had been developed by other public agencies responsible for the granting of general assistance or relief, including the Bureau of Indian Affairs which operated a general assistance program for Indians under

26. Food Stamp Program, 7 U.S.C.A. § 2019(e) (Supp. 1972). Sanctions against the state agency for failure to comply with its program were provided in sections 2019(f) and (g).
27. Id. § 2019(b).
their jurisdiction. 28

Each state agency was to establish standards to determine the eligibility of applicant households, subject to the approval of the Secretary of Agriculture. 29 Participation in the program was limited to those households whose income was a substantial limiting factor in the attainment of a nutritionally adequate diet. 30 The standards were to include maximum income limitations consistent with the income standards used by the state agency in the administration of its federally aided public assistance programs. These standards also were to place a limitation on the resources to be allowed eligible households. 31 Although food coupons were available only to households, the term "household" was defined to mean a group of related or nonrelated individuals, who were not residents of an institution or boarding house, but were living as one economic unit sharing common cooking facilities and for whom food was customarily purchased in common. The term also included a single individual living alone who had cooking facilities and who purchased and prepared food for home consumption. 32

The Secretary was authorized to cooperate with state agencies in the certification of households which were not receiving any type of public assistance to insure effective certification of these households in accordance with approved eligibility standards. This cooperation was to include payments to state agencies for part of the cost they would incur in the certification of these households. 33 In the certification of applicant households for the program, there was to be no discrimination against any household by reason of race, religious creed, national origin, or political beliefs. 34

Issuance of Coupons. The state agency initiating the program also assumed responsibility for issuance of the coupons although it could, subject to state law, delegate this responsibility to another state agency. 35 The state agency could make arrangements with local government agencies or banks for the actual sale and issuance of the coupons. 36 Coupons were to be issued only to households which had been certified as eligible

30. Id. § 2014(a).
31. Id. § 2014(b).
32. Id. § 2012(e).
33. Id. § 2024(b).
34. Id. § 2019(c).
35. Id. § 2019(b).
to participate in the program.\textsuperscript{37} A household received a monthly coupon allotment.\textsuperscript{38} The face value of the coupon allotment was to be in an amount which would provide the household with an opportunity more nearly to obtain a low-cost nutritionally adequate diet.\textsuperscript{39} A household was to be charged a portion of the face value of its coupon allotment equivalent to its normal food expenditure.\textsuperscript{40} This was one of the basic provisions of the Act because it was intended to insure that the additional federally financed (free or bonus) coupons would actually be used by participants to purchase more and better food.\textsuperscript{41}

Recipient's Use of Coupons. Coupons issued to eligible households were to be used by them only to purchase food in retail food stores at prevailing prices.\textsuperscript{42} "Food" was defined as any food or food product for human consumption with the exception of alcoholic beverages, tobacco, those foods which were identified on the package as being imported, and meat and meat products which were imported.\textsuperscript{43} A "retail food store" included not only grocery stores and markets but also food departments of general stores and house-to-house trade routes which sold food to households for home consumption.\textsuperscript{44}

It was intended that the Secretary of Agriculture would take all possible steps to obtain the full cooperation of food retailers and wholesalers in obtaining voluntary compliance with the provisions of the Act by developing program regulations within the framework of commercial food retailing and wholesaling practices, informing retailers and wholesalers of their responsibilities when the program was inaugurated in a new locality, and maintaining a continuing educational program for them after the program had been placed in operation.\textsuperscript{45}

Acceptance of food coupons for any excluded food items, as well as for nonfood items, would subject the retail food concern or the wholesaler to disqualification from participation in the program.\textsuperscript{46} Such action could be taken by the Secretary only pursuant to the provisions for

\textsuperscript{38} Id. § 2012(d).
\textsuperscript{39} Id. § 2016(a).
\textsuperscript{40} Id. § 2016(b).
\textsuperscript{42} Food Stamp Program, 7 U.S.C. § 2015(b) (1970). The Secretary of Agriculture had no authority to specify the prices at which food could be sold by wholesale food concerns or retail food stores. Id. A "wholesale food concern" was an establishment which sold food to retail food stores for resale to households. Id. § 2012(g).
\textsuperscript{43} Id. § 2012(b).
\textsuperscript{44} Id. § 2012(f).
administrative action set out in the Act. There was no authority for the Secretary to suspend or revoke participation in the program without due notice and an opportunity for hearing.47

All practicable efforts were to be made in the administration of the program to insure that participants used their increased food purchasing power to obtain those foods most needed in their diets, and particularly to encourage the continued use of those in abundant or surplus supply to avoid reducing the total consumption of surplus commodities which were available through direct distribution. In addition to such steps as may be taken administratively, the voluntary cooperation of existing federal, state, local, or private agencies which carry out informational and educational programs for consumers was to be enlisted.48

Approval of Retail Food Stores and Wholesale Food Concerns. The Secretary of Agriculture was authorized to issue regulations to provide for the submission of applications for approval by retail food stores and wholesale food concerns which desired to be authorized to accept and redeem food stamp coupons. Wholesale food concerns needed to apply for participation in the program only if they wished to serve as an intermediate coupon redemption agent for retailers. They did not need to be authorized in order to sell food to retail stores participating in the program.49 In determining the qualifications of applicants, some factors considered were: (1) the nature and extent to the retail or wholesale food business conducted by the applicant; (2) the volume of coupon business which would reasonably be expected to be conducted by the applicant retail food store or wholesale food concern; and (3) the business integrity and reputation of the applicant. Approval of an applicant was evidenced by the issuance to the applicant of a nontransferable certificate of approval.50 Any retail food store or wholesale food concern which had failed to receive approval of its application could obtain a hearing on the refusal,51 appeal the decision first to the Secretary of Agriculture and then to a state or federal court.52

Coupon Redemption. The redemption of food coupons was through the commercial banking system. The retailer could either deposit the

50. Food Stamp Program, 7 U.S.C. § 2017(a) (1970). See also id. § 2017(b) (submission of information by stores and concerns; disclosure of information).
51. Id. § 2017(c).
52. For the process of administrative and judicial review when the application has been denied see id. § 2022.
coupons in his regular bank in the same manner as checks or other commercial paper or redeem the coupons through an approved wholesale food concern, which would then deposit them in its regular bank. The commercial banks would in turn redeem the coupons through the Federal Reserve System. The Federal Reserve System would be reimbursed by the Secretary of Agriculture out of the separate food stamp account maintained in the United States Treasury. Redemption would be at face value. The Secretary had final authority to determine and dispose of claims arising under the Act. Whenever all or part of any claim was denied, notice of this proposed action on the part of the Secretary would be delivered to the concern involved by certified mail or personal service and the concern would have a period of 10 days in which to submit information in support of its position. If the decision following this administrative review was against the food concern, it would have a period of 15 days before any order would take effect and a total period of 30 days in which to file an action in the federal district court or any state court of competent jurisdiction seeking to have the determination of the Secretary set aside.

Financing. States were responsible for financing all but a small portion of the costs of carrying out the administrative responsibilities assigned it under the Act. Each state was to pay from available state or local funds the costs for the certification of households, the acceptance, storage, and protection of coupons after their delivery to receiving points within the states, and the issuance of coupons to eligible households and the control and accounting for them. The Secretary of Agriculture was authorized to pay state agencies for part of the cost they incurred in the certification of households which were not receiving any type of public assistance. The amount payable to any one state agency would be 50 percent of the sum of: (1) the direct salary costs (including the cost of fringe benefits normally paid to its personnel by the state agency) of the personnel used to make the interviews and the post interview field investigations as were necessary to certify the eligibility of these households; (2) travel and related costs incurred by personnel in post interview field investigations of these households; and (3) an amount not to exceed 25

53. Id. § 2018. The term “bank” meant either a member or nonmember of the federal reserve system. Id. § 2012(i).
54. Id. § 2013(a).
55. Id. § 2021.
56. Id. § 2022.
57. Id. § 2024(a.)
percent of the costs computed under (1) and (2) above.\textsuperscript{58} The basic reason for this federal assistance was to insure that all eligibility standards required for participation in the program were carefully observed in the certification of those participants not on public assistance programs.\textsuperscript{59}

Funds derived from the charges made for the coupon allotment were to be promptly deposited in a separate account maintained in the United States Treasury. These deposits were to be available without limitation to fiscal years, for the redemption of coupons.\textsuperscript{60}

The annual federal appropriation would be used to cover federal administrative expenses and all program costs, including the value of the free or bonus coupons, the costs in printing and shipment of coupons, and the payments to other cooperating agencies.\textsuperscript{61} That portion of the appropriation required to pay for the bonus stamps was to be transferred to the separate account maintained in the United States Treasury.\textsuperscript{62} Congress authorized an appropriation not in excess of $75 million for the fiscal year ending June 30, 1965; $100 million for the fiscal year ending June 30, 1966; and $200 million for the fiscal year ending June 30, 1967.\textsuperscript{63}

\textit{Effect of Food Stamp Program on Other Programs.} In areas where a food stamp program was in effect, there would be no distribution of federally owned foods to households under the authority of any other law except during emergency situations caused by a national or other disaster as determined by the Secretary of Agriculture. Participating states or participating political state subdivisions were not to decrease welfare grants or other similar aid extended to any person or persons as a consequence of his participation in benefits made available under the

\textsuperscript{58} \textit{Id.} § 2024(b). The federal participation in these costs was to be less than the usual 50-50 sharing of the costs of administering public assistance programs in the states under the Social Security Act. U.S. Code Cong. & Ad. News 3292 (1964).


\textsuperscript{60} Food Stamp Program, 7 U.S.C. § 2016(d) (1970).


\textsuperscript{62} Food Stamp Program, 7 U.S.C. § 2025(a) (1970). The separate account was created under § 2016(d). In addition to the appropriations aspect of section 2025, subsection (b) required the Secretary to limit the value of the free coupons issued in any fiscal year to the value that could be financed by that year's appropriation. If necessary, the Secretary was to direct states to reduce the value of free coupons issued to participating households in order to keep program expenditures within authorized amounts. Subsection (c) provided for the disbursement of the special account when no longer needed. Subsection (d) directed that "Amounts expended under the authority of this chapter shall not be considered amounts expended for the purpose of carrying out the agricultural price-support program and appropriations for the purpose of budget presentations, to relate to the functions of the Government concerned with welfare."

\textsuperscript{63} \textit{Id.}
Food Stamp Act or regulations issued pursuant to the Act.  

The existence of the participation gap during the initial years of the permanent program is easily demonstrated by the fact that the federal family food assistance programs (the food stamp and the commodity distribution programs) reached only a small portion of the poor and near poor. Improper eligibility standards, cumbersome procedures for certification, restrictive stamp purchase policies, uncooperative administrators and ineffective outreach had a role in creating and maintaining this gap.

The eligibility standards for participation in the program had, at times, eliminated those in need from the program. This was accomplished through standards that had little or no relation to need. Often administrative convenience took precedence.

Certification procedures often discouraged participation. Some local procedures for the certification of food stamp recipients were so complicated and cumbersome that it often took several months for an applicant to become certified. Long, complex application forms had to be completed; wage statements from employers covering long time periods had to be produced; and investigations had to be made to check the accuracy of the applicant's answers. These procedures forced families in desperate need of food to remain hungry while the certification process was completed.

Restrictive stamp purchase policies also contributed to the participation gap. Participants in many counties were required to purchase all their stamps for the month at one time, usually at the beginning of each month. As a result few poor families could afford to meet their other fixed expenses and still have enough money at one time in the month to


65. For example, during August 1969 the food stamp and commodity distribution programs each served only 3.2 million poor persons, or a total of 6.4 million of the estimated 25 million poor and 13 million near poor. Interim Report, supra note 23, at 20-21.

66. Although the Food Stamp Act required the states to use income eligibility standards consistent with the standards used in each state for public assistance programs, this did not necessarily mean that the state was required to use these standards for nonpublic assistance food stamp recipients. The standards were different in nearly every state. For example, income limitations for a family of four varied from the maximum monthly income of $160 in South Carolina to $360 in New Jersey. Interim Report 24-28. For a table showing the eligibility standards for nonassistance households used for certifying food stamp recipients for each state, see Interim Report 29. For a comparative cost of living index, see Hearings Before the Senate Select Comm. on Nutrition and Human Needs, 90th Cong., 2d Sess., 91st Cong., 1st Sess., pt. 6, at 2171 (1969).

buy food stamps. In addition, temporary financial emergencies often prevented families from participating for a month or more. In most areas if a family failed to buy stamps for a few months (usually three), it was dropped from the program.

To further complicate the purchasing procedure, it was often necessary for recipients to travel to a centrally located county welfare office or to a bank to purchase their stamps. The bank charges often were exorbitant. For example, Los Angeles banks charged 63 cents for each transaction. They were often not open during hours which were convenient for poor people and they sometimes set aside specific times during normal hours of operation when stamp program participants were required to purchase their stamps.

Local cooperation has been essential to the operation of the program. In most food stamp counties, local officials had done their best with what they had. However, in some counties, local officials either refused to help their own citizens or had little or no regard for the people they were serving.

Finally, one of the major reasons the food stamp program had failed to reach a significant number of low-income families had been the lack of effective outreach. Many families were unaware of the existence of a food stamp program in their own counties or cities. Many of those who had heard of food stamps had no idea how to become certified. Often outreach and counseling within the food stamp program was virtually nonexistent beyond standard written announcements, inadequately disseminated, that the program was available.

As the permanent program developed, legislative and administrative action continually provided adjustments that helped close the participation gap. One wholesale revision was signed into law on January 11, 1968.
1971. To correct inequities in eligibility standards, uniform national eligibility standards would be established. To facilitate certification, the

the Director of OEO to work with the Secretaries of Agriculture and HEW to establish a greatly expanded role for the Community Action Agencies and VISTA in the outreach program). Not all changes appear for the better. In one change, grocers were permitted to give stamp customers change up to 49 cents in cash instead of "credit slips" and recipients were permitted to use stamps to pay deposits on milk and soft drink bottles. Department of Agriculture officials conceded the shift to cash for change would make it possible for food stamp users to use the money for items which cannot legally be bought with stamps or credit slips, such as beer and soap. 116 CONG. REC. E 10984 (daily ed. Jan. 2, 1971). See generally, Hearings Before the Senate Select Comm. on Nutrition and Human Needs, 90th Cong., 2d Sess., 91st Cong., 1st Sess., pt. 12 (1969). Senate Select Committee on Nutrition and Human Needs, 91st Cong., 1st Sess., Special Summer Project: An Evaluation (Comm. Print 1969). Senate Select Committee on Nutrition and Human Needs, 91st Cong., 1st Sess., Poverty, Malnutrition, and Federal Food Assistance Programs: A Statistical Summary (Comm. Print 1969).


Additional wholesale revisions have been suggested. See H.R. 9596, 92d Cong., 1st Sess. (1971) (for provisions of the bill see 117 CONG. REC. H 6369-71 (daily ed. July 29, 1971)). Other less extensive amendments have been proposed. One was to provide food stamps to certain narcotics addicts and certain organizations and institutions conducting drug treatment and rehabilitation programs for narcotics addicts, and to authorize certain narcotics addicts to purchase meals with stamps. During the 92d Cong., 1st Sess. (1971), a number of these bills were presented: H.R. 10281, H.R. 10559, H.R. 10599, H.R. 10719, H.R. 10888, H.R. 11466, H.R. 12371. Another amendment would assure continued eligibility of recipients of food stamp benefits and maintain present levels of bonuses for these recipients. 92d Cong., 1st Sess. (1971): S.J. Res. 179, H.J. Res. 992, S 1874, H.J. Res. 1014. They became effective on July 29, 1971. 36 Fed. Reg. 14101-17, 14463 (1971).

bill provided for certification solely on the basis of the applicant's affidavit. Although certification by affidavit was limited to applicants on public assistance, this would include the majority of applicants. For those certified, it provided a food stamp allotment sufficiently adequate to purchase what the Department of Agriculture and the Act itself described as a "nutritionally adequate diet." Restrictive stamp purchase policies were eased. Participants would be allowed to purchase their stamps at frequent intervals and welfare recipients were allowed to have the cost of their stamps deducted from their welfare checks. No participant would be required to pay more than 30 percent of his income for his stamp allotment and family of four with an income of less than $30 a month could be issued food stamps without charge. To stimulate "outreach," the legislation directed states to engage in activities to inform low-income households of the program. For those aggrieved applicants, the bill guaranteed a fair hearing. Elderly shut-ins were authorized to use their food stamps to purchase meals prepared for and delivered to them by nonprofit organizations—a "meals-on-wheels" program. Finally, the entire program was extended to Puerto Rico, the Virgin Islands and Guam.

Participation is spiraling. As a corollary, the participation gap is closing. The following chart employs the figure 21.5 million as the number in need of the food stamp program.74 This figure was reached by reducing the estimated number of poor in the country today (25 million)75 by the relatively constant number of recipients served under the commodity distribution program (3.5 million).

<table>
<thead>
<tr>
<th>Number of recipients</th>
<th>The participation gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 1964</td>
<td>392,000*</td>
</tr>
<tr>
<td>December 1969</td>
<td>3,600,000</td>
</tr>
<tr>
<td>July 1970</td>
<td>6,900,000</td>
</tr>
<tr>
<td>December 1970</td>
<td>9,100,000 est.</td>
</tr>
<tr>
<td>July 1971</td>
<td>11,200,000 est.</td>
</tr>
</tbody>
</table>

*peak participation under the pilot food stamp program.

75. The 25 million poor may be classified into three groups: the very poor, the “hard core” poor, and the remaining poor. The very poor, 5.1 million, live in families whose yearly household income is less than the cost of the USDA’s economy diet (less than $1,200 a year for a family of four). 1.3 million have no income at all. The “hard core” poor, 9.3 million, live in families whose incomes are less than twice the cost of an economy diet (less than $2,400 per year for a family of four). The remaining poor, 10.6 million, have incomes between two and three times the cost of an economy diet (between $2,400 and $3,600 for a family of four). While they may not continually
In the 69 months between March 1964 and December 1969, the rate of increase in participation averaged 47,000 recipients per month. As a result of new schedules issued in December 1969 that gave more stamps for recipients and lowered the purchase requirement for participation, the number of recipients grew. In the 19 months between December 1969 and July 1971, the rate of increase in participation averaged 400,000 per month or 8½ times the rate of the previous six years. Based on these figures the participation gap has been half closed. Most of this closure has come since December 1969. Theoretically, if the current 3 percent monthly increase in participation were to continue, the participation gap would be closed by January 1974.

At the same time that there has been a participation gap, a dollar gap has existed between the food benefit dollar value provided by all food assistance programs and the food income needs of low-income persons. This gap was a result of the standard price schedule. Under the schedule, the poor could not afford to purchase food stamps. Even when they could, the bonus stamps were inadequate to provide them with a nutritious diet for the month. Compounding this problem, the price schedule

---

<table>
<thead>
<tr>
<th>Monthly income (family of four)</th>
<th>Total stamp value</th>
<th>Additional cost for an adequate diet</th>
</tr>
</thead>
<tbody>
<tr>
<td>$10</td>
<td>$60</td>
<td>$40-60</td>
</tr>
<tr>
<td>50</td>
<td>64</td>
<td>36-56</td>
</tr>
<tr>
<td>80</td>
<td>72</td>
<td>28-48</td>
</tr>
<tr>
<td>100</td>
<td>78</td>
<td>22-42</td>
</tr>
<tr>
<td>150</td>
<td>86</td>
<td>14-34</td>
</tr>
<tr>
<td>200</td>
<td>92</td>
<td>8-28</td>
</tr>
<tr>
<td>250</td>
<td>100</td>
<td>0-20</td>
</tr>
<tr>
<td>300</td>
<td>108</td>
<td>0-12</td>
</tr>
</tbody>
</table>

*Interim Report* 30.
discriminated against the poorest families. The poorer the family, the less the schedule assumed it needed to eat. A family with a monthly income of $10, although receiving $60 in stamps, still would be $40 to $60 below the cost of an adequate diet. A family with a monthly income of $100 would receive $78 in stamps and be $22 to $42 below the cost of an adequate diet. Only those families that had a monthly income of $300 would receive enough stamps ($108) to place them between the USDA’s economy diet ($100) and low-budget diet ($120). Since only these households with top family incomes received sufficient food stamp benefits for an economy diet, the schedule virtually guaranteed that the program could not possibly end hunger and malnutrition unless the participants spent additional money for food. The schedule also took care of this. Since it required the low-income families to pay a high percentage of their incomes for the stamps, even though the base amount was relatively small, little money was left to spend for additional food.80

By early 1969 signs of reform became evident. In February, the administration began to issue free food stamps in two South Carolina counties.81 In May, the President in his “Hunger Message” stated that he would submit legislation which would revise the food stamp program to provide poor families with enough food stamps to purchase a nutritionally complete diet ($100 per month for a typical family of four under the USDA estimate), provide food stamps to others at a cost no greater than 30% of their income, ensure that the food stamp program would be complementary to a revised welfare program, and give the Secretary of Agriculture the authority to operate both the food stamp and com-

80. Interim Report 30. The schedule required:

<table>
<thead>
<tr>
<th>Monthly income (family of four)</th>
<th>Amount to be paid by household</th>
<th>Percent of income paid</th>
<th>Total stamp value received</th>
</tr>
</thead>
<tbody>
<tr>
<td>$10</td>
<td>$2</td>
<td>20%</td>
<td>$60</td>
</tr>
<tr>
<td>50</td>
<td>20</td>
<td>40</td>
<td>64</td>
</tr>
<tr>
<td>80</td>
<td>36</td>
<td>45</td>
<td>72</td>
</tr>
<tr>
<td>100</td>
<td>44</td>
<td>44</td>
<td>78</td>
</tr>
<tr>
<td>150</td>
<td>56</td>
<td>37</td>
<td>86</td>
</tr>
<tr>
<td>200</td>
<td>68</td>
<td>34</td>
<td>92</td>
</tr>
<tr>
<td>250</td>
<td>76</td>
<td>30</td>
<td>100</td>
</tr>
<tr>
<td>300</td>
<td>84</td>
<td>28</td>
<td>108</td>
</tr>
</tbody>
</table>

81. The Select Committee on Nutrition focused on South Carolina in their hearings of February 18-20, 1969. For the hearings and press reports, see Hearings Before the Senate Select Comm. on Nutrition and Human Needs, 90th Cong., 2d Sess., 91st Cong., 1st Sess., pt. 4 (1969). On April 16, 1970, the regulations were amended to provide that emergency food coupon allotments could be distributed to households who were unable to purchase adequate amounts of nutritious food as a result of a major disaster. 35 Fed. Reg. 6183 (1970).
modernity distribution programs concurrently in individual counties.82

The following chart demonstrates the closing of the food income gap.83 Based on the figure 21.5 million as the number in need of the food stamp program and at an average cost of $14.50 per month or $174.00 per year for each recipient,84 the total food income needs of low-income persons eligible for food stamps would be $3.741 billion. The food income gap is determined by deducting the food benefit dollar value provided by the food stamp program (bonus stamp value) from the total food income needs of low-income persons eligible for food stamps.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Food Benefit Dollar Value Provided by the Food Stamp Program</th>
<th>Food Income Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>1963</td>
<td>$20,415,000</td>
<td>$3.721 billion</td>
</tr>
<tr>
<td>1964</td>
<td>30,479,000</td>
<td>3.711</td>
</tr>
<tr>
<td>1965</td>
<td>35,135,000</td>
<td>3.706</td>
</tr>
<tr>
<td>1966</td>
<td>70,440,000</td>
<td>3.671</td>
</tr>
<tr>
<td>1967</td>
<td>115,515,000</td>
<td>3.625</td>
</tr>
<tr>
<td>1968</td>
<td>187,284,000</td>
<td>3.556</td>
</tr>
<tr>
<td>1969</td>
<td>250,982,000</td>
<td>3.490</td>
</tr>
<tr>
<td>1970</td>
<td>610,000,000</td>
<td>3.131</td>
</tr>
<tr>
<td>1971</td>
<td>1,582,850,000</td>
<td>2.158</td>
</tr>
</tbody>
</table>

In the transition years between the pilot program and the permanent program (1963-65), the food income gap remained relatively constant at $3.7 billion plus. For the next four years (1966-69), the program began to grow and the food income gap began to close at an average rate of $54 million each year. In 1970 the rate increased 6 1/2 fold to $359

82. The President’s timetable was for the revised program to go into effect sometime after the beginning of the calendar year 1970 at a budget something in excess of $1 billion per year. In addition, while the President proposed that the long-range goal should be to replace the commodity distribution program with the revised food stamp program, the commodity distribution program could fill many short-range needs. 115 CONG. REC. H 3455-56 (daily ed. May 7, 1969), S 4671-72 (daily ed. May 8, 1969). The revised program actually went into effect on January 11, 1971, and did provide for the simultaneous distribution of food stamps and commodities in areas which requested both programs although any one family could not participate in both at the same time. Food Stamp Act—Amendments, 84 Stat. 2048 (1971).


84. 116 CONG. REC. S 19104-05 (daily ed. Dec. 1, 1970). 117 CONG. REC. S 6242 (daily ed. May 5, 1971) (estimates bonus value at $14.25 per person per month). Legislation has been introduced that would raise the standard for the nutritionally adequate diet from $108 a month for a family of four to $134. 117 CONG. REC. S 6239 (daily ed. May 5, 1971) (S. 1773), H 4630-34 (daily ed. June 3, 1971) (H. R. 8883). This increase of $6.50 per recipient per month would raise the average cost to $21.00 per month or $252.00 per year. The total food income needs would be raised by $139.75 million.
million. The following year, fiscal 1971, the rate increased 2.7 times the previous year to $973 million. Theoretically, if the current rate of closure were to continue, the food income gap would be closed sometime during the middle of fiscal 1974.

**Spiraling Costs**

Congress in the 1964 Act authorized appropriations for three years. Subsequently, appropriations for additional years were authorized and at times revised upward.85

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Authorized Appropriations</th>
<th>Food Benefit Dollar Value Provided by the Food Stamp Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>1963</td>
<td>$20,415,000</td>
<td>$20,415,000</td>
</tr>
<tr>
<td>1964</td>
<td>30,479,000</td>
<td>30,479,000</td>
</tr>
<tr>
<td>1965</td>
<td>$75,000,000</td>
<td>35,135,000</td>
</tr>
<tr>
<td>1966</td>
<td>100,000,000</td>
<td>70,440,000</td>
</tr>
<tr>
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<td>187,284,000</td>
</tr>
<tr>
<td>1969</td>
<td>340,000,000</td>
<td>250,982,000</td>
</tr>
<tr>
<td>1970</td>
<td>610,000,000</td>
<td>610,000,000</td>
</tr>
<tr>
<td>1971</td>
<td>1,750,000,000</td>
<td>1,582,850,000</td>
</tr>
<tr>
<td>1972</td>
<td>open ended</td>
<td></td>
</tr>
<tr>
<td>1973</td>
<td>open ended</td>
<td></td>
</tr>
</tbody>
</table>

In discussing costs, it becomes apparent from the chart that the conversation should center around the food benefit dollar value provided by the program (the bonus value) rather than the authorized appropriations. While the authorized appropriations set the outer limit, actual

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85. Prior to the expiration of the 1967 authorization and after a battle in the House on whether new appropriations should be for one or three years, a compromise was reached whereby the program was authorized for two additional years. 113 Cong. Rec. H 6889-916 (daily ed. June 8, 1967). In 1968 the authorization was revised and extended through 1970. The revision raised the authorization level for fiscal 1969 by $115 million and authorized an appropriation of $340 million for fiscal 1970 and $170 million for the first half of fiscal 1971. Food Stamp Act—Appropriations, 82 Stat. 958 (1968). In 1969 the $340 million authorization for fiscal 1970 was raised to $610 million. U.S. Code Cong. & Ad. News 216 (1969). After several supplemental bills for carrying on the program on a hand-to-mouth basis during the first half of fiscal 1971, the program was extended through 1973 with an increase in authorization for the complete 1971 to $1.75 billion. The authorizations for fiscal 1972 and fiscal 1973 were designated as "such sums as the Congress may appropriate." Food Stamp Act—Amendments, 84 Stat. 2048 (1970).

expenditures often do not consume the full amount. This becomes significant when measuring the increase in program costs. Years that appear to have significant growth over previous years may in fact not be startling when the actual expenditures are considered. For example, while the authorized appropriations for 1967 were double that for 1966, actual expenditures rose only 64 percent and then only to a level slightly above the previous year’s appropriation. Other years have appeared to show no gain but in fact have increased. Between 1967 and 1968, for instance, while the authorized appropriations remained at $200 million for each year, the expenditures rose 62 percent.

The difference between bonus value and authorized appropriations is not necessarily explained away by attributing the balance to administrative expenses although the common reaction would be to picture the administrative bureaucracy digesting a large portion of pie. The administrative costs appear to contribute only slightly to the total amount. For the fiscal year 1971, the final total cost of the program was
$1,650,102,000. Of this $1,582,850,000 went to the recipients as bonus stamps thus leaving $67,252,000, or 4 percent of the total, as administrative costs. The difference between bonus value and authorized appropriations is better explained as unexpended, lapsing funds.

In considering the cost increase, it might be well to consider four periods of development: 1963-65, 1966-69, 1970, and 1971. The 1963-65 was the transition period in which the pilot program was being converted into a permanent program. During this period, the cost of the program remained relatively constant at between $20 and $35 million per year. During 1966-69, the cost of the program began to increase. It went from $35 million to $251 million, an average annual increase of $54 million. Each year increased at a rate of 34 to 100 percent over the previous year. In 1970 and 1971 costs skyrocketed when the participation and food income gaps began to close rapidly. 1970 saw an increase of $359 million or 143 percent over fiscal 1969. 1971 saw an increase of $973 million, an increase of 159 percent over 1970. To close both the participation and food income gaps by the middle of fiscal 1974, the expenditures would have to be $2.6 billion for fiscal 1972 (up 63 percent from 1971), $3.5 billion for fiscal 1973 (up 34.6 percent from 1972), and $3.741 billion for fiscal 1974 (up 7.1 percent from 1973).

**Conclusion**

What once was a small program to dispose of agricultural surplus has now become an extremely large welfare program. Its total cost for fiscal 1971 exceeded $1.6 billion. This figure, although seemingly high, represents only a fraction of the $3.741 billion essential to make the program completely operational. The goal is to provide enough food stamps for 21.5 million people so that they may purchase a nutritionally adequate diet through normal channels of trade.

While the food stamp program has been around for a number of years, its real growth has been since late 1969. One reason for this upsurge has been the publicity and commitment achieved by the Senate's Select Committee on Nutrition and Human Needs. This committee has focused the Nation's attention on hunger and malnutrition in America. To implement the committee's findings, legislative and administrative action has been brought to bear to correct defects in the program that previously prevented participation by those in need of its services. In addition, Congress has increased appropriations many fold in order to

close the food income gap. The growth of the number of participants and the increase in their benefits is a tribute to those efforts.

With a program of this magnitude, there will be occasional breakdowns in public relations with the taxpayer. Declaration by affidavit will facilitate the certification of the 400,000 new recipients added to the program each month. When dealing with this method of certification and with this large a group, it is only natural that there will be at least some applicants who are certified through fraud. With a relaxation of the eligibility standards and a corresponding increase in near-poor on the program, there will be some in the program that do not appear eligible to the average taxpayer. With the number of recipients exceeding 11 million, an increase in the number of times a month a recipient may purchase his stamps, the flexibility in the number of stamps he can purchase at one time, and the growing number of distribution centers, administrative problems will continually arise. Occasional administrative problems should not be viewed as failure of the program. With the increased participation and benefits, the number of food stamps in circulation has spiraled. Misuse of stamps does occur and as the number of participants increase, it is only logical that the number of violations will increase at least correspondingly. Unfortunately, effective policing is a formidable if not impossible task. These acts of misuse overshadow the beneficial use of stamps by most recipients. Each violation detracts from the saleability of the program to the general taxpayer.

87. Kentucky Fried Chicken of Cleveland, Inc. v. United States, 449 F.2d 255 (5th Cir. 1971) (denial of approval as a participating retail store); People v. United States Dep't of Agriculture, 427 F.2d 561 (D.C. Cir. 1970) (standing to challenge administration of the food stamp program); Jay v. United States Dep't of Agriculture 308 F. Supp. 100 (N.D. Tex. 1969), rev'd, 441 F.2d 574 (5th Cir. 1971) (denial of food assistance because of the county of residence); West v. United States Dep't of Agriculture, 305 F. Supp. 1312 (N.D. Miss. 1969) (discretion to formulate the schedule for purchasing food stamps). The concept of state contribution has been suggested as a means that would provide for more responsible state administration, since it would give the state a financial interest in efficient and effective program control. For example the 1970 House bill would have required states to contribute 2 ½ percent of the bonus value for the first year, 5 percent for the second year, 7 ½ percent for the third year and 10 percent for each year thereafter. The provision was removed in conference on the ground that, particularly in view of the current financial situation of state governments, it might discourage state participation and result in denial of the benefits of the program in many areas. 116 CONG. REC. H 12541-48 (daily ed. Dec. 30, 1970); accord, 113 CONG. REC. S 6889-916 (daily ed. June 6, 1967).

88. United States v. Wilson, 438 F.2d 479 (7th Cir. 1971) (conviction for unauthorized transfer of food stamp coupons); Save More of Gary, Inc. v. United States, 309 F. Supp. 39 (N.D. Ind. 1970), aff'd, 442 F.2d 36 (7th Cir. 1971) (disqualification of supermarket for sale of ineligible items); Marbro Foods, Inc. v. United States, 293 F. Supp. 754 (N.D. Ill. 1968) (disqualification of supermarket for sale of ineligible items); 117 CONG. REC. E 210-12 (daily ed. Jan. 27, 1971) ($600,000 in food stamps obtained fraudulently by falsifying income and under false pretenses); 117 CONG. REC. H 1758 (daily ed. Mar. 18, 1971) (duplicate authorization cards); 117 CONG. REC. H 3741-43 (daily ed. May 11, 1971) (table of complaints and investigations on sale of ineligibles,
In addition to the misuse of food stamps, the current program, the program since 1969, suffers from the shortcomings of its ancestor. Complaints are lodged against the revised program with little thought given to whether the complaint is still valid. Credit has not been given the revised program for the substantial closing of both the participation and food income gaps.

One legitimate complaint has been directed at loopholes in the eligibility standards. Here is an area that Congress should no longer ignore. First, members of labor unions on strike should be excluded from participation in the program. These men could not provide "a nutritionally adequate diet" for themselves and their families because they refused to work and voluntarily walked off their jobs. The program is not intended to subsidize the income of individuals who voluntarily decide to quit work and go on strike. Since the program is operated on limited funds and limited administration, benefits given to strikers are benefits taken from those in need due to circumstances beyond their control. Nationally, food stamps for strikers destroys the balance in the bargaining positions between labor and management. The strikers are given the ability to prolong a strike by receiving government support. Second, all students on the college level and beyond should be excluded from participation in the program. The program was no more designed to aid a student receive higher education than it was to help him save money to pay for his color TV. These recipients are not only taking advantage of the system but they are also taking someone else's benefits. They could care for their own nutritional needs if they had to go it alone.

The schemes are innumerable. For example, 50 cents is invested to buy $28 worth of food stamps. The stamps are converted into $27.51 worth of groceries and 49 cents change in cash, the maximum amount of cash that can be received on a purchase. One penny is added for the 50 cents for the next week's $28 worth of stamps. On the fourth week, the $28 worth of stamps is sold to a friend for $15 cash. This scheme converts 53 cents into $83.53 worth of food and $14.47 net cash profit a month. 117 CONG. REC. E 4915 (daily ed. May 24, 1971).

90. Many students are eligible to receive food stamps because the financial assistance they receive from the federal and state governments, private foundations, universities and their parents are not classified as income. 117 CONG. REC. H 1911-12 (daily ed. Mar. 23, 1971). See also 114 CONG. REC. H 7817-18 (daily ed. July 30, 1968); NEWSWEEK 107 (Dec. 21, 1970).
Finally, as the food stamp program reaches its goal of zero participation gap and zero food income gap, the question of where do we go from here must be answered. 21.5 million people cannot be suspended indefinitely on food stamps. For one reason, the taxpayer will not tolerate an annual expenditure of $3.741 billion on a permanent basis. These people need to become productive members of society. The recent revision of the program incorporated a work rule. This rule requires that no able-bodied adult will be issued food stamps if he refuses to register for and accept employment, provided the employment is at the minimum wage or if there is no minimum wage applicable, it is as much as $1.30 per hour. Only able-bodied adults would be required to register and accept employment. Exceptions would be made for mothers who have the responsibility for the care of children or incapacitated members of the households, students regularly attending institutions and attending classes, and those who are already employed and working at least 30 hours a week. While this work rule obviously is not a complete solution to the problem, it encourages some food stamp recipients to become self-supporting. If this can be accomplished, the spiral may be controlled.

Even if the spiraling could be controlled, the question still remains—Is there any end to poverty? Along with the mounting costs for helping the poor has come a growing frustration. What once was a drive to stamp out poverty now shows signs of less urgency. Illustrative of this is the fact that the major welfare reform legislation, designated H.R. 1 at the beginning of the 92d Congress, first session, was continually downgraded in priority throughout the first session. Even some experts are beginning to wonder whether poverty is a problem that has no solution. In several studies groups of families were given intensive treatment for a substantial length of time. At the end of this period, the studies concluded that these families had made only slight, almost meaningless, improvement in family functioning. A statement by Economist Procter Thomson of Claremont Men's College in California sums up this frustration:

In an affluent society, people are willing to devote larger and larger sums of money to programs which they hope will alleviate the misery of the poor.


In the process, there is a public demand by those in poverty that builds up to the supply. Poverty pursues society like a shadow following a running man.93