

AN INDEPENDENT NEWSPAPER

Food Stamp Reform

THERE WAS A TIME when feeding hungry Americans was a great moral issue, one that called forth the best in some of our nation's leaders. By the looks of President Ford's newest food stamp proposals, that time has truly passed. The President's "reform" package, which closely parallels the bill drafted by former Gov. Ronald Reagan's welfare administrator, would cut at least 5.5 million poor people off the food stamp program and reduce the benefits of 5 million more. Put another way, the President proposes gutting the food stamp program of its most meaningful feature, namely its flexible manner of assisting America's working poor. And when Agriculture Secretary Earl Butz was asked if this bill were "political" in its motivation, he conceded it would "help" Gerald Ford in 1976.

The Ford bill is intended to demonstrate the President's "fiscal responsibility," which in this case means taking pennies from the poor, the sick and the elderly to save a little more than a billion dollars. About 30 per cent of the program's 19 million participants will be eliminated; another 30 per cent will pay more for food stamps; about a fourth of the participants will gain from these changes; and a handful of previously ineligible aged persons will be able to join the program.

The majority of those who will be eliminated from the program will lose out because of the new income requirements. Families of four earning more than \$6250 a year will no longer be eligible. Others will be eliminated because of a new technique for averaging income over the previous 90 days to establish eligibility. The effect of that device would be to make persons who are temporarily out of work ineligible for food stamps—unless they remain unemployed for a sustained period. In addition, the Ford proposal would raise the price of food stamps to 30 per cent of family income; not greatly significant in itself, but serious when coupled with the fact that the program has a standard deduction of only \$100 a month. The effect of these combined provisions would be to make working families pay more to get the same dollar value of stamps they receive under the current program.

All this is regrettable because of the burden it would place on the working poor and because of the political

overtones that accompany the President's proposal. There is another reason that outweighs these concerns. The simple fact is that this proposal might well backfire if it becomes law. The reason is explained by Richard Nathan, an economist with the Brookings Institution, a Republican himself and one of the architects of former President Nixon's family assistance plan. "This bill is a clear disincentive to work," he observed the other day. "It creates a welfare trap." By which he means that the cutoff at the poverty line creates what economists call a "notch," a point at which a poor family does better on welfare than it does trying to work and pay its own way. In the case of the administration bill, a working family earning one dollar above the cut-off would be ineligible for \$432 a year in benefits that a family on welfare would get in food stamps.

Such contradictions in policy are the clear result of the political climate in which this legislation was introduced. Before the President's bill was sent to Congress, the debate had already begun on two other proposals. One is a bill sponsored by Sens. Robert Dole and George McGovern. It takes a positive approach and has the support of Senate Minority Leader Hugh Scott. The other is a bill with the clear imprint of Ronald Reagan. In fact, this second bill, introduced by Sen. James Buckley, the Republican-Conservative from New York, and Rep. Robert Michel, the Illinois Republican, was actually drafted by David Swoap, a welfare official in California when Mr. Reagan was governor. The bill properly deserves to be called the Reagan-Buckley-Michel bill. The issue of what help society should give to the working poor is one on which the Reagan right plans to test Mr. Ford. Weeks ago, it appeared that the President was prepared to offer Congress a far less punitive proposal. At the last minute, he chose to switch rather than fight.

Those Republicans, such as Mr. Dole, who have been preaching to their party that it should repair its "anti-people" image, have received no help from their President on this issue. The result is a bill that is socially backward and one that might well turn out to "save" a lot less than it purports to. There are alternative measures, and we shall take them up in a subsequent editorial.

The Washington Post

AN INDEPENDENT NEWSPAPER

Food Stamp Reform (Cont.)

SEVERAL WEEKS AGO, Treasury Secretary William E. Simon set off a political rocket in Bloomington, Indiana, when he described the federal food stamp program as a "well-known haven for chiselers and rip-off artists." Rhetoric of that sort promises to be in full supply as we head toward 1976. "Fiscal conservatives" have selected the food stamp program to serve as the symbol of bloated social programs. There are those on the other side of the argument, not a few of them Republicans, who have come to respect the food stamp program over the last several years as one of the most effective and flexible social programs we have, and—at \$6 billion a year to help 19 million people—hardly our most expensive.

The attack on the program has been along the lines of Secretary Simon's remark. The program is alleged to be feeding people who should be able to feed themselves. Families of four with incomes of \$16,000 annually are said to be receiving the stamps, although no one has ever identified such a family. The official statistics tend to suggest the food stamp program really is serving the "poorest of the poor" but that has not dampened the ardor of its attackers.

There is, however, a way out of the rhetorical warfare. It is to meet the criticisms of the food stamp program with genuine reform by closing out the possibility of over-income families exploiting the program and by making it more effective. Sen. Bob Dole, himself a conservative Republican, has joined with Sen. George McGovern, a liberal Democrat, in fashioning a series of proposed changes in the food stamp program that would put it out of the reach of the middle class while leaving it well within the proper reach of the poor.

The Dole-McGovern measure sets an income eligibility limit of \$7,776 a year after taxes for a family of four. Under the present program, there is a series of deductions that families are permitted to make from their income to help in establishing their eligibility. For example, a family of four with \$9,000 a year income might be able to show day care costs, large medical expenses and high heating costs that would bring down the amount of income on which its food stamp benefit would be based. The Dole-McGovern measure grants a standard deduction of \$125 a month to all families and permits the deduction of the income and payroll taxes of

those families that work. Many of the potential errors and abuses of the present program would be eliminated by the standard deduction. The deduction for taxes is a clear incentive to work.

There are many differences between this bill and the one the Ford administration introduced for the "reform" of the food stamp program, but one of the most important concerns the matter of income cutoff, the point above which people cannot get aid. The Ford program sets a flat cutoff at the poverty line (\$6250 for a family of four) and allows a standard deduction of \$100 a month. A family earning one dollar above that amount would be ineligible for food stamps. The Dole-McGovern measure, by contrast, permits the gradual reduction of benefits with the increase in income, so that there is no dramatic point at which the program might be more beneficial to a family on welfare than to a working one and no point at which it is as productive to stay on welfare as it is to work.

Perhaps the most important distinction between the Ford and Dole-McGovern proposals is that the senators propose the elimination of the food stamp purchase requirement. A family eligible for \$47 in food stamp benefits obtains those benefits by purchasing \$162 in food stamps for \$115. Nobody knows how many people this feature would help to buy food stamps who don't now participate, but it is expected to help the poor in a very real way. At present, some families which are eligible for the program simply cannot raise the purchase price for the food stamps. Eliminating the purchase price will help them to participate while reducing the number of food stamps in circulation and easing the burden on those who must issue the stamps.

These are practical reforms that keep the society's commitment to feed the hungry, and they can be achieved without employing the punitive approach to the poor that the Ford proposal suggests. If those who are concerned about the cost of social programs want to help keep them in line, the Dole-McGovern bill shows the way. If, on the other hand, the real purpose of the criticism of the food stamp program is campaign rhetoric, that will soon be quite obvious. We hope those who are serious about the reform of social programs give the Dole-McGovern bill the kind of consideration it deserves.