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United States Senate

COMMITTEE ON
AGRICULTURE, NUTRITION, AND FORESTRY
WASHINGTON, D.C. 20510

October 27, 1981

Mr. James A. Baker, III
Chief of Staff and
Assistant to the President
The White House
Washington, D. C. 20500

Dear Jim:

There is speculation that the Administration is planning to propose, as part of its next round of budget cuts, a total elimination of the subsidy to "paying" students in the National School Lunch Program.

When the Administration proposed this method of achieving savings in the area of child nutrition programs last time around, the input from the local level on the potential impact caused a great amount of concern among members of Congress. In marking up legislation to achieve savings called for in the First Concurrent Budget Resolution for Fiscal Year 1982, no member of the Senate Committee on Agriculture, Nutrition and Forestry even suggested the Administration's proposal to terminate the subsidy to "paying" students. As you know, Congress did agree to reduce substantially the subsidy to the paying child, but specifically rejected the Administration's proposal to eliminate it entirely.

A total elimination of the subsidy to "paying" students participating in the National School Lunch Program could have a devastating effect on the viability of the Federal program. Over 90 percent of all the schools in the country participate in the National School Lunch Program. This year, schools will receive 21.5¢ in Federal general assistance toward each lunch served (11¢ in USDA-donated commodity support and 10.5¢ in cash). This 21.5¢ represents a 40 percent reduction in Federal assistance. The 21.5¢ subsidy is not a subsidy directly to non-poor children, or the "paying" child -- it is a grant-in-aid to the schools to help defray the cost based on total student participation, regardless of income.

Mr. Jim Baker
Page Two

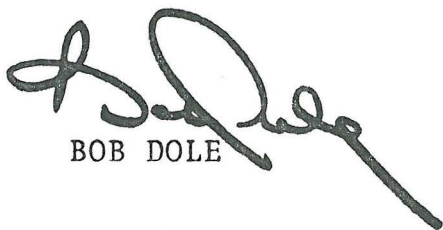
In thousands of school districts throughout the country, less than one-third of the students are eligible for free or reduced price lunches. According to last year's figures, about 55 percent of all school lunch participants are in the "paid" category: they are children whose parents' income exceeds 185 percent of poverty (or about \$15,600 for a family of four).

Those at the local level who administer the program and are most familiar with how it works argue that a complete elimination of general assistance for lunches served to "paying" children would cripple the Federal lunch program. There is substantial evidence to support their point of view. The loss of the Federal reimbursement would result in sharply rising school lunch costs for these children, with resultant high dropout rates and potential program termination. Thus needy and non-needy alike would fail to receive Federal support.


When the Administration first proposed significant reductions in school lunch funding, it also listed this as one of the seven "safety net" programs. If the Administration continues to consider this a "safety net" program, we suggest that it consider other alternatives to the elimination of the "paid" lunch subsidy in order to achieve the needed level of savings. We would like to make members of our staff readily available to discuss options with the Administration.

It seems to us that the Federal savings that would be gained by eliminating the "paid" subsidy are more than overshadowed by the severe consequences it could have for the program, and therefore the Administration. We feel certain this proposal would fail dramatically in Congress. In short, as members of the Senate Committee on Agriculture, Nutrition, and Forestry, we are deeply concerned about the program and the political consequences of such a proposal. Because more viable options are available, we wanted to share our concern with you before the Administration is irrevocably committed to an option which is certain to fail.


Sincerely,



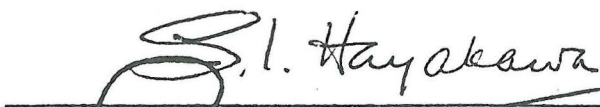
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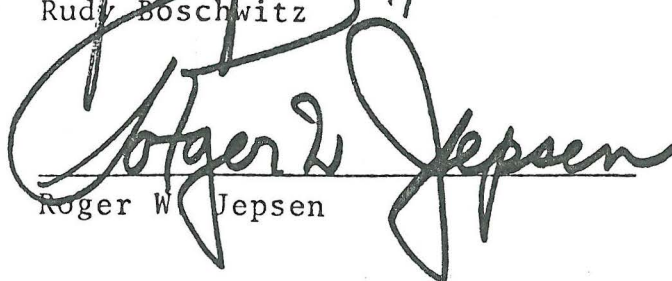
JESSE HELMS




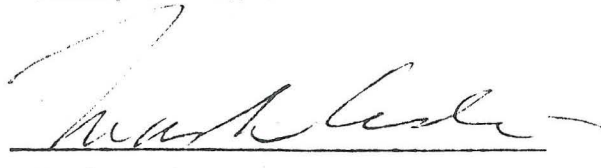
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Roger W. Jepsen


Paula Hawkins


Mark Andrews