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## Memorandum

Honorable Ronald Reagan To

Governor

Via: Earl Coke, Assistant to the Governor

for Cabinet Affairs

Date May 5, 1969

HR 5-69-56 (I) File No .:

Food Stamp and Subject: Commodity Distribution

Programs in County Welfare

From : Office of the Secretary

INFORWATION Pepartments

INFORMATION: A recent Federal court action required the U.S. Department of Agriculture, as the Federal administering agency, to provide either food stamps or surplus commodities in all counties of the State. The food stamp and commodity distribution programs are voluntary requiring Board of Supervisors' action to adopt one or the other.

An effort has been made by the U.S. Department of Agriculture to have all counties who do not have a program to request participation in one or the other. At this point all but three counties -- Butte, Orange and Sierra -- have made requests. However, the lag between request and implementation is such that where food stamps are requested it will not be in operation until July or August. In the meantime, the U.S. Department of Agriculture is faced with a hearing to show cause for not having moved more rapidly to comply with the action of the court. This hearing is scheduled for June 12. In addition, the U.S. Senate Select Committee on Nutrition announced late last week that hearings will be held in California May 8 and 9.

The State Department of Social Welfare has made every COMMENTS: effort to encourage counties to participate. However, their view is that they cannot mandate participation and should not exert undue pressure inasmuch as the major administrative costs must be borne by the counties. The complexity of the administration, the fact that there is no Federal sharing in issuance costs, and until recently U.S. Department of Agriculture slowness in approving new food stamp programs have been major reasons for the reluctance of counties.

With respect to surplus commodities, the expense of delivery, handling, and storage plus an inadequate variety of surplus commodities have been significant factors in county reluctance.

The absence of one or the other program has led to the contention that starvation or mal-nutrition (largely the latter in California) are significant among low-income families in some parts of the State where neither program is available. The McGovern Committee hearings, scheduled for Los Angeles and Orange Counties on May 8 and San Francisco and Alameda Counties on May 9, are intended to probe these issues. There is an indication that the focus of these hearings is to embarrass the U.S. Department of Agriculture. However, no concrete information on the specific agenda is available. At a late date the State Department of Social Welfare was requested to make a presentation to the Committee.

We have decided that it would be more appropriate to file a written statement indicating the status of programs in this State and our willingness to cooperate in working with counties on installation where requested. We will also identify some of the major deficiencies such as eligibility requirements that differ from eligibility for welfare, high administrative costs with no Federal sharing, and excessive control requirements. This statement will be coordinated by the Human Relations Agency.

The U.S. Department of Agriculture has made a substantial effort to involve us in the court action against them. We have attempted to cooperate in every way possible. However, we have resisted going beyond what we believe is our appropriate role in encouraging rather than demanding county participation. We are continuing to pursue this course of action.

SPENCER WILLIAMS

Secretary

Originated by: John Montgomery
Director, Department of Social Welfare

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HONALD REAGAN



# HUMAN RELATIONS AGENCY

C.

SPENCER WILLIAMS
Societary

OFFICE OF THE SECRETARY

915 Capitol Mall Sacramento 95314

DEPARTMENTS OF THE AGENCY

Cerrections
Employment
Health Care Services
Hirman Resources Development
Industrial Relations
Mental Hygiene
Public Health
Rehabilitation
Social Welfare
Youth Authority

May 7, 1969

Honorable George McGovern, Chairman Senate Select Committee on Nutrition and Human Needs

Dear Senator McGovern:

In response to your letter of May 2, 1969, Governor Reagan asked me to present information to your Committee on Nutrition and Human Needs. I am sorry that I was not able to deliver this personally. The relative short notice of the hearings and the question of what kind of testimony your committee was interested in made it difficult to determine whether a personal appearance was indicated and, if so, which location would be most appropriate.

My statement transmitted with this letter is essentially a status report on the food programs in California plus some basic data and some suggestions relative to problems we have had with the food stamp program for your consideration.

As you conduct your hearings throughout the State, some questions may be raised that will suggest the need for further information. We will be pleased to respond promptly in writing to such questions as you may care to submit to us.

Sincerely,

Spencer William

SPENCER WILLIAMS
Secretary

Attachment

## STATEMENT FOR THE UNITED STATES SENATE SELECT COMMITTEE ON NUTRITION AND HUMAN NEEDS

in Los Angeles

May 8, 1969

Submitted by Spencer Williams, Secretary Human Relations Agency

California provides among the most liberal and progressive welfare programs in the 50 states. Currently, it provides cash assistance through the various categorical aid programs to nearly 1.5 million people and expenditures for 1969-70 are estimated at over \$1.3 billion. A county funded general assistance program currently is meeting the most urgent needs of over 65,000 persons that do not meet categorical aid eligibility requirements. In addition, comprehensive medical services are provided to all welfare recipients through Title XIX of the Social Security Act.

In California, the State Department of Social Welfare has the responsibility for the administration of the Food Stamp Program, and the State Department of Education has the responsibility for the administration of the Commodity Distribution (Donated Foods) program. The State Department of Social Welfare, however, is concerned with the food needs of all needy persons in every county of the state.

In this state the Food Stamp Program is a voluntary program requiring a board of supervisors' resolution under the Welfare and Institutions Code (Section 18902). Accordingly, the Food Stamp Bureau of the State Department of Social Welfare has always provided information, data, and consultation on the Food Stamp Program to any county (county welfare director or board of supervisors); any group of persons in a county; or any person or organization requesting such information.

We have also provided current updated material via Food Stamp Program manuals and other media on changes in program policy to all counties in the state.

Not all counties have a federal food program. However, there has been a step-up of interest since the recent federal court action December 30, 1968, in the case of Hernandez vs. Hardin.

At the present time there are sixteen counties operating a Food Stamp Program. Twelve others that have in the last six months requested the Food Stamp Program were approved for food stamps by the United States Department of Agriculture on April 9 and May 1. These counties should all be in operation within 90 days. There are four other counties that have also requested the program but have not yet been approved. These four (Fresno, Santa Cruz, San Luis Obispo, and Yuba) all are, however, operating a Commodity Distribution program. A Commodity Distribution program is currently in operation in 27 counties, including the four noted above. A status report of the state's 58 counties as of May 6, 1969, is attached as Exhibit "A".

This leaves three counties out of the sixteen counties in California identified in the federal district court order of December 30 as not having one of the two programs, that have not as yet requested through the board of supervisors action either of these two federal family food assistance programs. These counties are: Butte, Orange and Sierra.

The Butte County Board of Supervisors voted on March 18, 1969, for a county study of the food needs in Butte County in conjunction with the county welfare department, county health department, and the Economic Opportunity Council.

This report is due to be presented to the board on May 13, 1969.

The Orange County Board of Supervisors considered the matter on April 29 at the request of a community group. The Board of Supervisors took the matter "under submission" and requested the county welfare director to return in two weeks with a report, including estimates of the cost of the program to the county.

The Sierra County Board of Supervisors have given serious consideration to the program, but believe the net county cost is too much for this very small county to assume, as it has a large proportion of federal land that is not taxable.

On April 9, 1965, Assistant Secretary of Agriculture Richard Lyng wrote
Governor Ronald Reagan to indicate USDA approval for eight pending counties
(see status report attached). His letter indicated "After a review of food
stamp expenditure rates through February it is estimated that there will be
sufficient funds available for the current fiscal year to permit us to designate
those counties that have food stamp requests on file and which do not now operate
a family food assistance program. This will include seven counties involved in
the California lawsuit in addition to Solano County, which had requested a
Food Stamp Program before the lawsuit was filed."

Also, 'to offer the remaining six counties every opportunity now to accept a federal food program...we will reserve until May 15, 1969, sufficient funds to permit prompt designation for...Butte, Calaveras, Mariposa, Nevada, Orange and Sierra."

Before this letter was received by the State Department of Social Welfare, Calaveras, Mariposa and Nevada County Boards of Supervisors had requested the Food Stamp Program. Our department wired the three remaining counties (Butte, Sierra, and Orange) this information on April 24, 1969. Calaveras, Mariposa, and Nevada counties were subsequently approved by USDA on May 1.

In order to assist these 15 newly approved or pending Food Stamp Program counties to plan for the certification of potential food stamp households in the county

welfare department's public assistance caseload, and the nonassisted low-income households or persons in the county, the Food Stamp Bureau of the State

Department of Social Welfare has planned at least two workshops (May 8 and tentatively June 4). Also, a training session for the county certification workers will be set up, aimed particularly for those counties without their own training staffs.

We have also developed two kits of guide materials for these new counties based largely on the experience of the operating counties. The first one, with the emphasis on planning for the issuance (or sale) of stamps, was sent to these counties on April 18, 1969. The second kit, basically on planning for certification, is being distributed at the workshop in Sacramento on May 8.

The State Department of Social Welfare staff (Food Stamp Bureau and nine Field Deputies) will work with these county welfare directors to assist in the implementation of the Food Stamp Program. Consumer and Marketing Service, U.S. Department of Agriculture, has been providing assistance when requested by the State Department of Social Welfare to the new counties in finalizing their bank contracts. This latter agency is responsible for signing up and approving the grocers in a food stamp county and aiding in the promotion of the program and the development of nutrition education activities. The State Department of Social Welfare, however, is responsible under the State Plan for the certification of eligible households.

Our department's relationship to the county welfare departments in California with state—county administration of public assistance is one of supervision and consultation in the Food Stamp Program as it is in public assistance except that our present law makes the program voluntary at the county level. Although by State Plan the Consumer and Marketing Service of the U. S. Department of Agriculture has contracted with the State Department of Social Welfare for the administration of the Food Stamp Program, the actual administration is delegated to the county welfare department as it is in the federally funded public assistance programs.

New counties are urged to start issuance as soon as it is administratively feasible for that particular county. However, in order to insure the proper and orderly administration of the Food Stamp Program, our state manual allows up to three months for a county to get into operation (issuing stamps) after USDA approval.

Getting into operation at the county level involves:

- (a) staff recruitment, orientation, and training;
- (b) negotiating bank contracts or setting up other methods for issuing stamps;
- (c) formulating procedures and forms for certification of cases; and for distributing authorizations to buy stamps to certified households;
- (d) planning for the preparation of the necessary state and federal accounting and statistical forms, and related functions.

The actual certification of cases prior to issuance of stamps usually requires 4-6 weeks or more.

Our department anticipates that some of the newly approved counties will be able to certify their interested public assistance households and some nonassisted in time to start the issuance of stamps on July 1. The others will probably be in operation by August 1 or sooner. All these counties will be requested after the May 8 workshop to set a firm target date for opening of food stamp sales.

There is undoubtedly some malnutrition resulting from inadequate diets among some of our citizens. To what extent this can be attributed to one of the several possible causes, such as lack of a federal food program, low income, lack of eligibility for a federal-state categorical aid program, poor dietary planning where adequate financial resources exist or general inability to manage money, is difficult to determine. However, one or more of these reasons may be a factor in any given case.

There have been several continuing problems with the food stamp program which your committee may want to consider.

Recently, Washington State gave us a copy of their position paper of March 20 on the Food Stamp Program. Without going into great detail at this point, may I say our state's experience leads us to concur with Washington State in pin-pointing three of the major problem areas, as follows:

- "1. The Rules for Eligibility in the Food Stamp Program Are Too Restrictive

  Congress should coordinate this law with the public assistance titles of
  the Social Security Act so that the simplification of both substantive
  and procedural provisions can proceed in step together; e.g., the
  adoption of uniform income and resource disregard provisions, and use
  of (state approved) simplified applications by affidavit with sample
  verification as meeting plan requirement eligibility provisions . . .
- ''2. Audit, Audit Follow-Ups and Administrative Reviews are Inordinately Time Consuming and Expensive

Some of these audits (in Washington State) deal with cases in which the participants were migrants without income and with very insignificant cash income (less than a dollar - oftentimes only thirteen cents -- a two-weeks minimum cash purchase requirement for a single person). We don't believe it profitable to spend the time and administrative costs to rectify errors of such trifling amounts. It is our position that audit attention should be limited to fiscally significant items.

### "3. There Is a Lack of an Efficient and Economical Delivery System

The use of commercial banks and other agents as sales outlets for food stamps is a deteriorating procedure and threatens to be an imminently critical problem. It is our position that the state should be authorized to set up a mail delivery system whereby public assistance recipients could have their monthly food stamp purchase requirements deducted from their monthly warrants and have the stamps mailed to their homes along with or at the same time as their monthly grants. It is also our position that the Postmaster General be authorized and required to utilize post offices including branches, annexa, and substations as sales outlets for food stamps. It is our further position that the law should be amended to provide that the states, in acting as agents for the National Government in providing for food stamp sales outlets, should not be held financially liable for program losses due to theft, burglary, robbery, or embezzlement of food stamps unless the facts prove malfeasance on the part of the state or their agents."

May we add some comments pertinent to California's experience in these three problem areas.

1. In regard to Position No. 1, our department has repeatedly requested USDA to approve the principle of accepting the applicant's delcaration of his resources and income for eligibility determination in the Nonassistance Household to eliminate unproductive paper work. We believe states should be allowed to accept an applicant's affidavit of facts, with a sample validation system for food stamp cases covering both eligibility and purchase requirement determination.

Our department contends that the Federal Food Stamp Act requirement

(7 U.S.C. S2014(b)) that "each state shall establish standards to determine eligibility of applicant households...consistent with the income standards used by the state agency in the administration of its

federally aided public assistance programs," should really govern Food Stamp Program policy. At the present, Consumer and Marketing Service, USDA, superimposes at a much later date its own interpretation of changes in federal public assistance standards. We believe the state's public assistance eligibility and grant determination base should be used to determine eligibility and the amount of the purchase requirement and bonus in the state's Food Stamp Program. C&MS does not permit this.

A recent example of this is the CFP(FS) Instruction No. 732-10 received by our department on March 10, 1969, with a date on it of February 10, 1969. This instruction finally gives approval to states with Food Stamp Programs to initiate the same provisions in relation to Conservation of Children's Income in public assistance that were contained in the Social Security Amendments of 1967 and signed into law by the President of the United States in January of 1968.

Further, the income disregard provisions in the WIN program put into effect because of the same federal legislation are not yet incorporated in food stamp policies.

These and numerous other inconsistencies in the handling of the same gross income for the two programs have not only added to administrative costs in handling food stamp cases but in costs of audit and audit follow-ups.

- 2. In regard to Position No. 2, we could offer numerous examples of such costly involvement of three levels of government over periods of six months to two years for sums of \$2 to \$24 as the result of USDA Audits and Administrative Reviews. This is usually the result of some eligible low-income households receiving this amount as bonus stamps "in excess" of what they were entitled to because of a mathematical or other administrative error in certification at the local level.
- 3. In regard to Position No. 3, we certainly agree with the request of Washington State that voluntary deductions from public assistance warrants to purchase stamps be permitted. Our state agency is planning to resubmit this request to the Department of Health, Education, and Welfare for a Section 1115 Pilot Project. The food stamp counties as well as the state have also repeatedly requested that the U. S. Post Office system handle the sale of food stamps.

The 16 operating food stamp counties in California (representing 62+ percent of the state's population) all have similar stamp issuance (sale) problems. The newer food stamp counties' contracts with banks, etc., have shown a constantly rising transaction cost. It now averages 85¢ per transaction (sale of stamps once or twice a month to a certified household) and this is a 100 percent county cost.

Los Angeles and Stanislaus counties as well as other counties are most anxious to get approval for the voluntary deduction proposal and any other issuance possibility.

The theft and burglary problem involving insurance coverage to cover county and state liability is starting to become a problem. We concur with an amendment to relieve the state and counties from liability unless there is proven misfeasance. This has already been done for counties that mail stamps on receipt of money orders from certified households.

4. May we also suggest a fourth problem area - the USDA table of coupon issuance (or purchase requirement and honus table) - This table formulated by USDA and a USDA requirement in almost all food stamp states is not only inflexible and inequitable, but the fixed large amount of money that a certified household must pay each month for its stamps is the most common complaint of participants, eligible households not participating, and the actual certifying staff at the county level in California.

We recommend a reevaluation of this table and appropriate changes so that more of the eligible households can afford to participate. Only an approximate 25 percent of the potentially eligible low-income household in California are using this resource to increase their food purchasing power.

As we indicated at the beginning, many of these problems have existed for a long time and in fairness to Secretary of Agriculture Hardin, I am sure he has not been in office long enough to personally cope with all of the issues that may need his attention. However, with the present public concern regarding hunger and malnutrition and the committee's desire to evaluate the federal food assistance programs, we thought you might want to have our views regarding some of the problems we have seen.

We will be pleased to respond in writing to any questions you may wish to submit to us after you have completed your hearings in California.

#### STATUS REPORT AS OF MAY 5, 1969 ON FEDERAL FAMILY FOOD ASSISTANCE PROGRAMS IN CALIFORNIA

#### THIRTY-TWO COUNTIES REQUESTING FOOD STAMP PROGRAM

OPERATING Alameda Monterey Contra Costo Sacramento Del Norte San Francisco San Mateo Humboldt . Santa Clara Lassen Shasta Los Angeles Sonoma Marin Stanislaus Modoc

APPROVED Calaveras Riverside Imperial San Benito Siskiyou Mariposa Solano Mono-Nevada Tehama Placer Trinity

PENDING APPROVAL Fresno San Luis Obispo Santa Cruz Yuba

#### STATUS OF ALL 58 CALIFORNIA COUNTIES

	Alameda	Started FSP 8/1/68	Orange	0
	Alpine	Donated Foods	Placer**	Approved by USDA 4/9/69-FSP
	Amador	Donated Foods	Plumas	Donated Foods
	Butte	0	Riverside**	Approved FSP by USDA 4/9/69-
	Calaveras***	Approved FSP byUSDA 5/1		Donated Foods Started 3/69
	Colusa	Donated Foods	Sacramento*	Started FSP 3/1/69
	Contra Costa	Started FSP oper.12/65	San Benito**	Approved FSP by USDA 4/9/69
	Del Norte*	Started FSP oper.3/1/69	San Bernardino	Donated Foods
	El Dorado	Donated Foods	San Diego	Donated Foods
	resno	Bd.S.request FSP for 7/1-	San Francisco	Started FSP 9/66
		D.F. now	San Joaquin	Donated Foods
	Glenn	Donated Foods	San Luis Obispo	Bd.S.Resolution FSP 2/14/69-
	Humboldt	Started 1963 - Pilot FSP		Donated Foods -now.
	Imperial**	Approved KSP USDA 4/9/69	San Mateo	Started FSP 4/67
	Inyo	Donated Foods	Santa Barbara	Donated Foods
	Kern	Donated Foods	Santa Clara	Started FSP 3/67
	Kings	Donated Foods	Santa Cruz	Bd.S. FSP res.12/17/68-D.F. now
	Lake	Donated Foods	Shasta	Started FSP 4/1/68
	Lassen	Started FSP 4/1/68	Sierra	0
	Los Angeles	Started FSP 12/65	Siskiyou**	Approved FSP by USDA 4/9/69
	Madera	Donated Foods	Solano**	Approved FSP by USDA 4/9/69
	Marin*	Started FSP 4/1/69	Sonoma	Started FSP 6/67
	Mariposa***	USDA approval FSP 5/1/69	Stanislaus*	Started FSP 4/1/69
	Mendocino	Donated Foods	Sutter	Donated Foods
	Merced	Donated Foods	Tehama*	Approved FSP by USDA 11/68-DF
	Modoc	Started FSP 4/67	Trinity **	Approved FSP by USDA 4/9/69
	Mono**	Approved FSP by USDA 4/9/69	Tulare	Donated Foods
i	Monterey*	Started FSP 2/1/69	Tuolumne	Donated Foods
	Napa	Donated Foods	Ventura	Donated Foods
	Nevada ***	USDA approval FSP 5/1/69	Yolo	Donated Foods
			Yuba	Bd.S. FSP resolution 2/25/69
				D.F. now

Eight counties approved by USDA 4/9/69 \*\*\*Three counties approved by USDA 5/1/69

\*Six counties approved by USDA 11/18/68 - Tehama has not been able to get into operation due to stamp-issuance problems.



### Memorandum

To : Honorable Ronald Reagan Governor

Via: Earl Coke, Assistant to the Governor for Cabinet Affairs

Date: May 13, 1969

File No.: HR 5-69-59 (I)
(Reference 5-69-56)
Subject: Food Stamp Program
Growth in California and State
Department of Social Welfare
Activities

From : Office of the Secretary

# INFORMATION

INFORMATION: In light of partisan use by some witnesses appearing

before the U.S. Senate Select Committee on "Hunger," this Administration's prior decision to limit its participation to the filing of a written statement appears particularly sound. Although no one appeared in person to face adverse questioning by committee members and other witnesses, there nevertheless did take place certain reference to the administration, especially by Assemblyman Unruh, that may bring questions on this subject at your next news conference. As such, the purpose of this memo is to prepare for such questioning or for use in preparing an immediate statement from the Governor's Office if that alternative is determined to be preferable.

The State Department of Social Welfare has compiled data on the growth of the Food Stamp Program in California as shown in the attachment with the status on January 1, 1967; January 1, 1969, and May 12, 1969. The status of these periods is broken down into the counties operating the Food Stamp Program; those counties approved by U.S. Department of Agriculture, but not yet in operation; and those counties requesting USDA approval, but not yet approved as of these dates. The January 1, 1969, date is significant due to a December 30, 1968, federal court order requiring all counties to have either a Food Stamp or a Donated Foods Program.

The attached chart clearly shows that as of January 1, 1967, when this Administration took office, there were only four operative food stamp counties with an additional five at various levels of pre-operative approval. At the time of the federal court decision involving San Benito County, but having effect throughout the State, there were eleven operative food stamp counties with an additional nine at various levels of pre-operative approval. this date, 16 counties now operate a Food Stamp Program with 12 additional counties having received the go ahead from USDA and are now, tooling up for early implementation. Beyond these 28 counties, there are four others where the boards of supervisors have adopted enabling resolutions, but their requests have not yet been approved by USDA. Thus, in less than 2 1/2 years during the time this administration has been in office, the number of counties in operation has increased from 4 to 16 with the figure for various levels of approval having been increased from 9 to 32. The majority of counties were brought into the program prior to the December 30, 1968, federal court order and under a California State statute that authorizes this as a voluntary program within counties. As further evidence of this Administration's and the SDSW's efforts to provide food to needy citizens, the department's Food Stamp Bureau conducted an eight-county (San Joaquin Valley) informational meeting in Merced County on February 3, 1969, with the cooperation of the Merced County Board of Supervisors. Prior to February, other meetings were held in various parts of the State. The Department has encouraged the availability of federal information on the Food Stamp Program and has published a departmental brochure in both English and Spanish.

The growth of participation in operating Food Stamp counties is vividly shown by comparing 1967 and 1968 statistics on the program in the Department's publication, "Public Welfare in California," i.e., Contra Costa County, November 1967, 13, 318 participating persons -- November 1968, 20, 449 participating persons -- or a 53.5 percent increase; Los Angeles County in November 1967, 106, 838 participating persons -- November, 1968, 154, 609 participating persons -- or an increase of 44.7 percent.

COMMENTS: Assemblyman Unruh's charge that this Administration has done nothing to meet the needs of the poor relative to food programs is absolutely untrue, as the record of the Department of Social Welfare shows a policy of aggressive extension of the Food Stamp Program consistent with the statutory provision of voluntary acceptance by counties.

SPENCER WILLIAMS

Secretary

Originated by: John Montgomery, Director Dept. of Social Welfare

Attachment

## FOOD STAMP PROGRAM STATUS REPORT

AS OF	OPERATIVE	USDA APPROVED - NOT YET OPERATING	BOARD OF SUPERVISORS RESOLUTION NOT APPROVED
January 1, 1967	Humboldt Los Angeles Contra Costa San Francisco	l Riverside*	4 Santa Clara San Mateo Modoc Sonoma
January 1, 1969	Alameda Contra Costa Humboldt Lassen Los Angeles Modoc San Francisco San Mateo Santa Clara Shasta Sonoma	Sacramento Stanislaus Monterey Marin Del Norte Tehama	Fresno Solano Santa Cruz
May 12, 1969	Alameda Contra Costa Del Norte Humboldt Lassen Los Angeles Marin Modoc Monterey Sacramento San Francisco San Mateo Santa Clara Shasta Sonoma Stanislaus	Calaveras Imperial Marin Mono Placer Riverside San Benito Siskiyou Solano Tehama Trinity Nevada	Fresno San Luis Obispo Santa Cruz Yuba

<sup>\*</sup>USDA approved 9/66; Riverside County had bank issuance problems, withdrew by board of supervisors' action 3/67.

#### CABINET ISSUE MEMO

DECISION

DISCUSSION

Governor Ronald Reagan

Date: September 30, 1970

From:

Human Relations Agency

Signed

No. HR 70-94

Director of Social

SUBJECT:

Food Stamp Program

Originat

ISSUE:

Responsibility and discretion of federal, state, and local government under

present regulations, particularly in the area of eligibility determination.

Can the state take direct action to prevent abuses?

#### CONCLUSION:

#### Federal Regulations

Responsibility: The Secretary of Agriculture has the authority to administer the program and make regulations to carry out the administration of the Federal Act.

His department provides 100% funding of the bonus stamps (difference between what eligibles must pay and the total number of stamps they receive) and a small part of the administrative costs at the local level.

Discretion: The Secretary of Agriculture can interpret the provisions of the Federal Act by administrative directives. For example, he has recently (December 26, 1969) liberalized the purchase requirement - bonus schedule and (September 15, 1970) approved a simplified certification for nonassistance cases, without legislative action.

#### State Regulations

Responsibility: The SDSW by contract (State Plan) with USDA, is responsible for the administration of the program in California. There is no state funding except for a small state staff.

The state's regulations are either based on federal regulations or policies proposed by the state which have been approved by USDA as an amendment to the State Plan.

Discretion: The state has no discretion except in the proposal of amendments or its interpretation of federal regulations, which are then subject to challenge by the federal government.

#### County Regulations

Responsibility: The county, after USDA approval, is responsible to the state agency for administration of the program in accordance with federal regulations and the State Plan of Operation. The state furnishes these written policies to the counties.

Discretion: The county has no discretion in terms of regulations, except in the area of interpretation.

#### Eligibility Determination

The state cannot, without USDA approval (Plan Amendment) change its regulations for eligibility determination to prevent abuses or inequities.

For example, to prevent abuse by the "voluntarily unemployed" a work condition amendment was submitted to Food and Nutrition Service, USDA, for approval on August 21. Although our department has since been in bi-weekly contact with the Western Region office (USDA), no approval or disapproval has been received.

Another example is a reform requested by the state for five years which would make the eligibility requirements for the nonassisted households more consistent with the public assistance household eligibility requirements. Pensioners and the working poor have been ineligible with much less gross income than recipients.

See attachments in chronological order which substantiate our department's efforts in these two problem areas.

Attachments

#### FACT SHEET

#### FOOD STAMP PROGRAM

#### REGULATIONS

The Food and Nutrition Service, U. S. Department of Agriculture, either by administrative directive or interpretation of legislative action, makes all program policy. The states may recommend changes, but official Food and Nutrition Service approval of a proposed State Plan Amendment is required. Such amendments, plus federal regulation, formulate the state's policies, which are mandatory for counties administering this program.

The legal basis for the program is the Federal Food Stamp Act of 1964 (P.L. 88-525) and subsequent amendments plus federal regulations (Part 1600-1603), and FNS Instructions.

Section 4(a) of the Federal Act authorizes the Secretary (of Agriculture) "to formulate and administer a Food Stamp Program" and (c) he "shall issue such regulations not inconsistent with this act as he deems necessary or appropriate for the effective and efficient administration of the Food Stamp Program".

Federal Regulation 1601.9(c) also specifies "no amendment to the Plan of Operation. . . shall be made without prior written approval . . . and (U. S. Department of Agriculture) may require amendment of any agency's Plan of Operation as a condition of continuing approval".

#### ELIGIBILITY DETERMINATION

Although Section 5(b) of the Federal Act provides for the state to "establish standards to determine the eligibility of applicant households" the last seven words of this section, i.e., "subject to the approval of the Secretary" (of Agriculture) negates any state discretion.

States, including California, have proposed many changes in the program. Food and Nutrition Service, USDA, has denied most of the changes proposed by our department.

The state agreed by contracting by a State Plan (July 1965), with the USDA to follow its policies and procedures; and likewise the counties have contracted, by a state-county agreement (DFA 297) "to follow the State Plan of Operation as approved by USDA, and the operating procedures, policies, and rules and regulations of the SDSW designed to meet federal requirements and to assure effective operation of the Food Stamp Program".

## Food Stamp Plan of Operation for the State of California

Amendment	No.
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#### I. PURPOSE

This amendment adds a work condition of eligibility for the Food Stamp Program intended to apply to the nonassisted employables who choose to be unemployed and are not preparing themselves by training or educational programs to become self-supporting or to increase their earning capacity. It is also intended to be consistent with the State's current public assistance requirements (42-340.1 and .2), (44-111.24), and (30-157.3 and .8), and any federal legislation passed by Congress.

#### II. TEXT OF AMENDMENT

EFFECTIVE DATE:

"IV. ELIGIBILITY STANDARDS"

Add the following paragraphs:

"All able-bodied employable nonassisted adults under the age of 50 shall be eligible for food stamps only upon:

- (1) being currently registered at the Department of Human Resources Development;
- (2) being available for and seeking full-time employment.

"EXCEPTIONS: Above conditions (1) and (2) do not apply to those:

- (1) who have the responsibility for care of dependent children, or of incapacitated adults; or
- (2) who are participating as a beneficiary in a training project, or as a bona fide student enrolled for at least one-half of a full-time curriculum in an accredited school in an educational program related to future self-support and/or increased potential earning capacity.

The parents of all single persons under the age of 21 shall be notified of their application for food stamps."

	(Colout M	ant_
Charles M. Ernst, Director	Robert Martin, Directo	or
Western Region	California Department	of Social Welfare
Food and Nutrition Service		
U. S. Department of Agriculture		
Date of Signature	Date of Signature	

To:

Agency Secretaries and

Governor's Staff

From:

Jim Crumpacker

Cabinet Secretary

Cabinet, Thursday, December 3, 1970

#### Decision:

HR 70-112

Withdrawn at request of Human Relations Agency.

HR 70-111

The Governor approved proposed amendments (attachments 1, 2 and 3 to the issue memo). Secretary Coke will submit these documents to the USDA to determine chances for approval. He will transmit his findings to the Department of Social Welfare via Secretary Vandegrift. The issues of food stamps for students, and for strikers, will be returned to Cabinet for decision later.

The questionnaires attached to the Cabinet memo are to be reviewed by individual Cabinet and staff members. Comments will be made directly to Secretary Vandegrift. In particular, Secretary Coke, Herb Ellingwood and Ned Hutchinson were asked to provide appropriate comments on the questionnaire.

Assistant Secretary Ashby was instructed to have alternative plans ready for implementation regarding welfare conformity by 8 a.m., Friday, December 4, 1970.

#### CABINET ISSUE MEMO

DECISION

DISCUSSION

Date: November 24, 1970

From:

Human Relations Agency

Governor Ronald Reagan

Ori

No. HR- 70-111

Signed

by

Secretary

APPROVED FOR TRAD

Origina to

Director of Social Welfare

SUBJECT:

Food Stamp Reform Program

ISSUE:

What action should the state take to ensure that the Food Stamp Program

operates in accordance with administration policy?

CONCLUSION: The state should submit the attached proposed amendments and vigorously seek to get the Department of Agriculture to include these amendments in the State Plan. In addition, the welfare department should require all food stamp counties to utilize the attached questionnaire for applications.

DISCUSSION: In May 1969, at the Governor's request, Agency Secretary Spencer Williams submitted to the U.S. Senate Select Committee on Nutrition and Human Needs the following statement outlining California's position on food stamps:

- Eligibility rules are too restrictive. These rules should be consistent with the rules of welfare eligibility. In addition, states should be allowed to accept an applicant's affidavit of facts for determining both eligibility and cost of stamps.
- Federal administrative review and audits cost too much, take too much time, and should be limited to situations of fiscal significance, rather than having three levels of government checking up on \$2 sums.
- 3. The delivery system is expensive and inefficient. Welfare recipients should be allowed voluntary deductions from their grants to cover the cost of food stamps. Post offices should be authorized as food stamp outlets, rather than using banks and other commercial agents.
- 4. The amount of stamps a person must purchase at one time is too large, and the table of costs formulated by the Department of Agriculture is too inflexible.

The Food Stamp Bureau has been proceeding on the basis of the above policy statement. The department is now taking a somewhat different direction, and it's position will be further clarified as a result of Cabinet action.



State Department of Social Welfare November 24, 1970

#### Present Situation

Able-bodied persons who choose not to work are eligible for food stamps if they have little or no money. This permits food stamps to be issued to non-producers in the community, such as "hippies" and students. Strikers also can get food stamps, which aid them in their struggle with management.

Therefore, the following amendment to the State Plan for food stamps is proposed.

#### Proposed Amendment

"All able-bodied employable adults under the age of 50 shall be eligible for food stamps only upon:

- (1) being currently registered for employment with the Department of Human Resources Development; and
- (2) being available for and seeking full-time employment. Being enrolled in a college or university or not working due to a strike does not exclude applicants from this requirement.

EXCEPTIONS: Above conditions (1) and (2) do not apply to those:

- (1) who have the responsibility for care of dependent children, or incapacitated adults; or
- (2) who are accepted for or participating as a beneficiary in a training project related to future self-support."

#### Present Situation

Persons who own valuable real and personal property can get food stamps, because eligibility is based only on income and liquid assets. There is no limit at all on the value of personal possessions and real estate that a person might possess and still be eligible for food stamps.

Therefore, the following amendment to the State Plan for food stamps is proposed. This amendment places the same limitations on eligibility for stamps as those that control a family's eligibility for welfare, with regard to the amount of allowable real and personal property.

#### Amendment

"Definition of Income and Liquid Assets" to read: "Definition of Income and Resources".

Delete paragraph headed: "Liquid Assets".

Add the following:

#### "RESOURCES

"On a per family basis, limitations on allowable real and personal property will be the same in the Food Stamp Program as those set forth in the state's Aid to Families with Dependent Children program regulations.

EXCEPTION: The need for an automobile shall not be limited to use for work or training but shall extend also to being essential for transportation to obtain medical care or food purchase.

For families in Assistance Households connected to a categorical aid program other than AFDC, limitations on allowable real and personal property will be the same as those set forth in the state's regulations governing that particular aid program."

#### Present situation

Welfare families are eligible for food stamps. Many of these families have earned income, giving them a series of federally allowed deductions and exemptions. For some families, this results in a total available income higher than that of many non-welfare families whose earnings preclude them from eligibility for food stamps.

Therefore, the following amendment to the State Plan for food stamps is proposed. This amendment will place the same limits on eligibility for food stamps for welfare families with earned income as those applied to non-welfare families.

#### Amendment

"A. Public Assistance Households (Including General Assistance)"

Add the following to both Paragraphs A.1. and A.2.:

"Except that the eligibility of assistance households with one or more members with earned income is based on the non-assistance household eligibility standards and the resource limitations set forth in Exhibit A as proposed to be amended."

### SPECIAL FOOD STAMP INFORMATION

	PTS
HOW WOULD YOU PREFER TO BUY YOUR STAMPS?	
Twice a month.	
IF YOU WISH SOMEONE TO BUY YOUR STAMPS FOR YOU, OR USE THEM TO GET YOUR GROCERIES ENTER THAT PERSONS NAME BELOW	•
Authorized Representative	

YOU MUST ANSWER ALL ITEMS ON THE ATTACHED FORM

13 CKODGH - FO	K DISCOSSION LOW	OULD OILLY	
DECLARATION OF FACTS AND			
APPLICATION FOR FOOD STA	MP CERTIFICATION		
		*.	COUNTY USE ONLY
(			
``			
Applicant's Name	W	Telephone Number here you can be reached	County
Home Address (Street Number, S	Street Name, City	, Zip Code)	Case Number
Mail Address If Different Than	Home Address		
Birthdate of Applicant		Social Security Number	Public Assistance Case Number (s)
Birthdate of Spouse		Social Security Number	-
	· x		
county who are living as one sumption of food. THE FOLLOWING PERSONS LIVE WIT NAME  1.			
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THE FOLLOWING REPRESENTS ALL GROSS INCOME (BEFORE ANY DEDUCTIONS) OF ANY KIND OF MYSELF AND EVERYONE ELSE IN MY HOUSEHOLD:

SOU	JRCE OF INCOME	WEEKLY	MONTHĽY	NAMES OF THOSE RECEIVING INCOME	EXPLAIN SOURC Where employe Social Securi Etc.
(	Wages, Salaries, or Earnings	\$	\$		
2.	Social Security and/or OASDI				
3.	Civil Service Pension				
4.	Unemployment and/or Disability Insurance	And Andrew Contents to the Contents of the Con			
5.	Veterans' Benefit				
6.	Union Fund Benefits or Pensions				
7.	Railroad Retirement				
8.	Private Retirement				
9.	Welfare or Poverty Program Grants or Payments			•	
10.	Interest or Payments from Stocks, Bonds, Trusts, Oil Leases, Notes, etc.				
11.	Farming, Own Business, Sale of Goods				
12.	Property Rentals, Leases, Mortgages	a			
13.	Rental of Room				
14.	Income from Boarder	n berkerbergersammer, erriters verschicker von			militarian managan dipantahan yang diserentah diserentah yang terbesah mengalah mendelah seberatah
15.	Student Scholarship, Grants, Loans, G.I. Bill Benefit, etc.				
16.	Student's Contribution from Parents: a. Cash				
	b. Rent Payment c. Other				
17.	Any Other Income, Including Cash Contributions, Child Support and Alimony				
18.	Free Rent, Utilities, or Board and Room				

The following represents the expenses of myself and everyone else in my household that necessary to obtaining this income and are allowed as authorized deductions in this processor to obtaining this income and are allowed as authorized deductions in this processor to obtaining this income from wages, salaries or earnings, list the involuntary deductions from earnings:  OASDI - Social Security \$  Withholding Tax (FICA) \$  Union Dues \$  Other (Indicate what) \$  TOTAL  2. If you have indicated household income from your (or someone else's) own business of farming, (real estate, etc.) or ownership of property, list the expenses involved in getting this income:	JSEHOLD INCOME FROM (1) WAGES OR EARNINGS: 3 (3) A FEDERAL WORK EXPERIENCE AND TRAINING PROGRAM	
necessary to obtaining this income and are allowed as authorized deductions in this pro  1. If you have indicated household income from wages, salaries or earnings, list the involuntary deductions from earnings:  OASDI - Social Security \$		. EXPENSES
involuntary deductions from earnings:  OASDI - Social Security \$		
Withholding Tax (FICA) \$ Union Dues \$ Other (Indicate what) \$ TOTAL  2. If you have indicated household income from your (or someone else's) own business of farming, (real estate, etc.) or ownership of property, list the expenses involved in	produced and a confinement of the confinement of th	
farming, (real estate, etc.) or ownership of property, list the expenses involved i	TICA) \$	Withholding Tax Union Dues
		farming, (real estate, etc.) or
Taxes, Assessments \$ \$ Insurance Upkeep, Repair Interest Utilities Transportation  TOTAL		Insurance Upkeep, Repair Interest Utilities
3. If you have indicated household income from someone's enrollment in a <u>federal work</u> experience or training program, please fill out the statements below for the person enrolled:	ase fill out the statements below for the person	experience or training program, enrolled:
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, have expense allowances for	have expense allowances for	I, or
(specify)	have expense allowances for (specify)	
TOTAL	TOTAL	

### HARDSHIP DEDUCTIONS

1,	Exc	ess Shelter Cost:	government	
	a.	We own, or are buying the home in w	hich we live Yes No	0
		Total Mortgage Payment \$ (i  If taxes and/or insurance are paid  OR	separately from above, give	
	b.	We pay rent each month Yes N Total rent paid is \$ (includes	o   utilities Yes  No	<b>)</b>
	c.	Indicate name and address of landlo	rd or mortgagee	
2.	GEOGRAPHICA PROPERTY.	ical Costs ( I (we) have receipts to ical expenses):		
			Balance	Balance
		Pay Monthly	Still Due Pay	y Monthly Still Due
	Hea	Ita Insurance Premimums \$	Hospital Bills \$	
		Glasses	Doctor Bills	
		itures	Drug Bills	
		ring Aids	Transportation (	I drive miles
				edical care @ 8¢ pe
3.		endant Care and Housekeeping Service or pay(s)		
			Monthly	
4.	Chi	ld Care Costs:		
		or pay(s)	\$ to	
			Monthly	
5.		rt Ordered, or Legal Responsibility I	Parent Support)	
	I,	or pay(s)	\$to	
			for	On-the Better three to the state of the stat
6.	Tra	reportation Costs for Employment:	*	* *
	Id	rive miles per day to work	days per month @ 8¢ per	mi. \$
	My	car payment per month is		\$
			EMPLOYMENT TRANSP. T	COTAL \$

I (AND MY SPOUSE) HAVE THE FOLLOWING MONEY (IF YOU ARE MARRIED BE SURE TO ENTER ALL MONEY FOR BOTH OF YOU):

	NONE	OR	AMOUNT	
MONEY ON H	AND OR IN THE HOUSE	\$_		•
MONEY IN C	HECKING OR SAVINGS ACCOUNT	\$_		•
MONEY IN C	REDIT UNION OR SAFE DEPOSIT BOX	\$_		
ANY OTHER	MONEY (EXPLAIN)	\$_		
VOID CHAPF	OF ADDITIONAL MONEY OWNED			
JOINTLY WI	TH PERSONS OTHER THAN SPOUSE	\$_		-
	Wourne houseld own the following assets (do not	OT INCLUDE RE	AL ESTATE IN	THIS
W. S.	NONE	OR	VALUE	
STOCK AND/	OR BONDS	\$_		
MORTGAGES,	TRUST DEED, SALES CONTACTS	\$_		•
BOATS, CAM	PERS, LIVESTOCK	\$_		•
	OF OTHER ASSETS OWNED JOINTLY NS OTHER THAN SPOUSE	\$_		
I (AND MY	SPOUSE) OWN THESE MOTOR VEHICLES:			
YES	NO IF YES, DESCRIBE:			
VEHICLES	KIND (CAR, TRUCK, MOTORCYCLE)	LICENSE FEE PAID	MONTHLY CAR PAYMENTS	PAYMENTS LEFT
1		\$	\$	
2		\$	\$	
3	•	\$	\$	

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	oliters my hilled		
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	HERE. YES	xx	
X.	I CAN SHOW MY INTENT (CHECK ALL WHICH YOU		
		DRIVER'S LICENSE WITH ADDRESS	
		RENT RECEIPTS	
		AUTOMOBILE REGISTRATION	
		VOTING REGISTRATION SLIPS	
		ENVELOPES ADDRESSED TO ME HERE	
*		EMPLOYMENT SLIPS	
		OTHER EXPLAIN	
CL.	I, OR SOMEONE ELSE IN	MY HOUSEHOLD RECEIVE A WELFARE PAYMEN	YES NO
(II:		E AND OTHERS IN MY HOUSEHOLD ARE PREPARED NO	ARED

XIII. I agree to tell the county at once if there are any changes in my income, possessions or expenses, or in the number of persons in my family, or of any change of address.

I understand that I may be asked to prove my statements but that the county is required by law to keep them confidential, and that if dissatisfied, I have a right to appeal.

I REALIZE THAT DELIBERATE MISREPRESENTATION OR CONCEALMENT OF FACTS MAY CONSTITUTE FRAUD FOR WHICH I MAY LOSE MY AID PAYMENTS OR CAN BE PROSECUTED FOR A CRIME.

I UNDERSTAND THAT MY STATEMENTS ON THIS FORM MAY BE SUBJECT TO VERIFICATION AND INVESTIGATION AND THAT MY SIGNATURE ON THIS FORM CONSTITUTES AUTHORIZATION FOR SUCH AN INVESTIGATION.

I HEREBY DECLARE UNDER PENALTY OF PERJURY THAT ALL OF THE FOREGOING STATEMENTS AND INFORMATION ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

SIGNATURE	OR	MARK	(	IF	YOU	USE	A	MARK,	ONE	WITNESS	MUST	SIGN	BELOW)	DATE
SIGNATURE	OF	WITNE	SS							n n				

#### CABINET ISSUE MEMO

Date: March 8, 1971

No. R-7/-21

Originate

N. B. Livermore, Jr.

Signed '

Secretary for Resoux

To: Governor Ronald Reagan

From: The Resources Agency

SUBJECT:

Cabinet Procedure on Major Environmental Issues

ISSUF:

The desirability of balanced presentations to Cabinet on issues identified by the Secretary for Resources as involving major environmental interest.

CONCLUSION: It is recommended that in the case of all Cabinet issues involving major environmental decisions there should be:

- Adequate lead time of at least two weeks wherein the Cabinet issue should be made available to all interested Secretaries; and
- Any Cabinet Secretary, if he feels the Cabinet does not have a balanced presentation on a given major environmental issue should have the authority to (1) request a postponement of Cabinet action until he has time to present another issue wherein he could present modifying facts to the Cabinet at a subsequent meeting, or (2) refer the matter to the Environmental Policy Committee for further discussion and recommendation before resubmittal to the Cabinet.
- 3. Governor to be present at first discussion on key environmental issues.

FACTS &

DISCUSSION: Many decisions in the environmental field are increasingly complex. The Cabinet should not make decisions in this field without a full presentation on both sides of these often controversial questions.

Based on hoped-for favorable action on the above issue, I hereby Note: request that the Secretary for Resources be allowed time in which to submit a Cabinet issue on the Southern Crossing at the March 16 Cabinet meeting; said issue will request that espousal of the Southern Crossing be delayed until the Cabinet can analyze and reach a decision upon a balanced analysis which shall have adequate input from both the Resources and Business and Transportation Agencies

#### CABINET ISSUE MEMO

NFC1210M

Governor Ronald Reagan

Date: 3-18-71

From:

No.

HR 71-9

Signed

Human Relations Agency

Secretary

SUBJECT:

Discussion with Dick Lyng on the Food Stamp Program.

ISSUF:

What action does the U.S. Department of Agriculture anticipate taking in implementing the new Food Stamp Statutes of 1970? What are the prospects for future reform?

Originated

CONCLUSION:

Dick Lyng informed us that we would be receiving the new USDA Food Stamp Regulations on or about April 15, 1971. We should be prepared to respond quickly with comments. We should continue to treat the Food Stamp Program as a "welfare program" and not as a "food supplement program".

FACTS & DISCUSSION:

In a meeting with Jim Hall and his staff, Bob Carleson, Chuck Hobbs, Dick Lyng and Charles Ernst of the USDA, the following main points were discussed:

- 1) Dick Lyng stated that the Food Stamp Program is a "welfare program" and not a food supplement or food commodity program. He added that USDA has endeavored to shift the program to HEW, but has met resistance.
- 2) With respect to the prospective Food Stamp Regulations, Lyng indicated that:
  - a) There will be added emphasis on the requirement to register for work.
  - b) Students and strikers will be exempt from the work requirement.
  - c) Restrictions will be placed on food stamp usage by student communes.
  - d) A family may lose their tax deduction for their child if the child (student) receives food stamps.
  - e) A limitation will be placed on the family's liquid and non-liquid financial resources when determining eligibility for food stamps. (This requirement should affect most potential strikers who apply for food stamps).

There are other possible provisions in addition to these features of the regulations.

3) Chuck Hobbs states that USDA is proposing to permit all aliens (legal and illegal) to participate in the Food Stamp Program. Dick Lyng said he would investigate the possibility of limiting food stamps to legal aliens.

The feasibility of having HRD assume administrative responsibility for eligibility and distribution of food stamps because of the proposed work requirement was discussed. Dick Lyng stated that the Program should remain flexible to allow HRD participation in the future. This would be in line with the Governor's proposed Welfare Reform Program. Whene?

mplaining about Food Stamps

WELFARE
Food Stamp Comp.

green NO tissue Mar @ 12 tab @ 45

CC of 1st run to: BN, MD, RAS, HAK, WMW, Bee, Mailroom, FR, Wash., Governor & JJC

April --, 1971

Carrel

Form Leptor Review

Approved by

For application by:
Readers Staff enly

Date approved

Review again on

Dear --:

Thank you for your letter expressing concern over abuses of the Food Stamp Program. I have instructed my staff and the Director of the Department of Social Welfare to review this entire subject.

As in so many other instances involving our welfare system, the federal government (United States Department of Agriculture) establishes rules for the Food Stamp Program and the states must comply to operate the program.

Congress has, however, taken steps to tighten food stamp eligibility. New legislation signed into law by President Nixon requires that able-bodied food stamp recipients register for work; that eligible "households" consist only of "related" persons unless the nonrelated person is more than 60 years old (in effect cutting off hippie-type families); and that minors over 18 years of age whose parents claim them as Federal Income Tax dependents will not be eligible.

Through our Department of Social Welfare, California has requested that the confidentiality requirement be modified to allow the department to notify parents when minors apply for food stamps. We will continue to work for additional reforms, and to restore a balance between the legitimate needs of our less fortunate citizens and those of the taxpayers.

It is good to know we have your support.

Sincerely,

WELFARE- Food stamps

S/R-H

2 pg. ltr. mar @ 15 tabs @ 45 & 69 Gold seal, 1 tissue, 1 green

Du tood Lange

cc's to HAK, EL, WMW,

5 min. ltr

January --, 1971

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Dear :

Your letter was but one of many from similarly concerned parents, and from others deeply disturbed about the rules governing the food stamp program. As a result, I instructed my staff and the Director of the Department of Social Welfare to take a searching look at the entire subject.

As in so many other instances involving our welfare system, the federal government formulates rules and regulations with which the states must comply to qualify for funds. Nevertheless, we are determined to leave no stone unturned to eliminate abuse in the food stamp program. One such abuse is the participation by students. I have directed the State Department of Social Welfare to submit to the U.S. Department of Agriculture an amendment which would restrict food stamps to those registered to seek employment and available for full-time employment.

A look at some background information may shed light on the magnitude of our problem. The food stamp program was established by the U.S. Department of Agriculture for the threefold purpose of aiding the farmers, boosting the economy, and improving nutrition for the needy. The federal government provides 100% of the funding; the state contributes the services of a small staff.

The state's regulations must be either based on federal regulations, or on policies proposed by the state but approved by USDA. Thus the state cannot, without USDA approval, change its regulations to prevent abuses or inequities. For example,

our Department of Social Welfare attempted in the past to add a work condition amendment to prevent the "voluntarily unemployed" from receiving benefits, and to delete the confidentiality requirement to allow parents of minors to be notified if their child applies for food stamps. To date, these amendments have not been approved.

All states, including California, have proposed many changes in the program, but with singular lack of response from USDA. How-ever, we are determined more than ever to bring about changes. One of our highest priorities during this legislative session will be to restore a balance between the legitimate interests of our taxpaying citizens and those of the genuinely dependent welfare recipient.

It is good to know we have your support.

Sincerely,

RONALD REAGAN Governor

HAK:--

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February 15, 1972

Dear ---:

Thank you for giving me the opportunity to comment on my position with regard to welfare relief and food stamps for members of striking labor unions.

I am very much concerned with recent court decisions and federal interpretations resulting in aid being given to such persons. It is my conviction that government should not involve itself in labor disputes, and that subsidizing strikers while they hold out against employers is morally wrong.

This administration has proposed legislation to preclude strikers receiving welfare benefits on two occasions—Senate Bill 852 during the 1970 Session, and Assembly Bill 1213 in 1969. Both measures were rejected by the Legislature.

Earlier this year, the State Social Welfare Board held public hearings and issued a report recommending that public assistance payments be denied to strikers. The State Department of Social Welfare adopted a regulation which became effective on July 1, 1971, concerning the portion of the AFDC program relating to unemployed parents to require that the parent be unemployed for 30 consecutive days prior to the granting of aid. This regulation should preclude many strikers from receiving public assistance. The Department has, in addition, held public hearings concerning the new proposed eligibility regulations which include a requirement that strikers will not be eligible for AFDC.

In administering the food stamp program, California is required to follow restrictive federal regulations. Unfortunately, the federal government prohibits denial of food stamp benefits due to voluntary unemployment.

We are taking all administrative action possible to curb this misuse of public funds. I appreciate knowing you share our concern on this issue.

Sincerely,

RONALD REAGAN Governor

EWT: --

Form approved by:

Form approved by:

2/15/72

Date

8/1/71

Rev. 4

Mar @ 15 tabs @ 16, 40 & 59

blue seal, 1 tissue, 1 green

March 22, 1973

Dear ---:

Thank you for giving me the opportunity to comment on my position in regard to welfare relief and food stamps for members of striking labor unions.

I am very much concerned with loopholes in the federal law which result in aid being available to persons on strike. It is my conviction that government should not involve itself in labor disputes, and that subsidizing strikers while they hold out against employers is morally wrong.

This administration has consistently supported legislation to preclude strikers receiving welfare benefits, including Senate Bill 725 and Senate Bill 846 during the 1972 session. Both measures were rejected by the Legislature.

In testimony before the U. S. Senate Finance Committee last year, I recommended that Congress mandate a provision by federal law prohibiting payment of aid to strikers by any state. Unfortunately, Congress did not pass such legislation. In response to proposed HEW regulations, California has recommended that HEW adopt a regulation which would prohibit all states from paying public assistance benefits to strikers.

The State Department of Social Welfare adopted a regulation which should restrict the number of strikers qualifying for welfare. A striker who applies for AFDC on the basis of his unemployment must actively seek other employment. If he is

March 22, 1973

offered his vacated job by his struck employer, he must accept it or he will be denied public assistance.

In administering the Food Stamp Program, California is required to follow restrictive federal regulations. Unfortunately, the federal government prohibits denial of food stamp benefits due to voluntary unemployment.

We are taking all administrative action possible to curb this misuse of public funds. If you haven't already, I hope you will let your state and national representatives know of your concern on this issue.

Sincerely,

RONALD REAGAN Governor

EWT: ---

Form approved by:

3/22/73

8/1/71

Mar @ 15 tabs @ 16, 40 & 59

blue seal, 1 tissue, 1 green

March 22, 1973

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Sincerely,

RONALD REAGAN Governor

EWT: ---

Form approved by:

3/22/73

8/1/71

Amote boost : will

# Cetters From The People

### The Poor' Reply To Reagan

Editor of the Bee — Sir: We, the people, (the poor people, that is) as a minute part of the voice of the poor on a nation-wide scale, would like to make our views known about the opinions expressed in a speech which was recently reported in your paper. These opinions, offered by our esteemed Gov. Ronald Reagan, must surely serve to widen the gulf of misunderstanding that already exists about welfare and other public assistance programs, and their use and/or misuse by recipients.

Is it not possible that the so-called "nightmare of fraud and abuse" that supposedly exists in the federal food stamp program, might be more aptly described in the "panty raid" terms mildly placed upon the indiscretions of the now famous and infamous Watergate affair?

Let us now ponder the question of 'whether 'tis more noble' to lie and cheat and hurglarize and cover-up, for the purpose of personal wealth and fame and political expediency, than to use the same practices for the purpose of providing food and shelter and clothing for your family?

How easy it is, on the one hand, to excuse or minimize as "pranks" the action of wealthy; while, on the other hand, hammering away at the "enormous amount of fraud and abuse, supposedly being perpetrated by the poor in their unquenchable lust of wealth and gain. Surely if we were as worldly

wise in these tactics as we are purported to be, we could use these talents to far better advantage — even to the extent of becoming politicians!

Further on in the speech, we cannot help but compare the villification heaped upon the poor gold prospector of today, who had the unmitigated gall to apply for — and receive — food stamps, with the honor and homage paid to those original gold prospectors, who played such a great part in shaping this state's destiny. Had this present system beeen in effect during that earlier "gold fever" period, no doubt most of the original prospectors would have been forced to rely on food stamps or face starvation.

The final indignity comes in the reference to the "able bodied fellow" buying T-bone steaks with food stamps our taxes have paid for". Whose taxes? It's just possible that the food stamp user, during his years of labor, has paid more in taxes, and may even now be paying more in taxes than that high elected official who is well remembered for his "taxes should hurt" observation. He should, rather, be glad that someone can afford to buy T-bone steak, so that cattle investments can become sufficiently profitable for taxes to hurt.

We did notice, however, a profound silence on the subject of welfare for the wealthy — better known as subsidies. What of the millions of dollars of tax money that are being spent to subsidize the wealthy individual and corporate farmers so that their virgin acres will have no need to give birth to crops? Maybe they should consider such a subsidy to encourage birth control among the poor. We are always being accused of having children for profit — in the form of bigger welfare checks — so why not payment based on the number of children we don't produce? Or are children less important than crops?

Space will not permit even mention of the various other forms of subsidies available to the wealthy, but I'm sure it would be most interesting to prepare statistics for making comparison of the costs involved and the individual gain. We'd gladly exchange our welfare for theirs!

In closing, we would like to pose this question to all candidates for election to public office, regardless or political party — Where do you stand on the problems of the poor? You would do well to remember the words of Jesus, "the poor you have always with you". And remember, too, that a poor man's vote counts for just as much as a rich man's vote. We are fast awakening to that fact, and are determined that our votes will go, where they may be counted on to improve our opportunities in this "land of opportunity".

Rev. J. H. George, President, California National Welfare Rights Organization: Sacramento. Welfare: Strikers

Rev. 6

Mar @ 15 tabs @ 16 & 40 & 58 blue seal, 1 tissue, 1 green

February 20, 1974

Dear --:

Thank you for giving me the opportunity to comment on my position in regard to welfare relief and food stamps for members of striking labor unions.

I am very much concerned with loopholes in the federal law which result in aid being available to persons on strike. It is my conviction that government should not involve itself in labor disputes, and that subsidizing strikers while they hold out against employers is morally wrong.

This administration has consistently supported legislation to preclude strikers receiving welfare benefits, including Senate Bill 725 and Senate Bill 846 during the 1972 session. Both measures were rejected by the Legislature.

In testimony before the U. S. Senate Finance Committee in 1972, I recommended that Congress mandate a provision by federal law prohibiting payment of aid to strikers by any state. Unfortunately, Congress did not pass such legislation. In response to proposed HEW regulations, California has recommended that HEW adopt a regulation which would prohibit all states from paying public assistance benefits to strikers.

The State Department of Benefit Payments adopted a regulation which should restrict the number of strikers qualifying for welfare. A striker who applies for AFDC on the basis of his unemployment must actively seek other employment. If he is

offered his vacated job by his struck employer, he must accept it or he will be denied public assistance.

In administering the Food Stamp Program, California is required to follow restrictive federal regulations. Unfortunately, the federal government prohibits denial of food stamp benefits due to voluntary unemployment.

We are taking all administrative action possible to curb this misuse of public funds. If you haven't already, I hope you will let your state and national representatives know of your concern on this issue.

Sincerely,

RONALD REAGAN Governor

EWT: ---

Form approved by:

2/20/74

8/1/71

Win Food Stamps

# Food Stamps And Revolution

The REGISTER Wednesday, May 22, 1974

Fire + Police Rarch assoc of 1 H

By MARY K. SHELL Capitol News Service

SACRAMENTO—How are the revolutionaries going to eat after their revolution—after they do away with the establishment?

According to testimony of a former member of the-Revolutionary Union in San Jose, many of these militant Maoists calling for the violent everthrow of the U.S. government "would starve" if they didn't have U.S. government food stamps.

These are the food stamps provided with your tax dollars. In California the food stamp program will cost about \$329 million this year. That's about \$16 from every man, woman and child in the state. In other words, if you're part of the establishment you are helping to pay for your tax demise.

Is this just a handful of radicals who should be ignored? After hearing testimony from former members and others involved in these bay area groups, the House Committee on Internal Security concluded that the Revolutionary Union and the Venceremos organization "constitute a potential threat to the internal security of the United

States." The committee noted the organizations have trained members in the use of firearms and explosives to be used under anticipated guerilla warfare conditions.

"Included in their organization is a 'secret apparatus' intended for completely illegal activites—assassinations, Nobberies and sabotage," the committee report states.

The Revolutionary Union, erganized in 1968 in the San Jose area, spawned the militant Maoist Venceremos group, which has attracted young men and women from all races. Last year, it was reported the Venceremos were disbanding, but a former member testifying recently before the State Senate Subcommittee on Civil Disorder said the members have simply regrouped into small cadres, including the Symbionesa Liberation Army. which has taken credit for the murder of Oakland school superintendent Marcus Foster and is involved in the Patty Hearst kidnapping.

The use of food stamps by the revolutionaries was revealed in testimony heard by the House Internal Security Committee. Two witnesses who provided detailed information on activities of the Revolutionary Union in the bay area testified that most members of the organization received food stamps.

"If it wasn't for food stamps, they wouldn't eat," one witness stated.

"They would use these food stamps; if one household of people would have some left over they would share them with another household. They would sell them for cash if they needed cash."

All Californians receiving money from the Aid to Families with Dependent Children program are eligible to receive food stamps. In addition, any individual (regardless of age) who can convince a local welfare department has or she has limited resources also is eligible to participate in the food stamp program.

According to the Department of Social Welfare, approximately 421,000 individuals are receiving food stamps in California this year.

There is no breakdown available on how many of these recipients are students. But nothing in the program prevents a 17 or 13-year-old runaway or student living away from home from getting

a monthly allotment of food stamps—even though he may be driving a 1973 Porsche 911 that Daddy bought.

Any person who can provide he has a monthly net income of \$125 or less is eligible for food stamps, which means he can purcahse about \$42 to \$49 worth of stamps for zero dollars up to \$32, depending upon his income.

The net income figure is arrived at by subtracting ordinary paycheck deductions, plus any amount over \$10 for medical care, any amount for extraordinary expenses and a certain percentage of money paid for shelter costs.

Grocers are reimbursed with federal funds, but 68 percent of the costs of administering the stage program are borne by California's taxpayers. In California, this year, the program is costing about \$939,000 to administer. Your federal taxes pay for about \$325,000 for that amount and you pick up that balance with your state taxes.

This federal-state program should assure that no American will go hungry.

This is the government and the system that these revolutionaries want to overthrow and replace with their brand of Maoism. To: Work Session Members

From: Edwin W. Thomas

Administrative Officer to the Cabinet

WORK SESSION, THURSDAY, MAY 23, 1974, 10:00-11:30 am.

#### Decision Issues:

HW 74-16

The need for federal legislation to be enacted prior to July 1, 1974, to permit California to continue the cash-out of Food Stamp Program benefits for adult welfare recipients in such a way that all such recipients will continue to be ineligible to receive food stamps.

06

Recommendation: The Administration should assist in obtaining urgently needed federal legislation to avoid a costly administrative nightmare which will occur beginning July 1, 1974, under Public Law 93-86.

<u>Decision:</u> The following courses of action were recommended for approval by the Governor:

- 1. Secretary Jenkins is to contact Cap Weinberger, following up the Governor's conversation with him and set up meetings for Health and Welfare staff to meet with HEW officials.
- 2. The Governor will send a letter to the President, Governors, California Delegation and other key personnel. EWT will transmit the letters as soon as they are developed.
- 3. Health and Welfare Agency will prepare a briefing paper for the Governor's use at the National Governors Conference.

AS 74-16

Pool Vehicle Mileage Rate

Recommendation: Effective July 1, 1974, the mileage rate should be increased an average 1.8% per mile. The current rate per mile is insufficient to recover costs of operation as a result of sharply increased costs of petroleum products.



Decision: Recommend approval by the Governor. Increased costs will be absorbed by the departments. Financial hardship cases will be returned to Cabinet. Larry Robinson should be invited to a planning breakfast to discuss the whole logistical problem, and discuss what stringent controls could be developed in the remaining months of this administration.

#### CABINET ISSUE MEMO

. DECISION DISCUSSION X

: Governor Ronald Reagan

DATE: May 22, 1974

FROM: Health and Welfare Agency

Signed by

Originated by

Signature - Title, Dept.
David B. Swoap, Director
Department of Benefit Payments

Need for federal legislation to be enacted prior to July 1, 1974 to permit SUBJECT: California to continue the cash-out of Food Stamp Program benefits for adult welfare recipients in such a way that all such recipients will continue to be ineligible to receive food stamps.

ISSUE: Federal legislation is urgently needed to avoid a costly administrative nightmare which, under Public Iaw 93-86, will occur beginning July 1, 1974.

FISCAL

IMPACT: If no federal legislation is enacted prior to July 1, 1974, an administrative nightmare will ensue on that date with General Fund costs estimated at \$21 - \$32 million for fiscal 1974-75.

DISCUSSION: When Public Law 92-603 (HR-1) was enacted on October 30, 1972, it precluded any SSI/SSP recipient from receiving Food Stamp Program benefits. States were allowed instead to provide cash in lieu of food stamps at federal expense. California was one of five states that subsequently acted to provide these cash-out benefits.

6. August 10, 1973, Public Law 93-86 was enacted amending the cash-out concept. While the cash-out for all SSI/SSP recipients would continue at federal expense, some individual SSI/ SSP recipients would be allowed also to receive Food Stamp Program benefits. Determinations of food stamp eligibility (in addition to continued cash-out eligibility) would be almost unbelievably complex and expensive. To illustrate, if an aged SSI/SSP recipient applies for food stamps after July 1st under the provisions of PL 93-86, the county worker would need to do the following:

- 1. Compute hypothetical grants based on the now defunct December 1973 State plan for Old Age Security (OAS).
- 2. Compute hypothetical food stamp entitlements based on the hypothetical OAS grants.
- 3. Add the hypothetical OAS and food stamp benefits described above.
- 4. Determine future SSI/SSP entitlements.
- If the hypothetical "old" entitlements were greater than the new SSI/SSP entitlements, then go on to do another complete computation for future food stamp entitlements.

In all probability, these multiple, complex budget calculations will cost substantially more than the cash-value of the benefits that will be disbursed.

Public Law 93-233 was enacted (effective December 31, 1973) to suspend the awkward provisions of PL 93-86 for the six-month period ending June 30, 1974. If the Congress does not act before July 1, 1974, the provisions of PL 93-86 will automatically be effective on that date.

Currently before a congressional conference committee is another bill, HR 3153, which would further amend the cash-out provisions. However, our contacts in Washington, D.C. indicate ti action on this bill prior to July 1, 1974 is a virtual impossibility. If the bill

were to be enacted, the immediate problem would be averted because the status quo would be continued through June 30, 1975. On July 1, 1975, however, California's options under federal law would be reduced to two: (1) Reduce grants; or (2) Hold grants at existing levels by increasing State General Fund expenditures by an estimated \$57,000,000 during fiscal 1975-76. Existing state law will not permit reduction of aid grants. Therefore, if the cash-out of Food Stamp Program benefits is not continued, the state will be obligated to replace these federal funds, unless a state law is enacted permitting a reduction in grants.

We are continuing to work through our Washington, D.C. contacts to seek the drafting and passage of a new bill that will have the effect of continuing the suspension of the awkward provisions of PL 93-86 and allow the continuation of the cash-out of Food Stamp Program benefits.

# "I feel badly taking people's tax money."

Conto

would have to reapply. I'm afraid that if I go off, I won't be able to get on again.

"The month I declared my income I had to turn in all my receipts for yarn and materials. Then they wanted to know my bus fare to the yarn shop. It took me two days that I could have been selling just to collect all the information.

"That work is seasonal. People don't come out to look at my wares when it's cold out. And sometimes I have to take a month off to learn a new craft that is selling well.

"When my children are home and I have to go sell, I take advantage of baby sitter exchanges. I'd like to find some other child oriented women to share a place with so it would be cheaper, but every roommate I've had has turned into a horror show. Either our kids don't get along or she rips off our food. One I had worked out really well because she wasn't on food stamps so she paid cash for the things we couldn't get on food stamps and we shared.

"I'm the first one in my family to get welfare and I feel badly taking people's tax money — especially taking money from a government I don't approve of. I used to have dreams about paying the government back but I know I never will. I'd like to get off welfare but I don't see how I can do that.

"I have no skills that could plug me into a good job and there's no time or money to learn now. I wanted to be with my kids when they were young to love them. I had them to have somebody to love and I felt a little guilty about that reason. Now I know it's the most natural thing in the world.

"I have to laugh when I hear people saying that welfare mothers support their boyfriends. I haven't had time for a date in almost two years and even if I had a boyfriend, there's no money left over to support him. Let me show you a picture of my children. You'll see why all this struggle is worth it."

# Grand Jury Urges Extra Welfare Aid, End to Food Stamps

BY WILLIAM FARR

Cancellation of the federal food stamp program was suggested in a report released Saturday by the 1973-74 Los Angeles County Grand Jury, which recommended instead that additional money for groceries be included in monthly checks mailed to welfare recipients.

"If this program were phased out, there could be a savings to the county of \$16 million yearly in administrative costs," said Samuel Sherwin, chairman of the grand jury's Department of Public Social Services Committee.

It was reported that the county now employs 1,700 people for local administration of the food stamp program.

The grand jury pointed out that food stamps were originated to assist in the distribution of a government surplus food supply, and to insure that food stamps be used for the purchase of food only and not for such items as liquor and tobacco.

"The surplus food supply is nonexistent now," said Sherwin, "and experience has shown that there has been an increased trend to discount the food stamps for purchases of liquor and tobacco."

He said authorities also found evidence of illegalities in the food stamp program, including widespread filing of fraudulent claims, thefts of stamps and misappropriation of funds from issuing centers.

A report prepared by Sherwin's committee mentioned that foed stamps already have been discontinued in the program for aid to the aged, blind and disabled.

#### Raps Smoking Bill

Editor, The Union: One of the worst bills to pass the California State Legislature this session has got to be Senate Bill 71 which legalizes pupil-smoking in public high schools.

This legislative act epitomizes the evils of permissiveness in the upbringing of modern youth. The idea of pupil-smoking rooms in the public school buildings of California represents the naive reasoning of unrestrained liberalism at its worst.

After a long battle, public health officials have recently prevailed on the Congress and the Federal Trade Commission to outlaw the advertisement of tobacco products by television and radio stations and to explicitly warn smokers of health hazards. Now our Legislature seeks to legalize and glamorize pupil-smoking on high-school campuses by allowing the creation of exclusive pupil-smoking clubs.

Citizens who believe Senate Bill 71 is a mistake in that it will encourage use of tobacco by high school youth to the detriment of public health and create as many discipline problems as it solves should write or telephone Gov. Ronald Reagan requesting him to veto SB 71, the act to legalize pupil-smoking within the public high schools of California.

RAYMOND E. VANDEGRIFF

2-8-74

Director Save Our Neighborhood Schools Committee

# Metro Page

The Sacramento Union

Wednesday Morning, July 10, 1974

Page 3

# Shake-up Urged In Food Stamps

United Press International

A high-level Reagan administration official Tuesday urged a "large scale reform" of the federal food stamp program to eliminate duplication and "out-of-sight" administrative costs.

costs and abuses of the program.

"WE ARE URGING the same large scale reform of the AFDC families with dependent children."

Philip J. Newlin, chief deputy director of the Department of Benefit Payments (formerly Department of Social Welfare), said much of the reform must be made at the federal level.

THE STATEMENT came on the heels of a Los Angeles grand jury report recommending that the food stamp program be abolished and that instead additional money be included in welfare payments.

The \$50-million-a-month program in California serves about 1.3 million persons. The figure does not include administrative costs. Recipients pay in about \$25 million to purchase the food stamps.

Newlin said his department's experience with the stamp program "generally bears out" findings of the Los Angeles grand jury.

Newlin said a state-county task force he chaired early this year uncovered examples of excessive administrative costs and abuses of the program.

"WE ARE URGING the same kind of large scale reform of the AFDC (aid to families with dependent children) program that was undertaken in the Welfare Reform Act of 1971," Newlin said. "We are making whatever improvements we can, but federal regulations have us hamstrung most of the time.

"For example," he said, "we can't even revise a standard form without advance approval of the U.S. Department of Agriculture."

The grand jury pointed out that food stamps were originated to assist in the distribution of a government surplus food supply.

"The surplus food supply is non-existent now," said Samuel Shervin, chairman of the jury's department of public social services committee.

He said authorities also found evidence of illegalities in the food stamp program, including widespread filing of fraudulent claims, theft of stamps and misappropriation of funds.

# State Should Plug Food Stamp Abuses

urging reforms to plug the "appalling lack of accountability" in the food stamp program.

David Swoap, director of the Department of Benefit Payments, told newsmen at a Sacramento press conference that his recommendations for reform have been forwarded to Governor Reagan If initiated, Swoap said the recommendations could save taxpayers \$200 million in federal, state and county funds.

There are 1.3 million Californians receiving food stamps at a cost of \$420 million a year to the federal government. Nationwide, the growth of the food stamp program has been rapid. As recently as 1971, it cost only \$1.6 billion, but this year it is programmed for more than \$4 billion. The number of people receiving food stamps nationwide rose from 6.5 million in 1970 to 13.6 million at latest count.

REFORMS TO save taxpayers' money are particularly welcome at this time, when spiralling food costs are pricing many staple food products beyond the reach of the average wage-earner. Food stamps (food dollars bought at discount) artificially increase the supply of food purchasing power and therefore contribute to price rises, as more money competes for the same amount of food commodities.

It may be argued that the demands on food staples are not affected by the amount of food stamps issued because people must have the bare necessities, stamps or no stamps. That may be true in theory, but in actual practice, we suspect that stamps do get into the

California's welfare chief is hands of the undeserving and contribute to the inflationary trend.

> FURTHERMORE, the laxity in the food stamp and in other public aid programs in the state encourages migration into California and contribute to the population pressures that are taxing our schools and housing facilities. Experts are predicting that California's current population of 21 million can double, to 43 million, in the next 45 years. That figure is predicated on an annual migration of 150,000 into the state.

Reforms in the food stamp program should not, and we are sure, will not victimize or harass individuals and families who are deserving. But a crackdown is overdue on the well-to-do or the children of the well-to-do who find loopholes to cash in on the program while the elderly and the moderate income families do without to stretch the inflated dollar.

MR. SWOAP'S recommendations include tightening of eligibility requirements for college students who are receiving food stamps, more accountability and stricter control to insure that the stamps are reaching their proper destinations.

The public must depend on state and county officials to crack down on abuses in this field because individual citizens are in no position to help spot violations.

WHENEVER WE see others in the grocery line paying for cartloads of fruits, vegetables, and meat with food stamps, we have a right to some assurance that they are more deserving than we of the public aid that we are helping to provide.



# Stamp Program Is Food How Accountable

last article in the food stamp series is an analysis of the Editors note: This third and BY PEGGY RUDNICKI Sentinel Staff Writer

the food stamp program in the United States Increasingly.

ber of government officials and trol," and submitted a report to has come under fire by a numlocal people who deal with the project on a day to day basis. Recently, David Swoap, director of the state's Departts, called California's food stamp program "out of conment of Benefit Paymen-

Noting its rapid growth over the past seven years, Swoap Gov. Ronald Reagan asking for a revamp of the entire project.

lacking in "accountability and administrative controls." This appears to be the case in

also labeled the program

Santa Cruz County.

In Santa Cruz and in many parts of California, according to Swoap, food stamp abuse is

He mentioned the case of a seven-member family in Riverside County with and \$11,000 annual income living legally on food stamps and added that in food stamps and added that becoming a critical problem.

many areas, such as Santa Cruz, Humboldt, Medocino and Monterey, there was a high incidence of young people subsisting on food stamps while living in communes.

program. In Santa Cruz just one unit of eligibility workers -- consisting of one supervisor and four workers - handled 1,386 recerlifications for the month of June

within 13 years. And with the 14

million people comes an almost

overwhelming amount of paper

work eligibility determinations and recertifications of those already receiving food stamp in addition to the new applications that come each

Store owners, postal clerks and others who deal with the program tell many stories of food stamp misuse.

Yet, this program, because of its large size and complexity, invites this type of problem.

and 250 cases each month plus

all the paper work that accom-

panies any government

(Continued on Page 3)

program.

According to Dorthea Latta, chief of welfare, special ser-

income on their

Under federal regulations, those who get the stamps for ree-those who declare no applications-must be recer-

month.

vices, each of her 21 eligibility workers handles between 200

> Once a quiet government project that involved only 50,000 people, the food stamp program has grown to include 14 million people in the U. S. annually

three to six months. This

presents a staggering amount

of work to those involved in the

is must be recertified every

In addition, all other recipien-

tified each month.

(Continued from Page 1) This type of workload makes

it virtually impossible to catch all instances of fraud that occur in the county

Recently Gladys Agnew, 37 and her husband, Roberts, 39 both of Scotts Valley, were brought to court on a welfare fraud charge after having received \$1,297 in food stamps with over \$20,000 in the bank.

It took more than nine months for the illegal payments to be discovered.

David Singleton, director of the Social Welfare Department in the county, called for a "sim-

plification of the food stamp process" as a means to reduce the incidence of fraud.

But more important than the abuse that occurs under the program is the regulation, built into the food stamp program by the federal government, denying senior citizens on welfare's new Supplemental Security Income (SSI) program, use of food stamps

While the new SSI program did raise seniors' incomes above that of the former Old Age Security program plus the \$10 bonus in food stamps there were getting, the loss of the stamps was critical to many seniors. "The small increase given by SSI, doesn't offset the value of stamps," said Connie Keefauver, office manager for Senior Legal Services in Santa Cruz. "They are in a worse position now than they ever were."

With rapidly rising rents and the inflation that has gripped the United States, many seniors are finding themselves in strangling situations.

Under SSI payment schedules, a single senior may -receive \$225 each month, while a couple over 65 can get \$460 per month.

Yet, while consumer prices continue tn to rise - four per cent for the month of June oldsters are having a hard time making it on their set incomes. The addition of food stamps could help seniors cope with spiraling prices.

Stories of older persons eating dog food because they can't afford meat are reported with increasing frequency, according to Keeafuver.

She also told of instances of senior citizens shoplifting items they can't afford.

Musi food stamp

"I've know old ladies who go to the store and slip a package of lunch meat into their purses because they can't afford to buy meat." she said.

"I've also seen older people staring hungrily at the meat counter, then turn and walk away because prices are so expensive," she said.

The addition of the elderly to food stamp roles would cost the state \$36 million per year—only wight percent of the total, according to Jim Rumble,

#### Collision

LINZ, Austria (AP) - Two local trains collided near here Monday and first reports said about 20 passengers were injured, five of them seriously. The cause of the accident was not immediately known.

attorney for the Senior Legal Services center.

Although there was a suit filed against the federal department of Health, Education and Welfare, designed to force HEW to include seniors under SSI in the food stamp program, it was later dropped by the defendan-

A compromise, which granted seniors a \$10 to \$12 raise in payments was granted.

In addition, Assemblyman William T. Bagley said he will sponsor legislation to give SSI recipients a cost of living raise, according to Robert Teets, attorney for the defendents in the senior's cast against HEW.

However, until the federal government takes a closer look at the expanding food stamp machine and considers some reform, the program will continue to be plagued with abuses and inequities.

> Santa Cruz, Calif. Sentinel (Cir. 5xW. 20,986 AUG 5 1974

DIM: food stamps

OFFICE OF GOVERNOR RONALD REAGAN
Sacramento, California 95814
Clyde Walthall, Press Secretary
916-445-4571
8-9-74

EMBARGOED FOR SUNDAY A.M. RELEASE (6 P.M. SATURDAY, AUGUST 10)

#446

Governor Ronald Reagan labeled the federal food stamp program "the newest nesting place for welfare abuse and fraud" in a Saturday night speech at the Young Republicans National Federation banquet in Stateline, Nevada.

Calling food stamps "a multi-billion dollar administrative nightmare" and a "staggering financial burden at the federal level," the California governor offered examples of a plan of action underway in his state to recommend to the federal government a list of more than 50 ways reform can be achieved in both the food stamp and Aid to Families With Dependent Children (AFDC) programs.

Along with the report, Governor Reagan said, will come a strong recommendation for immediate action in Washington. He did not indicate when the proposed reforms would be presented in the nation's capital.

The governor said many abuses and outright fraud in the food stamp program can be eliminated by federal action that would:

--Tighten up eligibility requirements. "Government--alone--is the cause of inflation. We must eliminate every area of waste and duplication."

--Establish reasonable regulations to ensure that only those who really need the stamps could get them. "Many taxpayers find it difficult to understand why a seemingly able-bodied and otherwise self-supporting individual can walk up to the grocery counter with a basket full of prime T-bone steaks and lay out free food stamps--while they (the taxpayers) are buying hamburger for their own dinners with hard-earned cash they have left after paying taxes to cover the cost of those food stamps."

--Set a minimum age for persons to receive stamps. "A 17-year-old student no longer desiring to live with his parents moved out and stays with a group of friends. He receives \$46 a month in free food stamps and five others in the same household are also drawing free stamps."

The forthcoming recommendations, Governor Reagan said, would, in some cases, require changes in state laws.

The governor agreed with U. S. Agriculture Secretary Earl Butz, who has said the administration of food stamps should be transferred from Agriculture to the Department of Health, Education and Welfare.

California alone would realize a savings of \$31 million a year in its costs, the governor said, through tighter administration and closer coordination of the program.

When the Federal Food Stamp Act of 1964 was passed following a small pilot project during the Kennedy Administration, the governor said, there were about 367,000 recipients and the cost was \$26 million. By next year, he said, the comparable statistics will be 16 million recipients and \$3 billion in costs.

In California, said Governor Reagan, taxpayers are contributing at least \$316 million this year toward the purchase of \$630 million in food stamps. And, he added, the administrative costs in his state have reached almost \$100 million.

# # #

1200 tood shamps

OFFICE OF GOVERNOR RONALD REAGAN Sacramento, California 95814 Clyde Walthall, Press Secretary 916-445-4571 8-9-74

RELEASE: SUNDAY A.Ms. AUGUST 11, 1974

PLEASE GUARD AGAINST PREMATURE RELEASE

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN
National Young Republicans
South Lake Tahoe, Nevada -- August 10, 1974

You can have faith in the Republican philosophy of fiscal common sense, limited government and individual freedom. Let me offer the experience of the past  $7\frac{1}{2}$  years in California to support that assurance.

A Republican administration replaced the Democratic administration which had been in power the preceding eight years and found the state was virtually insolvent---spending a million dollars a day more than it was taking in.

We instituted a program of "cut, squeeze and trim" which was immediately denounced by the majority party in the legislature. It is significant that, in 6 of the preceding 8 years, inflation was higher in California than in the rest of the nation. In 6 of the last 7 years of this Republican cut, squeeze and trim our rate of inflation has been lower than in the rest of the nation.

Even so, we had not been able to halt the runaway growth in welfare. A task force was appointed to find an answer. After almost a year's work they came in with the most comprehensive program of reform ever proposed anywhere.

The reaction was immediate. I was turned down in my request to present the task force plan to a joint session of the legislature. They blasted the plan as unworkable, said it would result in a \$750 million deficit and increase property taxes at the local level.

Other than that, they could not find much wrong with it. They became part of a Nationwide chorus crying that welfare should be turned over to the federal government entirely.

Now, 3 years and 5 months later, the case load is decreasing--not increasing--- and the decrease has been going on virtually
uninterrupted for those 3 years and 5 months.

There are more than 330,000 <u>fewer</u> people on welfare than when we started the reforms. At the same time the truly needy---those still dependent on public assistance---have received a 41 percent increase in benefits.

Still, we have saved the taxpayers between \$1 and \$2 billion. The burden, which our opponents said would be transferred to the counties, evaporated; property taxes have gone down in more than 40 of our 58 counties for two years in a row.

The government in Washington took several of our people who had been instrumental in developing the reforms and they have been working to help other states implement similar reforms.

Last year the number of people on welfare declined nationally.

Almost half of that reduction (47 percent) occurred in California;

most of the rest came in those states which have followed our example.

One of our reforms was an experiment we were permitted to undertake in 35 counties. It is, very simply, a community work project in which able-bodied recipients perform useful work in return for their welfare grants. Last year, through this program, we placed 57,000 of them in private sector jobs——this year it will be 85,000. But our opponents in the legislature are sponsoring legislation to kill the program.

They are tragically wrong, just as they were wrong when they said the reforms would fail and we would face a \$750 million deficit. We had an \$850 million surplus which we returned to the people in a one-time tax rebate.

We believe we have demonstrated that the cost of government can be brought under control.

But, we have also discovered that it is a never-ending battle. Welfare's excesses are like a double-jointed octopus with remarkable regenerative powers. When you wriggle free of one tentacle, another grows in its place and squeezes the public's purse strings a little tighter.

We intend to continue the battle, and tonight I am taking advantage of your hospitality to fire the first shot.

One of the fastest-growing spending programs at the federal level of government is the food stamp program, a part of welfare that is not even administered by the Department of Health, Education and Welfare.

Like most government programs, food stamps started small and were intended for a worthy purpose. A small pilot project during the Kennedy administration led to passage of the Federal Food Stamp Act of 1964.

We had a problem of agricultural overproduction and food stamps were viewed as a way of:

- (a) raising the nutritional levels of the truly needy poor
- (b) stimulating the nation's agricultural economy, and
- (c) making possible the distribution of farm food surpluses through normal retail food outlets.

No one can dispute those humanitarian and economic goals. But part of the reason for the program has ceased to exist---we no longer have an agricultural surplus. Indeed, the reverse is true. Still, as I have said before, a government program once launched is the nearest thing to eternal life we will ever see on this earth.

The noblest intentions in the world have a way of getting botched up when run through a governmental bureaucracy and this one is run through several.

Authority for its administration is so divided it is impossible to hold any one area of government accountable.

The Food Stamp Program has become a multi-billion dollar administrative nightmare, a staggering financial burden at the federal level, and the newest nesting place for welfare abuse and fraud.

At best, it is totally out of control and in need of a complete overhaul. At its worst, it is a massive ripoff of working taxpayers because it is their tax dollars which pay for food stamps.

When people who really should not be receiving this aid get food stamps because of legal loopholes and liberal eligibility standards, they are---in a moral sense---literally taking bread out of the mouths of the hungry.

Back in 1964, it was limited to about 367,000 recipients and the cost was \$26 million. By next year, the figures will be 16 million people and more than \$3 billion.

Congresswoman Martha W. Griffiths of Michigan has estimated that, by 1977, about 60 million---or more than 1 in 4 people in this country---can be eligible.

In California alone, taxpayers are contributing at least \$316 million toward the purchase of some \$630 million in food stamps this year. It cost almost \$100 million in California just for administrative costs. Food stamps are rolling off the printing presses at the rate of \$20 million a day.

When we instituted our welfare reforms in California in 1971, we did not include the food stamp program because it is totally a federal program.

But because food stamps have become the fastest-growing part of welfare costs, and because of repeated instances of abuse and loose administration, we have had a new task force take a sweeping new look at welfare, including food stamps.

At a time when inflation is hurting everyone, many taxpayers find it difficult to understand why a seemingly able-bodied and otherwise self-supporting individual can walk up to the grocery counter with a basket full of prime T-bone steaks and lay out free food stamps---while they are buying hamburger for their own dinner, with hard-earned cash which they have left after paying taxes to cover the cost of those food stamps.

Food stamps have become a massive subsidy for some of the exotic experiments in group living you have read about---what the sociologists call the underground culture.

Taxpayers have another name for them, particularly those who find fault with the so-called Establishment while they live off the tax dollars a compassionate society provides to feed the hungry and helpless who have nowhere else to turn for help.

If this sounds harsh, let me point out that it is possible, under federal eligibility rules, for a family of four not on welfare with an income of \$10,000 a year or more to qualify for food stamps.

One out of every four persons receiving food stamps in California is not on welfare and many could not qualify. The fact is that the administration is so loosely delegated and the standards of eligibility so liberal, the food stamp program is generating social problems of its own, encouraging irresponsible and what we used to call delinquent behavior among young people. Instead of solving problems, it is causing problems among families and in the society which it is supposed to be serving.

A 17-year-old high school student decided he no longer wanted to live with his parents. So he moved out and stayed with a group of friends. He receives \$46 a month in free food stamps and five other people in the same household are also drawing food stamps.

Many college students legally obtain food stamps because they live away from home. Under the rules, attending school half-time excuses them from work requirements imposed on the less fortunate whose main problem is unemployment, age, an inadequate pension or illness.

What do you say to an irate father in another state who phones to tell us he earns \$100,000 a year and is sending his son to college in California? He wants to know why we are giving his son food stamps. All we could tell him was that food stamps are a federal program and the rules are established in Washington.

Some publications, published in California and elsewhere, have printed detailed instructions to students on how to take advantage of the eligibility loopholes in order to qualify for food stamps.

Some of the same types of abuses we found in our original welfare reform investigation are turning up in the food stamp program.

One woman was declared ineligible for food stamps because she owned personal property worth more than \$1,500 in value. So she transferred the property to a relative and the helpless eligibility worker was forced to certify her as qualified for food stamps. She was legally eligible. Other cases involve outright fraud. Sometimes we can catch this, but it is not easy.

One couple obtained more than \$5,000 work of food stamps over a 27-month period by failing to report more than \$20,000 in personal earnings and another \$20,000 income from a business they owned. In that case, the man was convicted of theft and is making restitution.

Strikers are exempt from the work requirements imposed on the truly needy and thus qualify for food stamps.

In fact, food stamps and other forms of welfare have become a major part of the resources available to striking workers and undoubtedly have prolonged labor disputes. This is a major public policy that demands attention at the federal level if government is to play its traditional neutral role in labor-management disputes.

Because of these abuses and others like them, California is drafting a report, along with a list of more than 50 specific, detailed recommendations for reform in both the food stamp program and in the federally mandated A.F.D.C. program.

We soon will be submitting this report, along with a strong recommendation for immediate action in Washington.

The abuses and the outright fraud in the food stamp program can be eliminated by tightening up the eligibility requirements, by establishing reasonable regulations that will make certain that food stamps are legally available only to those who really need them.

One thing we must do is to establish a minimum age for qualifying for food stamps. They should not be allowed to become a means by which runaway youngsters can leave home at taxpayer expense and in defiance of their own family.

At present, the Agriculture Department has the responsibility for administering this program; indeed it consumes two-thirds of that department's budget. Secretary of Agriculture Butz has publicly declared he would like to see the program transferred to the Department of Health, Education and Welfare. We agree. Food stamps are not only welfare, they have become the fastest-growing part of welfare.

We need tighter eligibility standards; closer supervision to prevent counterfeiting or theft of the stamps while they are in transit; and a top-to-bottom streamlining of the administration of this program to bring it under control and guarantee to the taxpayers that food stamps are going only to those who really deserve and need this form of assistance. We believe a closely coordinated and tighter administration could save \$31 million a year in California state costs alone. And that would be only a fraction of the overall savings.

The recommendations we are proposing require action at the federal level and in some cases, changes in state laws. Our report will deal with both these areas.

Government---alone---is the cause of inflation. We must, therefore, eliminate every area of waste and duplication.

No government is ever justified in spending a single dollar more than necessary for legitimate functions. And no government should ever tolerate abuses, legal or illegal, that not only defraud the people government is trying to help, but increase the taxes of those working citizens who finance our efforts to help the poor, the aged and the infirm.

Operating efficiently, at the least possible cost, is the only way to balance the budget and bring inflation under control. We believe that is what government is supposed to do. And we think we have demonstrated in California that it can be done.

# # # # # #

(NOTE: Since Governor Reagan speaks from notes, there may be changes in, or additions to, the above quotes. However, the governor will stand by the above quotes).

Richmond, Calif. Independent (Cir. D 33,902) AUG 1 9 1974

Allen's P. C. B. Est. 1883

#### Editorial

# Curb the food stamp ripoff

We are delighted that a report from the Governor's office to Washington will soon pinpoint 50 specific recommendations for tightening up on and thus reducing the open scandal of the food stamp ripoff, whose dimensions in California are staggering.

The food stamp swindle, being a federal boondoggle, is almost entirely out of the control of Sacramento, but Ronald Reagan's cost conscious, welfare reform-minded administration has at least gathered the data on the dimensions of the monstrosity:

In California alone, taxpayers are contributing at least \$316 million toward the purchase of \$630 million in food stamps this year. Administration of the program costs \$100 million in California alone and food stamps are rolling off the printing presses at the rate of \$20 million worth per day.

We have been witnesses, locally, to scene after scene in which ablebodied food stamp users are filling their food baskets with prime meats and top quality foods while the truly less fortunate — working men and women who may not qualify for the food stamp largesse for which they are paying — must make do with less quantity and less quality.

Numerous cases of food stamp abuse and fraud have been detailed in California, but again it is the looseness of requirements and administration, rather than actual fraud itself, which is at the root of the problem.

No one quibbles with the origi-

nal intent of the program — raising nutritional levels of the truly needy poor, stimulating the nation's agricultural economy and making possible the distribution of farm food surpluses through normal retail food outlets.

Like every other federal nightmare, this one grew from modest beginnings and good intentions to enormous dimensions and easy evasions of the original intent:

When it began ten years ago, the federal cost of the food stamp program was about \$26 million and involved 367,000 recipients. By next year, the figures will be \$3 BILLION and 16 million people. By 1977 one out of every four people would be eligible for the program unless requirements are greatly tightened up.

It is possible even now for a family of four not on welfare and with an income of \$10,000 a year or more to qualify for food stamps. Runaways, students living away from home, even part-time students, striking laborers, and many other classifications of people are eligible for food stamps whose use, quite literally, is stealing the bread from the mouths of the truly needy.

At a time when runaway inflation is hurting everyone, wholesale abuses of the faulty, poorly administered food stamp program are triply hurtful. We support Sacramento's best efforts at bringing to the federal level the awesome details of this scandal and hope the new regime in Washington will respond according-

一种语言 () 相独。

Valiejo, Calif. Tion of Heroid P. C. B. Est. 1838

... EDITOR: In regard to Gov. Reagan's -comments concerning the food stamp program carried in the Tribune Aug. 11, and th I would have to say that he is probably right in that the system has room for improvement. But to imply to the readers that anyone they see using food stamps is "ripping them off" is unfair to a great number of citizens. I'm referring to senior citizens and persons receiving Social Security benefits; monies which they have worked for most of their lives. They receive \$10 worth of "free" stamps, but these are "bought" for \$29 dollars a month, giving a person \$39 dollars worth of food stamps.

As far as lowering State costs, it would seem somebody benefited from the last Social Security raise. It was to raise benefits 11 per cent, I believe. But at the same time state supplemental income was cut back, resulting in no higher income than before.

> JAMIE FLORES, Framant

# Keagan and Food Stamps

The government's free food stamp plan came in for a blistering attack from Gov. Ronald Reagan last week which he labeled as the "newest nesting place for welfare abuse and fraud" on the federal level. He said he is going to propose at least 50 ways to reform not only the food stamp giveaway, but also the Aid to Families with Dependent Children Program.

Reagan said that while some of the reforms will call for a change in state laws, California would realize a savings of \$31 million a year through tighter administration and closer coordination of the program.

He wants the federal government to do four things which he maintains will save billions of dollars. In California, he said, the taxnayer now contribute at least \$316 million a year toward the purchase of \$630 million in food stamps. Almost another \$100 million is used for administrative costs under the con ... t plan.

The governor is asking for tighter eligibility requirements on the federal level, the establishment of reasonable regulations to ensure that only those who need stamps will get them, the setting of a minimum age limit for persons receiving stamps, and moving the food stamp program from the Department of Agriculture to the Department of Health, Education and Welfare.

Reagan told the Young Republican National Federation meeting in Stateline, Nev., that the program, started by the Kennedy administration, now has skyrocketed out of sight and still climbing. There were only 367,000 recipients then at a cost of \$26 million. By next year, he said, 16 million will be receiving the stamps at a cost of \$3 billion.

No one wants to deny the needy the bare essentials of life, but at the rate the plan is escalating, something must be done. Gov. Reagan is right in asking for tighter controls. To allow this program to grow uncontrolled is to court financial disaster.



#### Wire The Governor

The Editor, Sir:

Governor Reagan has less than five months to serve as governor of our state and I personally want to commend him for a job well done, particularly in the area of fiscal responsibility. The larger the state budget, the larger the amount each taxpayer has to contribute to make up the total aggregate maount needed to run California.

Last October an insidious piece of legislation reched Gov. Reagan's desk. This bill, SB 400 authored by Sen. George Moscone, D-San Francisco, would have mandated all public. school teachers to join a union as a condition of employment. Thankfully Governor Reagan vetoed this bill which had passed all the necessary committees and the full Assembly and Senate.

in the event this legislation had become law, within about two years after passage, it is sage to assume, each property owner's tax bill would have doubled to accommodate the dollar and cents demands of the teachers' union leaders.

A similar but INITIALLY weaker bill will undoubtedly reach the governor's desk by Aug. 26. It is SB 1857, Rodda, D-Sacramento, which would force each of the 1,150 school districts in California to have only ONE teacher organization as the sole bargaining agent to negotiate for wages and fringe benefits, etc. with the local board of education. This legislation would open the door to binding arbitration, agency shop (each teacher would be forced to pay a representation fee of approximately \$125 a year) as well as legalizing strikes by teachers. All this would usurp the rights of the people to control their school districts through their duly elected school board members.

Hopefully our fiscally responsible governor will veto again, but the best insurance for such a stance is to wire Governor Reagan immediately to please veto SB 1857 as well as to thank him for past good judgement in our behalf.

Betty Cordoba, Sherman Oaks

# County official favors eliminating food stamps for welfare recipients

The director of Riverside County's Public Social Services Department favors eliminating the food stamp program for welfare recipients and giving them extra money instead. Stamps would continue to be given to low-income persons, he said.

Paul Wiley made his comments against the background of recent criticism of the food stamp program by Gov. Ronald Reagan and David Swoap, director of the state Department of Benefit Payments, who said the program is being abused.

Riverside County Supervisor Al McCandless said he feels the program "should be done completely away with," but said also that he didn't think great numbers of people in Riverside County are getting food stamps who don't deserve them. "I think we do a better than average job of qualifying truly eligible people for the program," said McCandless.

Wiley, whose comments were made in response to McCandless, said his position is that of the National Association of County Officials and of the California County Welfare Directors Association, and that both groups "are trying to push this idea with legislators."

However, any changes in the food stamp program will have to come as the result of new rules adopted by the federal Department of Agriculture, which administers the program, said Wiley. Changes cannot be made at the county level, he said, and noted that "the Department of Agriculture has shown absolutely no interest in making any changes, so the change I favor is not going to happen right away."

McCandless said his reasons are that "the structure of the program doesn't really represent the intent.

"It was designed to take advantage of surplus foods, and improve nutrition for low-income people, but now acts as an additional subsidy to the assistance grant. Individuals using food stamps don't buy what's in the best interest of the family, either through lack of knowledge or some other reason.

"If you have a large family and a restricted budget, it would appear you would buy things that stretch the budget and give good nutrition.

"But it is a sensitive issue. How do you tell someone they should not buy a sirloin steak but a roast, or that they shouldn't buy Sara Lee cakes."

Wiley said he didn't think food stamps should be completely phased

out because they are needed by lowincome people who are not on cash assistance grants.

"But raising the grant for people

on assistance would greatly benefit mothers of school-age children who in September can't buy food stamps and school clothes for their children at the same time."

"They need more leeway to spend money as its needed," he said.

Administrative costs would drop, he said, "since it's cheaper to make out a larger check than process a whole new food stamp application." He said he did not have a specific figure for the amount to be saved.

McCandless said he would prefer to see assistance grants raised to a level to allow families to purchase enough food to feed themselves without the need for the stamps. He said he didn't think the bureaucracy involved with the program is worth the benefit received.

In his recent criticism, Swoap said there is "an appalling lack of accountability, an appalling lack of administrative controls" in the state's food stamp program.

Swoap's statements were based on information contained in a recent study of the food stamp program in the state. Contents of the study have not yet been released to the public and a spokesman at Swoap's office said the report would not be made public until the end of the month.

But Swoap said one of the abuses uncovered in the study is that eligibility for college students is not tight enough, that they need not account for money received from their parents when applying for food stamps.

Between 200 and 400 students in Riverside County receive food stamps, according to Don Charboneau, coordinator of the food stamp program.

He said all are asked to report the extent of support by their parents, and parents are contacted for verification.

Swoap has said reforms in the state's food stamp program could save \$200 million a year.

The projected cost of the pro-

gram in Riverside County for 1974-75 is \$613,836, of which \$228,180 is county money for administration. Other costs are borne by the federal Department of Agriculture which sponsors the food stamp program.

Earlier this month, Reagan said the food stamp program has become the "newest nesting place for welfare abuse and fraud." He called it a massive "ripoff of the taxpayers" which is in need of a complete overhaul.

Wiley said the department has no evidence that there are large numbers of people buying non-nutritional foods. However, he said "there certainly needs to be more done in the area of nutrition to help families attain good nutrition."

Reagan in his attack on the program also took issue with what he said food stamp users purchase. He contended taxpayers find it difficult to understand food stamp recipients buying T-bone steaks when the taxpayers buy hamburger because they can't afford steaks. He did not cite specific examples.

Charboneau said, "If a person is eligible for food stamps, are you going to restrict what he buys? That's a whole new ball game."

Supervisor Norton Younglove expressed the view that "government is getting overbearing when it tries to tell people they're not shopping wisely."

He said he thinks the program is a good one as "it makes it possible for low-income people to do more" with their money. I'm sure most of the stamps go for food as they're supposed to."

Supervisor William Jones said he is of the opinion that misuse of food stamps is no more than can be expected. You can never eliminate all abuses."

Supervisor Donald Schroeder said "our county seems to be pretty clean as far as the operation of the program."

Alcoholic beverages, paper products and non-food items except seeds may not be bought with the stamps.

Interviews with several food stamp users indicate little dissatisfaction with the program.

cont.

## Offshore Oil Drilling Inevitable, Energy Chief Tells California

LA SIMES BY ROBERT A. ROSENBLATT 8-30-74

Federal energy chief John Sawhill said Thursday that extensive oil drilling off the coast of California is inevitable, and chastised Californians for trying to preserve their environment at the expense of people in other states.

"There is oil and gas in California and it will be developed," Sawhill said flatly at a news conference.

The location and extent of drilling will depend on where the major oil fields are found, he told reporters at the Greater Los Angeles Press Club.

"Under the proper environmental controls, we've got to do offshore

drilling," he said.

Sawhill said each region of the United States must participate in energy development, a thinly veiled criticism of the vocal opponents of offshore drilling near the Atlantic and Pacific coasts.

The federal energy chief said it's "unfair" for the people of Colorado and New Mexico to sacrifice their environment for the people of Cali-

tornia.

(Colorado has huge deposits of oil shale, which can be crushed and converted into crude oil. New Mexico has large coal fields. Southern

California is drawing some electricity from Southwestern power plants fueled by New Mexico and Arizona coal.)

Sawhill complained that "everybody wants more (energy), but nobody wants the more to come from their area."

> New England must participate in offshore drilling, too, he told reporters.

Sawhill was asked repeatedly about the government's response to local opposition in California to offshore drilling. He said public opinion would be considered, but in sisted that offshore drilling will

take place.

California Atty. Gen. Evelle Younger and the state Coastline Commission filed suit earlier this month seeking to stop federal plans to lease drilling sites along an 80-mile stretch of California coast. The area covers 1.6 million acres extending from Santa Barbara County south to Dana Point. The suit said the U.S. Interior Department has not com-

pleted an environmental impact statement required by a 1969 federal law.

Sawhill didn't refer specifically to this lawsuit at the news conference, but he said offshore drilling will proceed after the government does the "necessary environmental studies."

The head of the Federal Energy Administration said he favors opening the Elk Hills naval reserve in addition to increasing off-shore drilling.

Sawhill used the news conference to criticize two policy suggestions heard in Washington recently, a possible 10-cents-a-gallon increase in gasoline taxes, and an end to controls on the price of crude oil. Either measure would force consumers to pay higher retail prices.

The White House has said both ideas are under active consideration. However, Sawhill suggested that neither policy will

be adopted.

The energy chief said he met with Mr. Ford Wednesday night, and was instructed by the President to prepare an energy message for Congress. The President also asked for new conservation initiatives, Sawhill said.

At the Wednesday meeting, the President reaffirmed his interest in energy independence for the United States, Sawhill said: Project Independence, first advocated by former President Nixon last year, would increase supplies and reduce demand so the United States will be safe from an oil embargo by 1980.

Mr. Ford wants the comprehensive blueprint for Project Independence on his desk by early November, Sawhill said.

Later in the day, Sawhill repeated his advocacy of offshore drilling in a speech before a Long

## food stamps cont.

Some, like Nancy Morse, a student who applied for food stamps after losing her job, thinks the program is a boon to those on limited incomes. She said "there needs to be more money allotted to people because it's just not enough."

She said, with the current high cost of food, the stamps don't buy as much as they should. But, she said "the welfare people have been just great, they do the best they can with

what they have."

Mary Jobe, a mother with four children, said not having food stamps would "affect me really bad. Food is

a big expense.

"Without the stamps, I would probably think about a garden or organizing a food co-op and I would probably have to eliminate meat altogether."

She said her only complaint is that change for less than 50 cents is given in the stores' own chits rather

than in money.

Florine Sanders and her husband David are two of the approximately 125 families who get food stamps free. David Sanders is a student at the La Sierra campus of Loma Linda University. Florine, a housewife, doesn't work but looks after their three children, aged eight months, five and six years.

She said applying for food stamps meant contending with a lot of paperwork, but that she had no

major complaints.

The program has been operating in Riverside County since 1969. Only 2,563 households were getting the stamps then. The peak year was 1972 when 12,232 households were enrolled. Currently there are 8,000 food stamp households in the county.

Beach Chamber of Commerce luncheon on the Queen Mary.

His one-day visit to Los Angeles also included a tour of the nuclear power plant at San Onofre, and a solar energy project operated by Los Angeles Coun-

Sawhill, who emphasized at the news conference the need to conserve energy, traveled with his host, Supervisor James Hayes, in a blue Lincoln Continental.

NAW: food stamp.

SANTA CRUZ COUNTY \$ 9 Mere

# One Out of 10 Buy **Food With Stamps**

SANTA CRUZ - About one compared to 15,093 in July of out of every 10 persons in 1973. Santa Cruz County uses federal food stamps for grocer-would appear to be due to a

That means that more than 14,000 people last month bought \$544,843 worth of groceries with the food stamps - for which they paid \$174,024.

Food stamps are issued to of welfare rolls. individuals and families on a lies to buy food stamps on February of this year. discount.

Social Services Director David Singleton said 14.390 persons received the food stamps in July of 1974 as

Part of the drop in cases change in the system by which elderly persons are given federal and state assistance.

In January the federal government transferred all elderly welfare recipients onto social security rolls instead

This caused a dramatic basis of need. The eligibility drop in the number of welfigured out by the County De-fare assistance cases in the partment of Social Services adult category. A drop of allows individuals and fami-about 1,000 cases occurred in

> The number of persons getting the food stamps traditionally shows a drop in the summer months partly because some university students are eligible for food stamps because they are living on small incomes while going to school.

The people who are eligible for food stamps are given certificates, which they use at the post office to qualify for purchase of the food stamps.

The food stamps are then used as cash in grocery stores, which report that roughly 10 per cent of their sales are made by the use of food stamps.

The stores turn the food stamps into their banks in much the same way as they would cash for deposit. The banks send them to a central banking agency for reimbursement by the federal government.

**NEARLY \$1 BILLION** 

# Trade Balance Deficit Increases

From United Press International and Associated Press

WASHINGTON - The United States imported \$728 million more in goods than it exported in July, pushing the nation's trade balance almost \$1 billion in the red for tne first seven months of the year, the Commerce Department said yesterday.

The high cost of foreignproduced oil continued to be the chief cause of the deficit.

The United States now has run trade deficits in four of the first seven months of the year and the combined deficit totals \$983 million. This is well ahead of the \$823 million deficit for the comparable January-July period last

In 1973, the United States chalked up a \$1.7 billion sur-

#### OIL EXPENDITURES

Last month, the U.S. spent a record \$2.3 billion for petroleum products. The volume of foreign-produced crude oil and related products, 200 million barrels. also was a record for one month.

Overall imports rose nearly 5 per cent in July, faster than in the previous three months. Exports, on the other hand, fell 0.6 per cent after an unusually fast 10 per cent rise in June.

The \$728 million difference in the July imports value of \$9.04 billion, and exports value of \$8.31 billion was the steepest decline in the trade balance since May's \$777 million deficit plunge, which was the second biggest on record

#### FOREIGN INVESTMENT

Meanwhile U.S. direct in- 2) vestment abroad in 1973 rose 14 per cent to a total of \$107.3 billion. Most of the increase was attributed to higher reinvestment overseas of income earned by foreign subsidiaries.

The overseas money stayed there because of strong business conditions abroad, the 1973 devaluation of the dollar and higher profits for overseas oil operations, the Commerce Department said.

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9-5-74

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN
Sacramento Host Breakfast
September 6, 1974

This is the last time we shall break bread together under these same circumstances. It seems only yesterday, and yet it has been eight years since I first began telling you how much we had saved on paper clips. And I might add eight of the most exciting, challenging and personally satisfying years of my life.

I have learned many things. If you have an interest in genealogy, may I suggest a term in public office? It is the cheapest way you will ever find to get a thorough research of your family tree.

I have also learned that politics, which is often called the second oldest profession, has a great similarity to the first.

Over these eight years, as we have met at this Host Breakfast,

I have tried to give you something of a State-of-the-State report,

summing up where we are and where we hope we are going. Maybe it would

be more appropriate today to do something akin to Washington's

farewell address, but I won't.

Let me recap a bit. In our first meeting, I told you I did not know whether I had been elected governor or appointed receiver. It was the time of the Great Society and California had been caught up in the explosive growth of government's size and cost. New and glittering social reforms had been instituted on a buy now, pay later plan and "later" was already upon us. California was virtually insolvent, with outgo exceeding income by more than a million dollars a day.

The teachers' retirement system was an unfunded actuarial nightmare—a potential \$4 billion fiscal time bomb threatening every property owner in the state. The great Water Project was underfunded by several hundred million dollars simply because the original bond issue was based on what they thought the people would approve, not what the job would actually cost. Welfare costs and caseload had begun a space trip fueled by the prevalent Great Society philosophy.

The crime rate was soaring, but every effort to pass effective crime laws was stopped in a legislative committee imbued with the same philosophy and dominated by permissiveness.

State government needed a fresh, objective and analytical look at where we were, where we were going and how we expected to get there; an inventory as it were, of problems, programs and possible pitfalls. Many of you here participated in that objective analysis through the businessmen's task force, the first of many such efforts to utilize the most creative brains and talent in our state to solve California's problems.

Our goal then was to meet government's legitimate functions --without allowing new programs to proliferate;

-- to cut out all waste and duplication;

--to streamline government in every way we could so that the taxpayers would get a dollar's worth of service for every dollar spent. And if there were any dollars left over, to make sure they were returned to the people. This last, I might add, flies right in the face of a governmental mentality that regards a good tax dollar as one you spent yesterday. The first time we fought our way clear of red ink the then Director of Finance, Cap Weinberger, informed me we would have a \$100 million surplus. He was sure there would be more than \$100 million worth of spending proposals once the news got out. I said "Let's give it back to the people." He said: "It's never been done before." Well, an actor had never been governor before, so we did it in the form of a 10 percent rebate on your income tax.

That became the first of three such rebates --- one for \$250 million and last year's \$850 million surplus, which was returned by way of rebates in the sales and income tax.

We enacted the first comprehensive property tax relief program in our state's history; we have adopted special property tax relief programs for senior citizens; tax credits and deductions to help renters; cut the inventory tax in half and rolled back school tax rates this year in 55 percent of our state's school districts. This year, for the first time in 23 years, the average property tax rate in California declined.

I know the impact of this tax relief has been somewhat obscured and overshadowed by inflation. But we have made progress. A few years ago, California was fifth among the western states in average tax rates. We have now dropped back to seventh, even though many other states do not have all the different kinds of taxes we do.

At the end of the current fiscal year, the total tax relief enacted and put into effect during these past eight years will amount to more than \$5.7 billion.

And next January, the incoming governor of California will, for the first time in 22 years, inherit a balanced budget with a surplus instead of a budget deficit.

I would not want you to think I h ve forgotten about the paper clips and typewriter ribbons entirely.

One of the things I am proudest of is the fact that for the first time in memory we were able to actually reduce the amount of government records stored away. It was only 3 percent last year but that meant:

--we didn't have to buy 4,500 new filing cabinets, and
--we didn't have to find 24,000 square feet of building space
to store those unneeded filing cabinets.

#### Crime

We have tried to approach the crime problem from many directions. We put into operation the country's first computer to computer crime information network; created the Crime Technological Research

Foundation to encourage development of modern crime fighting methods and expanded the mutual aid program to give local police the help they need in controlling riots and other major emergencies. And, during one brief period when we had a temporary change in one or two legislative committees, we put new laws on the books providing for stronger penalties against rape, robbery, burglary and drunk driving. We passed a sweeping drug inventory control program to combat drug abuse.

And when the people, by a 2 to 1 vote, reversed the state Supreme Court ruling aginst capital punishment, we were able to get legislation putting it back in the statutes.

All this has slowed down the increase in crime. But it has not accomplished all that we know must be done to protect the people. However, we are leaving to those who come after us a blueprint to follow in such areas as court reform, streamlining the criminal justice system and new laws to make sure the heroin pushers and criminals who use a deadly weapon will go to prison when they are convicted.

Now this comes as a great surprise to some, but education was one of our top priorities. In these eight years, we have more than doubled the amount of state aid going to public schools and our university and college system; the budget for community colleges has more than tripled and state funding of student scholarships and loans is nine times what it was eight years ago.

The Teachers' Retirement fund is o longer an unfunded \$4 billion liability. It is now on a sound financial basis. The water plan is nearing completion, without any new bond issues and our credit rating by Moody's has gone to triple A.

Our hospitals for the mentally ill have dropped in patient population from 26,000 to 7,000 and we have developed a program of local mental health care clinics that has become a model for the country.

Finally, as you all know, we did something no other state was willing to try. We took on the welfare program and proved that welfare can be reformed at the state level with great savings to the taxpayers and better provision for the deserving needy.

Just 3½ years ago, early in 1971, the welfare rolls in our state were growing by 40,000 a month. For almost 3½ years this has not been so. They are going down, not up. The savings to the taxpayers approaches \$2 billion and the truly needy have had their grants increased to meet the rise in cost of living.

We have also expanded the Medi-Cal program to relieve counties of this burden. Washington has taken a number of our experts back to the Potomac to help spread these reforms into every state in the Union.

Last year the welfare rolls were reduced nationally and almost half of the decline occurred in California. The rest came in states which have followed our example.

We also reintroduced something that had been missing from public assistance for a long time: the work ethic. Our various work incentive programs in California put more than 75,000 recipients into regular jobs in the past year, including 47,000 who entered the job market because of the Community Work program we instituted as part of our reform in 35 California counties. This is an experiment HEW allowed us to try in which able-bodied welfare recipients perform useful community work for their welfare grants.

But we have learned that reforming any part of government--and expecting it to stay re\_ormed---is like going over Niagara Falls
in a barrel the hard way---upstream. We have had to fight a continual
battle against those who call our community work program slavery in
spite of its success.

Some months ago, we put together another task force to take a fresh look at welfare, to see if ther were additional steps we could take to tie down any loose ends that may have developed because of court rulings or federally mandated laws.

This included a sweeping review of one area of welfare that is not even part of the national welfare program: food stamps.

We did not include them in our first welfare reform because they were entirely a federal program, run and directed from Washington, although some parts of the eligibility process are delegated to local governments.

Our task force found a nightmare of fraud and abuse in the food stamp area.

Today, I am submitting to the California legislature and to California's congressional delegation a comprehensive report outlining the areas of abuse that exist in these programs, along with specific recommendations for reforms.

Launched in 1961 as a small pilot project involving 367,000 people and costing only \$26 million it has become a loosely run operation that by the middle of next year will be offering a welfare subsidy to 16 million people at a cost exceeding \$4 billion. Some members of Congress say unless the growth curve is reversed, 60 million people will be eligible in the next few years and the costs can be expected to skyrocket even faster if past experience is any guide.

Riddled with abuses, the whole program is a multi-billion dollar administrative nightmare, taking up two-thirds of the Agriculture

Department's budget. From what we have discovered in our review, the amount of fraud and abuse is probably enormous.

Like many other government efforts to solve a problem, the program

The eligibility rules are ridiculous. One applicant in California claimed to be a full time gold prospector. That was his way of meeting the work requirement and become eligible immediately for food stamps.

itself has become the biggest problem.

Another case involved an exconvict who used forged credentials to obtain a \$16,500 a year job as a hospital administrator. Then he falsely claimed his monthly salary was only \$300 and obtained \$1,400 in bonus food stamps. At least, in this case, he has been convicted of a variety of criminal charges.

One enterprising young lady managed to get herself exempt from the work requirement because she was er colled more than half time at one of our universities——studying witchcraft. The county welfare department called to see if this was an approved course of study, eligible for the work exemption, they were informed it was and she got her food stamps.

Americans are a generous and compassionate people, they do not deserve this kind of abuse and fraud. Businessmen have been angered——with justification——because food stamps and the welfare system are being used to finance prolonged strikes. This makes government a partner on one side of labor disputes rather than a referee.

Other citizens, standing in the check-out line at the market, simply cannot understand why the able-bodied fellow in the same line is buying T-bone steaks with food stamps their taxes paid for and they have trouble affording hamburger.

At a time when food stamps are rolling off the presses at the rate of \$20 million a day, there is an unbelievably casual attitude toward safeguarding food stamps in transit and making sure they get to officials responsible for their distribution.

In one case in California, \$90,000 in food stamps was stolen in a post office burglary. In another case, \$455,000 in food stamps were delivered after hours to a county welfare department. When the janitor on duty refused to accept or sign for them, they were turned over to the sheriff's department.

Food stamps are easily counterfeited. In one case we discovered three people were arrested and federal agents confiscated \$1.3 million in phony food stamps, along with the equipment used to produce them.

The report we are submitting to our own legislature and to Washington contains detailed and specific recommendations for reforms.

One immediate need is to transfer the entire food stamp program from the Agriculture Department to the Department of Health, Education and Welfare. Secretary Butz has publicly urged that this be done. Policing welfare is a difficult enough task without complicating it by trying to run it through a maze of different agencies, each drafting its own regulations and procedures.

There must also be a general tighening up of the whole food stamp program, including new federal rules to:

-- Require the federal government to assume complete responsibility for assistance to aliens.

--Require able-bodied students to be subject to the same work requirement as any other food stamp applicant.

--Allow welfare departments to re er food stamp recipients to union-related jobs, and impose more realistic requirements for self-employed recipients.

There should be a minimum age for receiving food stamps and the federal regulations must be changed to permit welfare departments to notify parents when their minor or student children apply for food stamps. The taxpayers should not be financing runaway teenagers nor should food stamps be available to students who are being fully supported by their parents.

We also would like to see an Earnings Clearance System similar to the one we established in our welfare reform. This would allow a check on actual earnings of food stamp recipients against the amount they report in their applications. This is not done at present and the chance for widespread abuse is obvious.

Finally, our report also contains specific recommendations designed to minimize the potential for loss, theft or counterfeiting for food stamps, by making government more accountable for safeguarding food stamps from the printing plant to eventual redemption.

Food stamps are as negotiable as money, and they should be protected as public monies are when transferred from one place to another

I am urging our Congressional delegation to immediately make these reforms a top priority. And I urge the new state legislature, which starts in December this year, to give equal priority treatment to the other welfare reforms we have found to be necessary.

We must never tolerate cheating and abuse in a program intended to aid the poor. But in this time of runaway inflation, there is additional reason to curb unnecessary spending. Inflation is caused by one thing only---government spending more than it takes in.

This, of course, refers to the federal government. But in the numerous welfare programs and categorical aids, efficient administration at the state level can have a sizeable effect on national spending. We cannot save a state dollar without saving a federal dollar at the same time in many of those programs. Call it coincidence if you will, but from 1960 through 1966 the cost of living rate was higher in California than in the rest of the country.

For six of the last seven years of "cut, squeeze, and trim," it has been lower in California. I don't think it is a coincidence.

We have a two-party system. The adversary system is a built-in part of our political process. But our real adversaries are the problems we face, not each other.

There is only one lasting way to assure that the needs of the people will be the major consideration of their government: make every level of government more visible, more accountable. A legislative committee killed our proposal which would have required anyone introducing a spending bill to submit a tax bill to pay for it. That did no service to the people of California. The people should know what areas of government spending are out of control and what has to be done to bring spending back into line.

That was the whole purpose of Proposition 1, to slow down the growth of government spending so that it would not grow faster than the income of the people. We often hear the phrase "uncontrollable spending" when the federal or state budget is being discussed. What that really means is spending mandated by some previous statute which government accepts as unchangeable. There is no government program which should be exempt from constant review and cancellation if common sense indicates it is not worth its cost to the taxpayer.

We did not succeed in doing all the things we tried to do or wanted to do, but I believe we demonstrated that government can be controlled; it can be efficient; it can meet the legitimate needs of the people without bankrupting them with higher and higher taxes.

We have heard a great deal lately about special interest groups. As I look at so many familiar faces, so many of you who served whenever called upon, lending your talents to help solve some problem affecting our state, may I say you are a special interest group and your interest has been the welfare of California. I shall never forget you or cease to be grateful.

Government by the people works whon the people work at it and in these almost eight years you have worked at it.

Please don't stop! I have learned something else in these eight years——there are other special interest groups whose interest is more personalized and limited in scope than the welfare of California. They never rest. Match them in dedication, in effort, and in vigilance. If you do any less, they will make that bear on our flag a cow to be milked.

# # # # #

(NOTE: Since Governor Reagan speaks from notes, there may be changes in, or additions to, the above quotes. However, the governor will stand by the above quotes).

compte book: WIL

OFFICE OF GOVERNOR RONALD REAGAN Sacramento, California 95814 Clyde Walthall, Press Secretary 916-445-4571 9-5-74

RELEASE: Friday P.M.s September 6, 1974

#506

Governor Ronald Reagan, in a sweeping series of new proposals to reform the nation's welfare system, also called for a drastic overhaul of the federal Food Stamp program and further refinements in the Aid to Families with Dependent Children program.

The proposals are contained in a 70-page report made public today.

Costly abuses of the program were discovered by the Governor's Food Stamp Task Force. The task force was initiated in 1973 along with a task force to re-examine the state's Aid to Families With Dependent Children (AFDC) program.

Both the Food Stamp and AFDC task forces gathered extensive data on their respective programs through direct contact with welfare officials at all governmental levels, and through the utilization of analysts employed by the Department of Benefit Payments.

Governor Reagan said the food stamp program is "out of control" and is "a national scandal." He pointed out that lax eligibility rules and glaring loopholes in the program make it far easier for persons to get food stamps than to get into many other welfare programs.

"The food stamp program has multiplied nationally from 367,000 persons in 1964 to 13 million today, a 3,400 percent increase," the governor said. "By next year one in every 14 persons will be using food stamps and, according to a congressional committee report, within three years one in every four Americans could be eligible."

He said that in the current fiscal year the federal government will contribute at least \$316 million in tax dollars to underwrite the program in California alone. An additional \$100 million will be spent to administer the program in California. By the middle of next year, the national program will cost more than \$4 billion annually.

"The food stamp program was originally established to help shore up the nation's agricultural economy by distributing food surpluses through retail channels. Those surpluses have now disappeared and the program has become a separate welfare system supervised by yet another giant and expensive bureaucracy in Washington," he said.

"The U.S. Department of Agriculture is in charge of the food stamp program and the federal Department of Health, Education and Welfare has the authority over the rest of the national welfare system. "Having two separate welfare programs being run by two giant federal bureaucracies is simply one bureaucracy too many. This is a source of many of the problems which plague the overall welfare system in our nation today."

Governor Reagan proposed that the food stamp program be transferred to HEW. Until this is done, he said, county welfare workers who must administer regular welfare programs as well as food stamps at the local level, will continue to face the hour-by-hour nightmare of trying to sort out the widely differing and complex regulations which govern the two welfare systems. He said one out of every four Californians receiving food stamps today isn't even in a regular welfare program, or does not qualify for welfare. This is because food stamp eligibility requirements are far more liberal, he noted.

The Food Stamp Task Force identified 88 specific problems and solutions.

The report includes a variety of examples of how food stamp recipients as well as persons in the AFDC program are able to abuse the system.

Coverror Reagan noted that as a result of the comprehensive welfare and Modi-Cal reform program he sent to the legislature three years ago, many abuses in California have been eliminated and weaknesses corrected. However, he said he never intended that those reforms would constitute the final chapter in the administration's efforts to improve them.

"Abuses continue. Loopholes remain. Red tape persists," he said.

Nevertheless, the governor pointed out that the reforms he sponsored in 1971 have reduced the state's AFDC welfare rolls by 350,000 and have saved the taxpayers of California some \$2 billion. He noted that before chose reforms were implemented, the state's welfare rolls were spiralling upward at the rate of 40,000 a month and that welfare in California "bad become a \$3 billion moral and administrative disaster which was leading us down the road to bankruptcy." Since then, however, he said the state has been able to increase basic welfare grants to the truly needy by 41 percent. In addition, the reforms have enabled at least 42 counties to reduce their property tax rates, he said.

The new reform proposals submitted today recommend changes in both federal and state laws an regulations. If fully adopted, they could save the taxpayers as much as \$270 million a year in the Food Stamp, AFDC, and Medi-Cal programs, the governor said.

"This report," he said, "not only looks at the glaring weaknesses in both the food stamp and AFDC programs, but even more important, it shows the way to solve the problems at each governmental level requiring corrective action."

The governor noted that current federal AFDC rules still permit welfare recipients earning as much as \$13,000 a year to qualify for welfare. "Once a person gets on welfare he automatically qualifies for free medical care, and, in many cases, even food stamps---all at the taxpayers' expense," he said.

The welfare system still contains many inequities——not only for the taxpayers who support the system with their hard-earned dollars— but also for the truly needy who have nowhere else to turn but to welfare to meet the most basic, minimum requirements of living, he said.

But, he cited numerous other examples of other persons in the AFDC program and on food stamps, who are legally abusing the system and getting away with it.

Copies of the governor's message are being sent to all members of the Congress, governors of all the states, state welfare directors, California county supervisors and welfare department directors and others.

David B. Swoap, director of the Department of Benefit Payments, will conduct a series of briefings on the task force's findings in Sacramento and Washington, D.C.

# Reagan Attacks Food Stamp Program

By Ronald Blubaugh Bee Staff Writer

In his final speech at the annual Sacramento gathering of California's industrial elite, Gov. Ronald Reagan today condemned the federal food stamp program as "a nightmare of fraud and abuse."

Speaking to some 900 business, industrial and governmental leaders at the Host Breakfast in the Woodlake Inn, the state's chief executive said the food stamp program is growing out of all bounds.

"Riddled with abuses, the whole program is a multi-billion dollar administrative nightmare, taking up

> California business leaders look to the nation's capital for aggressive program to combat inflation. Stories and pictures on Page C8.

two-thirds of the Agriculture Department's budget," Reagan said. "From what we have discovered in our review, the amount of fraud and abuse is probably enormous."

The governor, nearing the end of his second and final term, called for the immediate transfer of the food stamp program from the Agriculture Department to the Department of Health, Education and Welfare which manages all other federal welfare programs. He said it is difficult enough to police welfare efforts without the complication of "trying to run it through a maze of different agencies, each drafting its own regulations and procedures."

His speech coincided with release

of a blue-covered 70-page report entitled "California's Blueprint for National Welfare Reform." Copies of the report were sent to all members of the California delegation to the US Congress and to members of the legislature.

The report also calls for numerous changes in the federal Aid to Families With Dependent Children program. The changes proposed for both programs are the product of task forces formed by Reagan last year.

It was the food stamp program which drew most of Reagan's attention in the speech at today's event sponsored by the Sacramento Host Committee.

"Launched in 1961 as a small pilot project involving 367,000 people and costing only \$26 million it has become a loosely run operation that by the middle of next year will be offering a welfare subsidy to 16 million people at a cost exceeding \$4 billion," he said.

"Some members of Congress say unless the growth curve is reversed. 60 million people will be eligible in the next few years and the costs can be expected to skyrocket even faster if past experience is any guide."

Reagan described various examples of persons he said should not be receiving food stamps. Among them was a man who gave his occupation as a full-time gold prospector and a student of witchcraft.

"Americans are a generous and See Back Page, A18, Col. 5

He said there should be an earnings een stopped in welfare programs as tamps should be subjected to tighter ligibility requirements. He said in the current fiscal year 100 million will be spent to adminis e federal government will contrib-e at least \$316 million in tax dollars program for food receiving abuses have

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to continue to receive AFDC aid while

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odied fellow in the same line is buy hamburger. said food stamps vailable for strikers, e being supported by for and they

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According to the report, recipients with jobs paying as much as \$1,200 a ಕ

The report also calls for revisions

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San Francisco, Calif. Chronicle (Cir. D. 468,091) (Cir. Sat. 437,408)

SEP 7 1974

Allen's P. C. B. Est. 1888

## Reagan Calls Food Stamps 'Nightmare'

Sacramento

Governor Ronald Reagan renewed his suggestion yesterday that the federal food stamp program be reformed. Reagan called the program a "multi-billion dollar administrative nightmare.'

Reagan said the program had burgeoned from a small pilot project costing \$26 million in 1961 to a "loosely run operation that by the middle of next year will be offering a welfare subsidy to 16 million people at a cost exceeding \$4 billion."

He addressed his remarks to 900 leading California businessmen attending the 48th annual Sacramento Host Breakfast.

To clean up the program, Reagan recommended shifting administrative control from the Agriculture Department to the Department of Health, Education and Welfare, tightening eligibility requirements, running a check on the earnings of stamp applicants and improving security to curb stamp counterfeiting and misuse.

The governor announced that a detailed 70-page report on improving the food stamp program and other welfare programs has been prepared and given to the Legislature and to the California congressional delegation.

To bolster his contention that food stamp operations are "a nightmare of fraud and abuse," Reagan cited the case of an individual who obtained \$1400 in food stamps while earning \$16,500 a year.

Reagan said it is frustrating to taxpayers unable to afford hamburger to see stamp users get T-bone steaks at the supermarket.

And he warned that inflation, which he said is caused government excess spending, is an added reason to curb abuses in the food stamp program.

Reagan had previously attacked the program in a speech this summer at Stateline, Nev., before a GOP group. And his top welfare adviser, David Swoap, had outlined similar abuses and echcerns at a press briefing July.

Gur Correspondent

Marysville, Calif. Appeal-Democrat (Cir. 6xw. 17,009)

AUG 17 1974

Allen's P. C. B. Est. 1888

## Stamps For The Rich Well As The Poor

**GOVERNOR** Ronald Reagan has made an appraisal of the Food Stamp Program and pronounced it "a massive ripoff of working taxpayers because it is their tax dollars which pay for food stamps".

The program has become a "multi-million dollar administrative nightmare, a staggering financial burden at the federal level and the newest nesting place for welfare abuse and fraud", said the governor.

As one example of ripoff, the governor mentioned "the irate father" in another state "who phones to tell us he earns \$100,000 a year and is sending his son to college in California. He wants to know why we are giving his son food stamps. All we could tell him was that food stamps are a federal program and the rules are established in Washington."

PROBABLY everyone who shops at a supermarket has been astounded on discovering who gets food stamps and the luxury foods they purchase.

The governor suggests that

much of the abuse and "outright fraud" could be eliminated by tightening the eligibility requirements, by "reasonable establishing regulations to ensure that only those who really need the stamps could get them" and by setting a minimum age for recipients. ("A 17-year-old student no longer desiring to live with his parents moved out and stays with a group of friends. He receives \$46 a month in free food stamps and five others in the same household are also drawing food stamps.")

When the Food Stamp Program was initiated in 1964. there were about 367,000 recipients and the cost was \$26 million. By next year, said Reagan, the figures will be 16 million people and more than \$3

billion.

IT ISN'T likely that the governor's food stamp reforms would eliminate nearly all the abuse, but at least he's trying to move the government in a direction/ that any reasonable person should endorse.

## U.S. Agents Seize \$1 Million in Phony Food Coupons Here

Secret Service agents confiscated touch with other law enforcement more than \$1 million worth of bogus food stamps and arrested four men Monday in what they described as

During a raid on the ring's secret printing plant in the Crenshaw area the agents also came upon a surprise The Land Made Specific and bonanza.

the largest such seizure in the Unit-

It included photo offset negatives for the counterfeiting of Los Angeles County welfare checks, California driver's licenses. American Express travelers checks, Crocker National Bank cashier's checks and North American Rockwell payroll vouchers Constant and and areas

Robert E. Powis, special agent in charges of the Secret Service's Los., Angeles office, said it was not immediately known if the phony checks and driver's licenses had been printed and circulated. "However," he added: "we are in

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agencies in an attempt to find out."

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BY DAVE ROSENZWEIG

The negatives were not discovered until hours after the arrests while Secret Service agents were combing the contents of several boxes of miscellaneous contraband taken during the raid.

All of the counterfeit U.S. Agriculture Department food coupons were in \$5 denominations. Also seized were the negatives and plates used to print them.

Powis described their quality as fair - Palanda mier se

Taken into custody and held at the Los Angeles County Jail were Thomas S. Patterson 30, Ernest Jones, 38, Theron Lewis, 56, and Clarence Pitts 46.

Powis said the four men would be charged today before a U.S. magistrate with the manufacture and possession of counterfeit food stamps.

Please Turn to Page 20, Col. 1

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Continued from First Page.

The investigation is continuing, he said, and there is a possibility of more ar-

Secret Service agents started their probe on Aug. 2, Powis said, when counterfeit food stamps began showing up throughout South - Central Los Angeles.

During the next two weeks, eight persons were arrested while attempting to pass the bogus coupons at various food stores, he

said.

The arrests, coupled with leads provided by informants, led the agents to three locations, two in Los Angeles and one in Inglewood, that were kept under surveillance more than a week.

Monday, nearly 25 Secret Service agents closed in on the suspects.

Patterson was arrested in the parking lot of a restaurant on La Cienega Blvd. behind the wheel of a panel truck containing more than \$600,000 worth of counterfeit stamps.

Jones and Lewis, described by Powis as the ring's printers, were taken into custody outside the secret printing plant. located in a garage behind a home on 5th Ave. Inside the garage, agents found more than \$500,000 worth of phony food stamps.

Another \$10,000 worth of counterfeit stamps was seized at a second location. Pitts was arrested at his

Although large hauls of counterfeit food stamps have been seized elsewhere in the country, Powis said Monday's seizure represents the largest one to date

The largest previous seizure was made in Orange County nearly four months ago when Secret Service agents arrested two men and a woman and confiscated nearly \$1 million worth of bogus stamps.

## Insurance Commissioner Cracks Down

Buried in the news by other seemingly more important things, with perhaps some mention in the business sections, is the story of some formidable action against five major title companies by State Insurance Com-



missioner Gleeson L. Payne. It was probably the first disciplinary action taken against title-insurance companies in the history of the state. It certainly was the most noteworthy and to call it formidable is perhaps an understatement. The fact is that "Tige" Payne wound up and socked them with fines totaling nearly a half-million dollars. The penalties were based largely upon violations of the state's anti-rebate laws. Early this year, Payne had made it clear that unfair competitive practices would not be tolerated. He said methods by which title companies were inducing lenders and real-estate agents to steer title business to

them must cease. Pointing out that it was strange to him that two companies had managed to corral two-thirds of the business, he said he thought competition would surface "if there is no personal benefit to the lender or seller in the selection of a title company."

"AS IT HAS BEEN, the seller, motivated by rebate enrichment, may steer business to one having neither the best insurance product nor the best price."

So that there would be no misunderstandings of what he meant, he issued a 10-page bulletin to all of the companies. In it he spelled out exactly what he would consider improper huckstering in the future.

He also made it clear he intended to investigate complaints and would take a tough stand on violations.

ALTHOUGH HE SAID the industry fully supported his position, apparently some thought he was only kidding. Perhaps because in the past some commissioners have exhibited more concern for the welfare of the insurance companies than the public, they thought his utterings were for the benefit of the public and didn't take his warnings to heart.

At least Payne indicated that may have been the case, for he said that shortly after his bulletin was issued, complaints came to him that some were continuing to favor the real-estate agents.

AS A RESULT of the investigations of these complaints, Title Insurance and Trust Company of Los Angeles, the largest in the nation, has been fined \$125,000 for depositing funds in a bank to serve as a compensating balance for a loan to a realtor to induce him to steer business to them.

Lawyers Title Insurance Corporation was fined \$187,000 as a result of an escrow scheme which provided escrow services to brokers at a rate cheaper than the broker charged his clients.

First American Title Company of Santa Ana was fined \$60,000, while Transamerica Title was fined \$37,500 and Western Title Insurance Company was fined \$12,500, all for improper rebates.

PAYNE SAID his investigations were continuing and several other companies are involved.

"Where we find violations, we intend to levy appropriate fines. If violations continue, we will take stronger action."

Asked what he meant by action stronger than some of the stiff fines meted out, Payne said "the giving and taking of rebates is a criminal offense. In addition, the insurance commissioner can take action to revoke the license of an offending company if it persists in violating the laws."

## Few Food Stamp Users

# Aware of Reagan's Blast

By PAUL MAPES Staff Writer

Governor Reagan Friday urged perackdown on the Federal Food Stamp Program calling it "a nightmare of fraud and abuse."

But a survey Saturday of those using food stamps in area markets indicated that few had heard the governor's blast.

What comments there were had to do with individual hopes; individual problems.

A young woman packing a 16-month-old baby said, "I guess food stamps are all right. They have to be. But it's sure awful hard to get anything ahead."

Her complaint was similar to that of a woman in her 30s in North Sacramento. "You never know what you are going to have to spend, "she said. "You have to send in how much you and your husband make every month with your check stubs and then you get a letter back saying how many food stamps you can buy this month and what they are going to cost you. If you make a little extra money, the stamps cost you more. Or if the price or everything goes up, you get some more stamps but you have to



Staff Photo

Food stamps: Center of a controversy.

pay more for them too."

Said another woman in the Washington area, "If you have a telephone they take off \$5 because they say a telephone is a necessity. But they don't think a washing machine is a necessity even if you got 12 children. And you can't buy a lot of things like toilet paper, or soap, or toothpaste which you have got to have as much as you've got to have a telephone."

But in Oak Park, the Rev. John Henry George, had read the governor's remarks. "Somebody's got to answer that man," he said.

He showed a letter he had written which he said he was going to send to the Letters to the Editor columns in the local newspapers. A part of the letter said, "It's easy to excuse and minimize the pranks of the wealthy (for example, Watergate) and hammer away at the enormous fraud and abuse of the poor.

"But I ponder whether it is nobler to lie and cheat and burglarize and cover up for personal wealth, fame and political expediency than to use the same tactics to get food, shelter and clothing for your fami-

my teor star.

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## Reagan Is Expected To Use Reform Plan As Springboard

fornia Gov. Ronald Reagan fare Reform," have been conservative causes and to is expected to use his new forwarded to President welfare reform proposals Gerald Ford and to goverto spark his push for lead- nors, state welfare direcership of a national consertors and local officials vative movement after he throughout the country. leaves office this year.

quick but intensive fol-ty this year. low-up promotion effort here this week.

David Swoap, accompanied newing his crusade for a by three top-level aides, ar- crackdown on welfare abusrived Tuesday to carry Rea-es. gan's new welfare message to White House officials ing attention to national isand congressional commit-sues - viewed here as a

retary Caspar Weinberger, weeks by his involvement who showed interest but in key congressional fights. made no commitments, and He spoke out against nawith the House GOP Steer-tional health-insurance and ing Committee.

for immediate endorse- a Consumer Protection ments, said he expects Rea- Agency. He also has chalgan to push for overhaul of lenged President Ford to food stamp and family aid remain loyal to Richard programs in speeches Nixon's 1972 conservative across the country in 1975 "mandate." and beyond ...

WASHINGTON - Calf Blueprint for National Wel-

Virtually, all recommen-The reform package, un- dations, including tighter veiled by the lame-duck eligibility rules and stiffer governor in a State Fair controls against cheaters, speech in Sacramento last would require federal ac-Friday, was the subject of a Stion - a virtual impossibili-

Thus, Reagan will have ample opportunity to use State Welfare Director the report next year in re-

The governor's increassign-of-unquenched presi-He also met with Health, dential ambitions - has Education and Welfare Sec- been underscored in recent

lobbied against a national Swoap, who did not look land-use bill and creation of

Along with the new push Copies of the 70-page re- for "national" welfare report, bearing the official forms, these moves are

By Leo Rennert gold seal of the governor seen as a bid to strengthen and titled "California's his national position as the foremost spokesman for lay the groundwork for an other possible try at the White House if Ford stum bles or moves too far to the center....

> At a news briefing in Reagan's Washington office yesterday afternoon Swoap came armed with a set of flip charts to explain the new welfare reforms.-

Their enactment, he said would result in annual savings of nearly \$2 billion.

Some of the more control versial proposals call for transfer of the food stamp program from the Agricul ture Department to HEW denial of food stamps to families of striking workers and a sharp curtailment of their use by college stu

Although these ideas are in line with the views of major business groups they may not sit well with another key element of Reagan's political constituency - agribusiness inter-

New tendstamps

## Food-Stamp Abuses, Excesses

Governor Reagan deserves high praise for launching a campaign against abuses and excesses which are riddling the federal food-stamp program—in his words, a "multimillion-dollar administrative nightmare, taking up two-thirds of the Agriculture Department's budget."

At last week's Host Breakfast in Sacramento, the Governor backed up his criticism with these facts:

The federal food-stamp program, beginning in 1961, involved 367,000 people and cost \$26 million. It has mushroomed to the point that in 1975 it will become a welfare subsidy for 16-million people at a cost of \$4 billion.

Juvenile runaways, some 14 years of age, living in communes are subsisting off food stamps.

Food stamps and the welfare system are being used strategically to finance prolonged strikes against the free-enterprise community.

Governor Reagan balanced his criticism with these constructive proposals to eliminate cheating and abuse in a program designed to aid the truly needy:

"An earnings clearance system similar to the one we established in our welfare reform. This would allow a check on actual earnings of food-stamp recipients against the amount they report in their applications."

✓ A minimum age for food-stamp recipients.

Welfare departments should be permitted to notify parents when their minor children apply for food stamps.

Tougher federal controls to make officials dealing with food more accountable.

✓ Federal responsibility for all assistance for aliens—requiring able-bodied students to meet the same requirements as other food-stamp applicants, and permitting welfare departments to refer food-stamp recipients to union-related jobs.

These are only five of the 88 recommendations the Governor forwarded to federal officials for reform of the food-stamp program which, he said, could save as much as

\$270 million a year.

And, Governor Reagan was wise to veto the legislation which would have abolished hisadministration's Work-for-Welfare program. This program, designed to put able-bodied welfare recipients to work to earn their welfare payments and learn jobs which will equip them for gainful employment, has been under incessant attack by some members of the Democrat-controlled California State Legislature. The legislation vetoed by the Governor was AB 3508 (Assemblyman John Foran, D-San Francisco), which would have repealed the experimental California Work Experience Program (CWEP)-a part of the Reagan Administration's 1971 welfare reform.

Referring to the controversial Work-for-Welfare program, staff writer Larry Irby reported:

"There are 752,300 persons job-hunting in California, 150,000 employable welfare recipients, Peter Rank, deputy director of the State Employment Development Department (EDD), said. Rank, who cannot hide his enthusiasm for a program for which he has provided the learning wheels and know-how, says employers and employables all can benefit by the Governor's brainchild. The taxpayers also benefit, he says, because the welfarework system puts people on payrolls-getting them off welfare rolls... The vast, vast majority of these recipients really want to find work. So, we've taken our existing resources and at no additional taxpayers' cost-the very same level of resources we had in 1970-and we've been able to make this increase from 15,000 to 76,000."

The people of California, who pay the taxes to support the most expensive state government in the nation, owe much to the fiscal policies of Governor Reagan in his eight years as California's highest elective official. We don't buy the rhetoric of the fire-breathing liberals who are writing him off as a "donothing" lame duck.

Hopefully, the Governor's successor will profit by his common-sense, traditional American approach to fiscal problems.

1212 food stamps

Page A18
THE SACRAMENTO BEE 
Thursday, Sept. 19, 1974

## Did Reagan Try Blocking Food Plan?

BERKELEY (AP) —
State Sen. George Moscone
says the administrations of
Gov. Ronald Reagan and
former President Nixon
"deliberately tried to obstruct implementation of
programs to feed the poor."

Moscone, D-San Francisco, addressed a conference
on how to "feed the poor,"
sponsored by a consumer
group called Food Advocates which operates with a
federal grant.

But Moscone; Senate majority leader and chairman of the State Senate subcommittee on nutrition and human needs, added that "chances of improvement are good," with the Ford administration and a new California governor.

The Food Advocates staff estimated that only about 450,000 of 975,000 eligible California families are using food stamps, although the enabling legislation was passed in 1965.

"It's clearly a case of maladministration," said Robert Teets, a staff attorney for Food Advocates.

# Food Stamp Fraud Feared In This Area

#### Program New Here, But Reagan Describes Cheating Elsewhere

SD union First in a series 9-22-74

By PETER H. BROWN

Wayne Scoggins can see the food stamp line from his welfare office at 7949 Mission Center Court.

Teenagers in surf trunks, a family of three and San Diego State University students with books under their arms were leaving with the precious stamp approvals.

Scoggins, deputy director of the county's food stamp program, shrugged his shoulders, saying: "We know there are going to be abuses in this program — abuses of all types. But we can't do much about it."

Food stamps, which Gov. Reagan says will be the new billion-dollar welfare scandal, have just begun to make a

rustle in county cash registers. 60,000 HERE

More than 60,000 San Diegans have applied for - and received - the stamps which can be bought at cutrate prices and used as cash in the supermarket.

But already the men who run the subsidy plan are predicting widespread

"You undoubtedly have fraud and misuse in the program down there," says P. J. Newland, deputy director of the state food stamp plan. "It just hasn't shown up yet. San Diego just started in July. There has been no survey such as the one that has turned up major abuses statewide.

#### **GOVERNMENT CHECK**

Newland is speaking of a government check on food stamp programs in other California counties.

That survey found that federal rules have made it possible in some areas for a family of four with an income of \$10,000 a year to qualify for food stamps.

The same probe discovered a 17-year-old high school student living with a group of friends and regularly collecting, along with his five pals, \$46 a month in free

Another couple described in the survey received \$5,000 in food stamps by hiding \$20,000 in earnings.

**FUND PROBLEM** 

Scoggins, who has neither the funds nor facilities to police the plan, says such abuses could happen here.

Ten officials questioned say they believe the potential for abuse was built into the food stamp rules when they were drafted.

Here are the reasons as described by Scoggins, Newland and spokesmen in the

governor's office:

 The food stamps are provided and ultimately paid for by the U.S. Department of Agriculture. This means, says Newland, that the money comes in to be passed on to the counties for administration by the welfare de-

- The welfare department then takes charge of certifying food stamp applicants. In San Diego, for instance, the candidates fill out an income form to receive a

card:

- "Since the money comes from the federal USDA budget," says John Sullivan of the California Food Stamp Office, "there is little incentive for the county to police the program. They have their hands full prefare funds."

- The USDA has provided a broad set of guidelines for food stamp qualification. The guidelines, among other things, allow students to get the stamps without registering for work, allow striking employes to get the stamps and allows the issuance of the coupons to teenagers who have left home under the "emancipated minor"

Reagan has called these rules "foolishly weak." "They will cost taxpavers \$316 million in California alone this year," he said in a recent plea for stamp re-

Reforms could save as much as \$2.7 billion nationally, says Reagan.

There is no protective dike

to hold back what local and state officials believe will be a flood of food stamp abuses. CONCERN VOICED

We are pretty sure the program is already being abused by some stamp holders," says Scoggins, assistant to Food Stamp Director P. M. Lowe.

Scoggins, the man closest to field operations in the 11week-old program, says the USDA designed a plan to sell the stamps but provided no system to police the program.

Could the abuses uncovered in other county programs be repeated here?

"They probably could," says Scoggins. "For instance, if a student comes in and tells us he is making \$50 a month, we pretty much have to take him at his word. He is then allowed to buy \$38 worth of food stamps for \$8."

RANDOM CHECKS

There is no way now, according to Scoggins, to check on whether that student is one of thousands receiving money from his parents. "All we can do is rely on the random checking that is done on a regular basis," he

No statistics have been compiled to determine the number of students on the program. But Scoggins says "they undoubtedly account for a sizable portion of

A survey in the San Francisico Bay Area showed that about 35 per cent of the stamp holders are students.

The food stamp chart, which resembles a complicated multiplication table, puts students at the easy end of the qualification demands.

A single student whose monthly income is less than \$29.99 a month can receive \$46 in stamps for \$1.

"And the student can subtract tuition, medical expenses over \$10 and rent that faam exceeds 30 per cent of the person's income," Scoggins said.

These qualifications increase with family size and reported income.

The food stamp offices here take whatever proof they can get of income.

"Since many of our recipients are not on welfare, we don't have the major checks from those sources," said a spokesman in the depart-

"We ask for pay stubs, letters saying they get no income from their parents, and whatever proof we canget," Scoggins' said. "We pretty much have to accept what they claim to be."

San Diegans who leave the Mission Valley office with food stamp approval carry cards that let them buy get free - the stamps through a mail-order pro-

The stamp applicants must send a check or money order to a post office box in La Mesa. In the case of welfare recipients, they can have it taken from their checks.

Scoggins and other county officials will not reveal the location of the food stamp mailing center. It is closely guarded to prevent thefts.

GOOD AS CASH

The stamps are as good as cash for any food item from gourmet wild rice and soda pop to pinto beans.

And the cost to the holder depends on his income.

For instance, a family of four making \$109 per month pays \$25 for \$125 in stamps. The same family with an adjusted monthly income of , \$419 pays \$113 for the same \$125 in stamps.

Applicants can subtract major doctor bills, some of their rent, catastrophic expenses (from a house fire or accident) and, in the case of students, tuition and books.

From that point on, say officials, food stamps are about as easy to trace, and control, as a dollar bill.

food Siamps Scandar

Until Gerald Ford and Nelson Rockefeller came along, California Gov. Ronald Reagan had his eye on the 1976 GOP presidential nomination.

The political scene has now changed, at least temporarity, but Reagan has just released the results of task force studies of the federal food stamp program and Aid to Families with Dependent Children (AFDC).

Reagan said the food stamp program is "out of control" and a "national scandal."

It is probable Reagan had the reports assembled for use in his presidential drive.

Candidate or not, the findings deserve the study of all citizens.

Reagan said the food stamp program, nationally, has multipled from 367,000 persons in 1964 to 13 million today, and by next year, one in every 14 persons will be using the stamps. By the middle of next year, the national annual cost will be \$4 billion.

Reagan points out the food stamp program was first established to help shore up the agricultural economy by distributing food surpluses through retail channels. Those surpluses have now disappeared and the program has become a separate welfare system supervised by yet another giant bureaucracy.

The Department of Agriculture is in charge of food stamps while the Department of Health, Education and welfare (HEW) has authority over the rest of the national welfare system.

Reagan recommends that the food stamp business be transferred to HEW. He said one of every four Californians getting food stamps isn't in a regular welfare program, or does not qualify for welfare. This is because food stamp eligibility requirements are more liberal.

Reagan called the food stamp rules "ridiculous" and gave these examples: "One applicant in California claimed to be a full-time gold prospector. This immediately for stamps.

"Another enterprising young lady managed to get herself exempt from the work requirement because she was enrolled more than half time at one of our universities--studying witchcraft. The county welfare department called to see if this was an approved course, was informed it was and she got her food stamps. Americans are a generous and compassionate people but they do not deserve this kind of abuse and fraud. Businessmen have been angered--with justification-because food stamps and the welfare system are being used to finance prolonded strikes. This makes government a partner on one side of labor disputes rather than a referee.

"Other citizens," he continued, "standing in the check-out line at the market cannot understand why the ablebodied fellow in the same line is buying T-bone steaks with food stamps their taxes paid for and they have trouble affording hamburger."

Reagan made 88 recommendations for changes in the rules, including requiring the federal government to assume complete responsibility for aliens; requiring students to be subject to the same work requirement as any other stamp recipient; setting a minimum wage for receiving stamps and permitting welfare departments to notify parents when their minor or student children apply for food stamps.

Said the governor: "The taxpayers should not be financing runaway teenagers nor should food stamps be available to students who are being fully supported by their parents."

Reagan has been successful in trimming welfare rolls in California, saving \$2 billion since 1971. At the same time, basic welfare grants to the "truly needy" were increased 41 per cent.

Reagan may not now have the national forum he wanted to talk about welfare reform. But he should get a hearing in Washington and the people should make sure that he does.

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# Governor Reagan's Welfare Reform Makes Sense

Governor Ronald Reagan, in a report issued to members of congress and every other state governor, says the United States could save \$270 million in taxes through welfare reform. And we are sure he is right about the savings, even though the exact figure may be questioned.

It seems pretty obvious that something is wrong with the welfare program in this country when the number of people drawing food stamps climbs from 367,000 in 1964 to 13 million today. In seven years the number has increased 3400 percent. Next year, according to predictions and unless something is done, one in every 14 persons will be using food stamps. In three more years, Reagan predicts, one in four could be eligible.

If, as Reagan says, the program was originally established to help, not only the needy, but the nation's agricultural economy by distributing food surpluses, it has accomplished one thing. At least there are no agricultural surpluses today, what with that and the Russian wheat deal.

Americans have always believed and acted to the end that the needy should be helped. They also believe that people should help themselves as much as they

can. But between food stamps and welfare, managed the way the two programs are today the latter rule seems to be going out the window.

For one thing, it is too easy for people to get food stamps. For another, in creating the food stamp program, Uncle Sam created another whopping big bureaucracy and food stamps, in effect, became a separate welfare program.

California's Blueprint for National Welfare Reform -- the report Reagan is submitting to Washington -- would place food stamp administration in the same agency that handles the other welfare programs. It also spells out the weaknesses in the food stamp and the aid to families with dependent children programs and give guidelines for solving the problems at each governmental level. Primarily, it is a tightening of eligibility standards and eliminating unnecessary bureaucracies.

Nobody should go hungry. But if inflation keeps on spiraling -- much of it caused by excess governmental spending and the day comes when one of every four people get welfare, this country is in real trouble. We hope somebody listens to the Reagan proposals. -- JY

## Not Safe Yet

The "bureaucrats" are an easy target for ambitious politicians, budget cutters and taxpayers but they are an integral part of any government. Not only do they carry on the great body of public business, they sometimes have the effrontry to stand up to elected officials.

At last summer's GOP bullroast at Centreville, Gov. Ronald Reagan was enthusiastically received by Shore party faithful who didn't seem aware that some of the Reagan rhetoric skirted the facts. The governor picked land use as a popular whipping boy and singled out government action in banning cyclamates from use by industry for sarcastic comment.

Almost simultaneously with the Reagan attack, the Food and Drug Administration advised the nation's major cyclamate producer, Abbott Laboratories, that data it had submitted to support a request to resume marketing the artificial sweetner do not conclusively refute earlier studies which questioned the safety of cyclamate in human food.

FDA has recognized the extent of Abbott's efforts. It made 300 different toxological studies in its bid to get cyclamates back on the market. First produced for commerce in the 1950s, cyclamate won special approval for use in the diets of diabetics. Those were the days before the government required pre-marketing safety tests for such additives. Cyclamate sales in the 1960's zoomed, largely due to use of the chemical in soft drinks.

Abbott itself in 1969 submitted data to the FDA showing that animals fed cyclamate develop tumors of the bladder. Subsequent FDA study confirmed those test results and caused it to conclude that questions involving human safety could not be resolved on the basis of the existing

evidence. That led to the cyclamate ban.

The often-used argument that what's bad for rats is not necessarily bad for men, women and children has just been brushed aside by a federal judge in a suit brought by Shell to permit it to continue manufacturing dieldrin, an agricultural chemical used on corn crops in some areas of the country. With alternate low-hazard pesticides available, the judge held that the world food supply is not critical enough to justify tampering with the public health of a nation.

There are no simplistic answers to environmental problems which involve complex health and economic factors. Politicians have a stake in the outcome but their mandate is not so broad that it justifies tarring the reputation of men and women who feel a prime responsibility to the nation rather than to partisan or other special interests.

completion will

## Public Beaches: Closed to the Public

California residents who have difficulty finding a place to sun along the state's more than 1,000 miles of coastline will be interested in a joint legislative committee report on the history of three beach sites that the public owns but may not use.

Between 1950 and 1968, the California Department of Parks and Recreation spent \$24 million to acquire more than 16 acres of choice beach and park property—13 acres in the Malibu area and two valuable sand sites in the city of Santa Monica.

The state, of course, still owns the sites, two in partnership with Santa Monica. But who has been using the land? One-third acre serves as a private parking lot for the Jonathan Club; three acres contain the nonpublic facilities of another private group, the Sand and Sea Club. Of the 13 acres along both banks of the Malibu Lagoon, only four are open to the public. The remainder, except for about an acre leased as a home for the chancellor of Pepperdine University, has yet to be developed for public use.

Auditor General Harvey M. Rose, author of the report, and Assemblyman Vincent Thomas (D-San

Pedro), committee chairman, agree that the exclusion of the public is clearly improper, and that rentals charged by the state and the city are far below the current market value.

What, then, are the public's chances of occupying its own land?

That depends on William Penn Mott, state parks chief, who insists that "We (the state) are moving as rapidly as possible to put the land to public use."

That purported rapidity isn't nearly fast enough. The Jonathan Club's lease will expire Dec. 1, Pepperdine's next June. Then, we assume, the public will be permitted in. But the private club holding three acres of Santa Monica property has a many-times-extended lease that won't expire until 1981.

There may have been reasons, as the state park chief insists, for the leasing of public land to private parties in the past. But there is no reason now to continue the practice. California has a much-too-limited supply of public coastal real estate. What property the public does own should be developed and opened for the public.

## Nonwelfare families are buying more food stamps

More and more low-income families not receiving welfare are finding it worthwhile to buy food stamps the Shasta County welfare director reported Monday.

Stamp purchases by this group totaled 1,543 last month, up 531 from September 1973. The increase followed jumps of 383 in August and 499 in July from the same months of 1973, said welfare director Marian Babiarz.

Households receiving public assistance and using food stamps did not increase significantly in the same period, Mrs. Babiarz told the Board of Supervisors.

"The purchase value (of stamps) has increased significantly, so these low-income families are finding it worthwhile," she said in explaining the coupons' rising popularity.

Each dollar's worth of stamps is buying almost \$3 worth of groceries this year compared to \$2 in groceries in 1973, according to Welfare Department figures.

Last Tuesday and Wednesday, the county issued stamps worth \$90,949 in the store for a cost of \$32,268.

The comparable amounts for all of October 1973 were about \$205,000 in coupons for \$103,000 cash, Mrs. Babiarz reported.

The welfare director also commented, "We have not yet begun to pick up strikers: we have had them inquire about it (using food stamps)."

Machinists Union Local 1397 struck automobile dealers and parts houses in the Redding Automotive Service Association Sept. 18.

In a second welfare report, Mrs. Babiarz told supervisors that the federal Department of Health, Education and Welfare is threatening to withhold \$48,296 from the county in December.

# The Food Stamp Outreach

#### **By SUZANNE DE LESSEPS**

As spiraling inflation drives food prices higher and higher, federal food assistance programs take on greater importance for more and more families. Chief among these is the federal food stamp program, set up during the Johnson administration to alleviate hunger and malnutrition. The original 1964 legislation authorized \$75 million in appro-

• This signed commentary is from Editorial Research Reports. The opinions offered are presented to give readers a variety of viewpoints. The Tribune's opinions are expressed only in its own editorials.

priations for fiscal year 1965. Now, 10 years later, the food stamp program has grown to a \$4-billion-a-year operation serving approximately 14 million persons. Despite such large growth, many people feel the program is not function-

ing properly or adequately.

Last June, during hearings conducted by the Senate Select Committee on Nutrition and Human Needs, the food stamp program was heavily criticized for reaching only 38 per cent of eligible persons and for failing to keep up with inflation. A panel on nutrition and special groups, in its report to the full committee, recommended (1) giving free stamps to families with net monthly incomes below \$100 instead of the current \$30, (2) allowing stamps to be mailed to recipients, and (3) advertising the food stamp program through radio and TV.

Publicity is essential if the food stamp program is to attract a larger percentage of eligible persons. Congress saw the need for greater advertisement in 1971 when it passed amendments to the Food Stamp Act requiring states to inform low income families of the benefits of the food stamp program and to ensure their participation. As a result of these amendments, states are now required to have "outreach" plans approved by the U.S. Department of Agriculture (USDA).

The "outreach" strategy has not worked as well as many had hoped. The Food Research and Action Center (FRAC), a private legal services firm based in New York, recently filed suits against 17 states for failing to administer adequate outreach programs. In all of the 17 states, large numbers of eligible persons are not receiving food stamps. "The state outreach plans generally evidence nothing more than intentions," says Jay Lipner, a FRAC attorney. "They are so unspecific as to be almost meaningless. For example, a plan may say that the state will contact minority groups, but it will not say which groups, how many groups or what the state will supply these groups."

The FRAC lawsuits also charge the USDA with negligence. FRAC claims that it does not enforce its own deadlines for submitting outreach plans, nor does it act when a state refuses to implement its plan.

FRAC got a boost in its fight for better outreach plans when a federal judge in Minnesota ruled Oct. 12 that the USDA must spend \$278 million in surplus funds from 1973 on the food stamp program instead of impounding it in the U.S. Treasury. Judge Miles Lord held that the USDA had failed to carry out the 1971 outreach amendments and had violated the law in refusing to spend money appropriated for food stamps. Ronald Pollack, director of FRAC, thinks the ruling will be a tremendous help in all outreach suits.

NOV-12-74 #/

Food Stamp Costs Rise

In Washington, some of the Bureaucrats are alleged to be worried about the rising cost of the federal food stamp programs. Already costing taxpayers about \$2.7 billion a year, it may soar to \$6 or \$8 billion unless something is done.

In Tallahassee, the food stamp office staff itself is concerned—concerned at so many able-bodied, healthy students crowding in for a share of the freebies while older, poorer and genuinely needy persons wait hours or days for attention.

Maybe Washington could think of a way to connect these two concerns.

As a Tallahassee Democrat news article reported last week, the workers manning the local food stamp office worked to get through college, and resent the cynical, get-everything-possible attitude of the students who come in to claim stamps, easily meeting the lax requirements for this handout.

The food stamp program is administered under the federal agricultural tent of agencies. The eligibility standards are more lax than even federal welfare aid requirements which are administered by the Department of Health, Education and Welfare. HEW officials are bad-mouthing the costs of the food stamp plan. They want to

replace it with a guaranteed annual income, which might be still more costly.

In California, Gov. Ronald Reagan has a suggestion we think is more nearly in line with the economic situation and with common sense. He says close some of the gaping loopholes in the food stamp eligibility requirements.

Some of these loopholes, Reagan said, allow immediate drawing of stamps, even if the applicant has transferred property or c a s h to another just to qualify; striking union members m a y qualify for stamps from the first day of their strike; college students often qualify just because they live away from home and have little or no bank accounts, without regard for the financial ability of a student's family; families with income of \$10,000 or more often can still get free stamps, and finally, federal rules discourage states from acting strongly to weed out the fraud by requiring local governments to pay all the costs of recovered money to the federal government.

Under the circumstances, it would be surprising if the costs of the food stamp plan ran anywhere other than out of control. This situation calls for fast action by Congress and President Ford.