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GOOD NEWS, BAD NEWS FOR FOOD STAMPS IN CONGRESS

Congress passes Farm Bill with sweeping Food Stamp improvements; Major damage to program proposed as part of welfare reauthorization bill

On Monday, May 13, President Bush signed the 2002 Farm Bill (The Farm Security and Rural Investment Act of 2002), which includes significant improvements in the Food Stamp Program. The nutrition title of the Farm Bill simplifies enrollment in the Food Stamp Program, increases benefits for larger families, restores benefits to many legal immigrants, reforms the Quality Control system by which state performance is evaluated, and authorizes an increase in funding for The Emergency Food Assistance Program (more detail on these changes is forthcoming). The nutrition title of the Farm Bill is being referred to as the most important piece of Food Stamp legislation since the landmark 1977 Act, 25 years ago. Unfortunately, this victory for anti-hunger advocates has been overshadowed by two proposals in the welfare reauthorization bill (H.R. 4700) that would do major damage to the Food Stamp Program and potentially undercut all the positive changes made in the Farm Bill. This Policy Page explains these proposals and urges our readers to contact their Representatives immediately to ask them to vote against H.R. 4700.

JAWS V. THE FOOD STAMP PROVISIONS IN H.R. 4700

Just when you thought it was safe to go in the water—or apply for Food Stamps—a shark (in the form of H.R. 4700) has stealthily appeared in the shallow waters of Congress to gobble up all of the Food Stamp improvements in the Farm Bill, before they've even had a chance to get their feet wet.

H.R. 4700 is the House leadership's version of the legislation to reauthorize (renew) the Temporary Assistance for Needy Families (TANF) block grant, otherwise known as welfare (for background on the general provisions in H.R. 4700, see Policy Page #161). The House is expected to vote on this bill today, May 15. One of the most dangerous provisions in this legislation is the “superwaiver” proposal, which would grant broad authority to the Bush Administration to waive, at a governor's request, nearly all provisions of law and appropriations (funding) in a range of low-income, health and human services, employment, education, and housing programs. Under the superwaiver, states could submit waivers to the United States Department of Agriculture (USD A) to attach time limits or work requirements as a condition of Food Stamp receipt, sharply reduce benefits, or restrict any population's eligibility for the program, and then transfer the federal funds saved in imposing these new restrictions into other superwaiver programs. This transfer of federal dollars could, in turn, free up state spending on low-income programs for other, non-poverty related uses or to fill state budget holes—a practice known as “supplantation.” In the 1997 and 1999 legislative sessions in Texas, budget writers used over $325 million of the state's TANF block grant to free up or “supplant” general revenue for other purposes. Adding Food Stamps to the superwaiver list would vastly increase the amount of funds available for this purpose, given that states' Food Stamp revenues are so high relative to other federal funding sources (in fiscal 2001, Texas received over $1.2 billion in federal funding for Food Stamp benefits, compared to the $539 million it received in federal TANF funds). In light of the budget shortfalls expected in Texas, freeing up state funds (formerly designated for anti-poverty programs) to fill budget gaps will be an attractive proposition for budget writers when the legislature meets in 2003.

1) Adding Food Stamps to the list of “Superwaiver” programs: In a nutshell, the superwaiver would allow states to waive federal laws and regulations in a variety of key low-income programs, such as Food Stamps, TANF, child care, job training, and housing and homelessness programs. Under the superwaiver, states could submit waivers to the United States Department of Agriculture (USDA) to attach time limits or work requirements as a condition of Food Stamp receipt, sharply reduce benefits, or restrict any population's eligibility for the program, and then transfer the federal funds saved in imposing these new restrictions into other superwaiver programs. This transfer of federal dollars could, in turn, free up state spending on low-income programs for other, non-poverty related uses or to fill state budget holes—a practice known as “supplantation.” In the 1997 and 1999 legislative sessions in Texas, budget writers used over $325 million of the state's TANF block grant to free up or “supplant” general revenue for other purposes. Adding Food Stamps to the superwaiver list would vastly increase the amount of funds available for this purpose, given that states' Food Stamp revenues are so high relative to other federal funding sources (in fiscal 2001, Texas received over $1.2 billion in federal funding for Food Stamp benefits, compared to the $539 million it received in federal TANF funds). In light of the budget shortfalls expected in Texas, freeing up state funds (formerly designated for anti-poverty programs) to fill budget gaps will be an attractive proposition for budget writers when the legislature meets in 2003.
2) Five-State Block Grant: This proposal would allow five states to elect to receive Food Stamps as a block grant at any time during the 2003-2007 period. Under a block grant, states would receive a fixed amount of annual funding to provide Food Stamp benefits. Once that money runs out, states would either have to use their own revenue to pay for benefits, or find ways to restrict eligibility and limit additional enrollment. Under the current entitlement status of the Food Stamp Program, states receive as much funding as they need to cover all who apply and are eligible (Food Stamp benefits are 100% federally funded and do not require a state match). This structure is what allows the Food Stamp Program to respond to economic downturns, when it is likely that more people than predicted will be eligible and applying for benefits. Capping the funds in a block grant would end the program’s responsiveness to economic conditions, as well as efforts to reach more eligible people.

Under the five-state block grant proposal, states would receive a fixed amount of funding based on 2002 spending, with no adjustment for economic changes, population growth, or increases in participation. With fixed funding, states would have no room to expand participation—for example, to working families or seniors—or to implement any of the improvements in the recently passed Farm Bill. Further, it is likely that under frozen funding levels, states would be required to cut benefits or erect new barriers to participation—in other words, to “ration by inconvenience.” As with the superwaiver provision, states would be allowed to reduce benefits across the board, cut or eliminate benefits for any group of individuals, including seniors and persons with disabilities, or impose time limits and sanctions. There are virtually no limits on how a state could decide to structure the program under the block grant proposal.

The block grant proposal, like the superwaiver proposal, would fling the door wide open to the transfer of federal Food Stamp dollars to other programs. Although the block grant could only be spent on three things—food assistance, employment and training programs, and administrative costs—there are no limits on how much a state could spend within one of these categories, and states do not have to maintain their current level of spending on administration or employment and training. Currently, states must pay for 50 percent of the cost of administering the Food Stamp Program. For fiscal 2002, Texas budgeted approximately $96 million in general revenue for Food Stamp Program administration. Under a block grant, Texas could replace these state funds with federal funds (which would reduce the amount of federal funds available for food assistance benefits), thereby freeing up $110 million in general revenue for other, non-poverty related uses. It is also likely that states electing a block grant would use federal Food Stamp dollars to pay for general employment and training programs, as a means to finance additional work participation requirements that may materialize in the TANF program as a result of welfare reauthorization (see Policy Page #161).

Although proponents are billing the five-state block grant proposal as a “demonstration project,” it clearly is not. Unlike other demonstration projects, which require an evaluation, neither the five states nor USDA would be required to collect or examine data on the impact of the block grant on participation, benefit levels, food expenditures vs. administrative spending, or fraud. Given the degree to which states could use block grant funds to replace their own spending on employment and training and in other areas, it is likely that at the end of five years, the five states would clamor, along with the rest of the states, to make the block grant permanent and available to all states. As such, it appears that this “demonstration project” is the first step toward block granting the Food Stamp Program on a national level.

The bottom line of the block grant proposal is that, as in the 1996 reform of welfare, the Food Stamp Program is being used as the “bank” to finance changes in welfare policy. The difference this time is that states would be the driving force behind Food Stamp cuts in order to finance new federal welfare requirements, whereas in 1996 Congress made the reductions. For more detail on these provisions in H.R. 4700, see http://www.cbpp.org/5-13-02tanf.htm and http://www.cbpp.org/5-13-02tanf.htm.

WHAT YOU CAN DO
Please call and let your Representatives know about these problems in H.R. 4700. Urge them to speak against the superwaiver and the block grant proposals and to vote “no” on the rest of the bill. It is particularly important that you inform your Representatives about the damaging effect the superwaiver proposal will have on the Food Stamp Program. Because efforts to block grant Food Stamps already have been defeated on a number of occasions, there will be strong opposition among members of Congress familiar with the implications of a block grant. Members of Congress will be less likely to oppose the superwaiver proposal, for fear of looking like they are standing in the way of state flexibility. Further, because both of these proposals were inserted in H.R. 4700 at the last minute, many Representatives may be completely unaware of them or their implications, and it is possible that the bill could pass with no debate on these negative Food Stamp provisions.

The following representatives from Texas will play a key role in these decisions and need to hear from their constituents. However, please make this call to your Representative even if you do not reside in one of these districts. Call the capitol switchboard at 202-224-3121 to find out how to contact your Representative.

KEY CONTACTS
Rep. Martin Frost (D-24), 202-225-3605
Rep. Frost is the Democrat in charge of the one-hour “rule debate” on the House floor, which determines whether amendments may be offered to H.R. 4700, among other
procedural issues. Urge Rep. Frost to make the Food Stamp provisions in H.R. 4700 part of this debate.

Rep. Charles Gonzalez (D-20), 202-225-3236
Rep. Ralph Hall (D-4), 202-225-6673
Rep. Nick Lampson (D-9), 202-225-6565
Rep. Silvestre Reyes (D-16), 202-225-4831
Rep. Max Sandlin (D-1), 202-225-3035
Rep. Charles Stenholm (D-17), 202-225-6605
Please thank Rep. Stenholm for the key role he played in ensuring that the Food Stamp improvements were included during final Farm Bill negotiations.


KEEP THE SHARKS AT BAY...
If you make no other call to your Representative this year, make this one. The superwaiver proposal, for all programs included, opens the door not only to radical changes both in the funding priorities and policies governing low-income programs, but also in how decisions are reached regarding these policies. In granting such sweeping waiver authority to the Executive Branch, the superwaiver proposal would allow any Administration, in conjunction with one or more governors, to make unilateral policy decisions without Congress' approval or to enact policy changes that Congress has already denied.

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