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Food Legislation

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1980 Food Stamp Legislation

Congress continues to debate the Administration's proposal to remove the cap on the Food Stamp Program for the remaining 2 years of the 1977 act. The House Agriculture Committee began consideration of the Food Stamp Act Amendments of 1980 (H. R. 5907) on December 6.

The Administration is seeking legislation which would eliminate the need to forecast the economy before setting the fiscal year's food stamp ceiling. Congressional limitations on food stamp spending would be retained (subject to the amount of money appropriated) but the removal of the specific dollar appropriation ceiling would allow the program to continue in periods of extreme food price inflation and unemployment when program expenditures increase dramatically. The sensitivity of the program to general economic conditions may be illustrated by the fact that a 1-percent increase in unemployment adds about 700,000 persons to the Food Stamp Program. A 1-percent increase in the Consumer Price Index (CPI) for food boosts the program's costs by $55 million per year.

When the Food Stamp Act of 1977 was enacted, the projections used to establish the ceiling indicated an annual food price inflation rate of 3 to 4 percent. However, food prices have increased over 22 percent during 1978/79 alone. These increases have dramatic impact on program costs. When it became apparent that the 1979 program authorization was inadequate, Congress responded by raising the ceiling for fiscal year 1979 (Public Law 96-58, August 14, 1979) thus averting the funding crisis for 1979. However, USDA feels the crisis could be repeated as current USDA projections are that the spending cap for 1980 provides only 75 percent of the funds needed for the full fiscal year.

The remaining elements of H. R. 5907 include revision in income deductions, use of food stamps by women living in shelters for battered women, a State option for monthly retrospective accounting, and expanded verification of income of food stamp applicants.

USDA's Food and Nutrition Service believes that these changes, coupled with those authorized in the 1979 Food Stamp Act (P. L. 96-58), will improve the program's fiscal accountability by reducing error and fraud. The three elements that were adopted as part of the 1979 Act authorize:

- The Secretary of Agriculture or States to require Social Security Numbers, and provides access to certain HEW data relevant to determining eligibility.
- A requirement that individuals disqualified for fraud and wishing to reenter the program repay the fraudulent amount either in cash or in reductions in their coupon allotment.
- States to keep 50 percent of the money they recover or collect in the pursuit of fraud.

Fuel Stamps

If some Members of Congress have their wish, USDA's Food Stamp Program will take on a new function—assisting in home-heating and energy costs via "fuel stamps."

Congress is currently considering a number of bills which would aid low income families and the elderly in meeting the rising costs of home-heating bills. There are a variety of approaches being considered which involve many different House and Senate Committees.

Several of these bills would tie the fuel assistance program directly to the Food Stamp Program. Under one such proposal, participating food stamp families would receive increased food stamp allotments for the months from December to March. Another would authorize food stamp families to also receive "fuel stamps" from December to March.

The Administration is opposed to the House bills which would make the Food Stamp Program the vehicle for fuel assistance this winter because there is not enough time to design, print, and distribute fuel coupons. Instead, the Administration supports a cash assistance program as the most efficient way to assist people with their fuel needs.

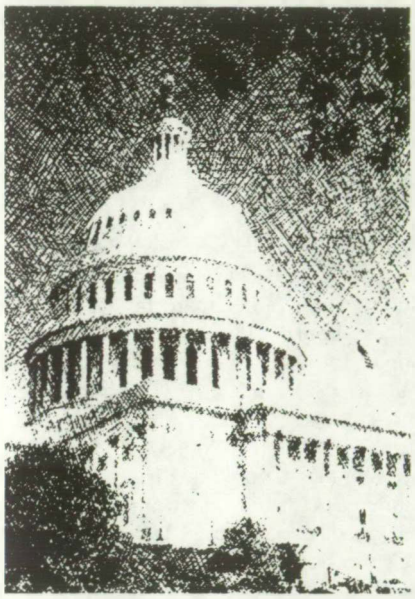
On November 27, the President signed into law a 1-year program to provide $1.6 billion for energy assistance. Of this amount, $400 million was allocated to Supplemental Security Income (SSI) recipients, $800 million to the States in block grants, and $400 million to the Community Services Administration for the Energy Crisis Assistance Program.

Sugar Stabilization Act of 1979

Since the defeat of the Sugar Stabilization Act in the last moments of the 95th Congress, interested parties have been trying to revitalize and push implementation of legislation which will provide the authority for implementation of the International Sugar Agreement (ISA) to help stabilize world sugar prices and authority for a domestic sugar program.

The House of Representatives defeated the International Sugar Stabilization Act of 1979 (H. R. 2172) by a 158-249 vote. The Administration was pushing for the bill's enactment, calling it a "compromise bill—the result of more than 2 years work by all sweetener interests, representatives of consumer groups, the Congress, and the Administration."

There were three basic elements in H. R. 2172, the Administration's sugar program:



- An International Sugar Agreement to stabilize world prices.
- An effective domestic price support program to maintain a viable domestic sugar industry.
- A system of equitable wage rates for sugar field workers.

The United States was one of the foremost proponents of the International Sugar Agreement (ISA). However, as of this date, it has not been ratified by Congress. Frank Church, Chairman of the Senate Foreign Relations Committee, announced that he would schedule committee action on the ISA after completing action on SALT II.

The ISA would stabilize world prices by encouraging cooperating nations to hold stocks when prices are low and release them when prices rise. World prices, now running a little above 9-1/2 cents, would be stabilized between 11 and 21 cents. The Administration has agreed to use its Administrative Authority, provided in the Agricultural Act of 1949, to raise domestic price supports from 15 cents to 15.8 cents a pound when the committee considers the ISA.

In addition, H. R. 2172 would have established a 15.8 cent per pound (raw value basis) market price objective for the 1979/80 sugar supply year and authorize up to one-half cent per pound (raw sugar equivalent) Government payment to domestic sugar growers, when the season's average market price was below 16.3 cents per pound. The bill would mandate adjustments in the market price objective for sugar in subsequent supply years, keyed to changes in the cost of production. Annual increases would not exceed 7 percent. Maximum support levels under the bill for the 1980/81 and 1981/82 sugar supply years would be, respectively, 16.9 and 18.0 cents per pound plus up to a 0.5 cent-per-pound payment.

Other provisions of the bill set a minimum wage of $3.30 per hour (after October 1, 1979) for sugar crop field workers and provides loan guarantees for industrial alcohol production from sugar and other sweetener crops.

Dairy

Congress has acted upon legislation which would extend the support price for milk at 80 percent of parity until September 1981. The bill was signed by the President on November 28.

Meanwhile, Secretary Bergland has announced that the support price for manufacturing grade milk in the 1979/80 marketing year is 80 percent of parity or $11.22 per hundredweight for milk with a milkfat content of 3.5 percent. This price must be adjusted on April 1 to reflect the estimated change in the index of prices paid by farmers and is expected to rise to about $11.72. The 80-percent-of-parity support level is being set to assure an adequate supply of milk, to reflect changes in the cost of production, and to assure dairy farmers an income that will enable them to maintain sufficient productive capacity to meet anticipated future needs.

The legislative authority for the support level for dairy comes from the Agricultural Act of 1949. The basic 1949 Act requires that milk prices be supported at 75 to 90 percent of parity. This Act was amended by the Food and Agriculture Act of 1977, raising the minimum support level for milk from 75 to 80 percent of parity for a 2-year period. In addition, the 1977 Act requires that the support price be adjusted semi-annually, through March 1981, to reflect any estimated change in the parity index during the first 6 months of each marketing year.

Agriculture Adjustment Act of 1979

The House of Representatives approved legislation (H. R. 3398) to increase the target price for wheat and corn. The bill would amend the Food and Agriculture Act of 1977 to increase the 1979 target prices for wheat from $3.40 to $3.63 per bushel and for corn from $2.20 to $2.35 per bushel. Target prices for grain sorghum and barley would be adjusted to such levels as the Secretary of Agriculture deems fair and reasonable in relation to corn.

The Senate Agriculture Committee rejected the target price increases for this year but voted for the 7-percent increase for the next crop year.

A House-Senate conference was scheduled for January 1980. In the wake of the President's recent suspension of grain sales to the Soviet Union, substantial change is expected in this legislation.

Welfare Reform

On November 7, the House approved the welfare reform bill (H. R. 4904) supported by the Carter Administration. Although the incremental approach to welfare reform passed the House by a 222 to 184 vote it is expected to face problems in the Senate. Finance Committee Chairman Russel Long is opposed to the major provisions contained in H. R. 4904.